AMDOCS LTD
Form 20-F
December 08, 2011

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 20-F

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended September 30, 2011

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

o **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report

For the transition period from _____ to _____.

Commission File Number 1-14840

AMDOCS LIMITED
(Exact name of Registrant as specified in its charter)

Guernsey
(Jurisdiction of incorporation or organization)
Suite 5, Tower Hill House Le Bordage
St. Peter Port, Island of Guernsey, GY1 3QT

Amdocs, Inc.
1390 Timberlake Manor Parkway, Chesterfield, Missouri 63017
(Address of principal executive offices)
Thomas G. O Brien
Amdocs, Inc.
1390 Timberlake Manor Parkway, Chesterfield, Missouri 63017
Telephone: 314-212-8328
Email: dox_info@amdocs.com
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Ordinary Shares, par value £0.01	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares, par value £0.01	174,691,685(1)
(Title of class)	(Number of shares)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.(Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP þ	International Financial Reporting Standards as issued by the International Accounting Standards Board o	Other o

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

(1) Net of 72,948,182 shares held in treasury. Does not include (a) 20,445,645 ordinary shares reserved for issuance upon exercise of stock options granted under our stock option plan or by companies we have acquired, and (b) 23,655 ordinary shares reserved for issuance upon conversion of outstanding convertible debt securities.

AMDOCS LIMITED

FORM 20-F

ANNUAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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Unless the context otherwise requires, all references in this Annual Report on Form 20-F to Amdocs, we, our, us ar the Company refer to Amdocs Limited and its consolidated subsidiaries and their respective predecessors, and references to our software products, such as Amdocs CES 8, refer to current and future versions. Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP, and are expressed in U.S. dollars. References to dollars or $ are to U.S. dollars. Our fiscal year ends on September 30 of each year. References to any specific fiscal year refer to the year ended September 30 of the calendar year specified.

We own, have rights to or use trademarks or trade names in conjunction with the sale of our products and services, including, without limitation, each of the following: Amdocs™, Bridgewater Systems™, ChangingWorlds™, Clarify™, Cramer™, CES™, Collabrent™, DST Innovis™ Ensemble™, Enabler™, Intelecable™, Intentional Customer Experience™, JacobsRimell™, jNetX™, MX Telecom™, OpenMarket™, Qpass™, SigValue™, Streamezzo™, Stibo Graphic Software™ and Xacct™.

Forward Looking Statements

This Annual Report on Form 20-F contains forward-looking statements (within the meaning of the U.S. federal securities laws) that involve substantial risks and uncertainties. You can identify these forward-looking statements by words such as expect, anticipate, believe, seek, estimate, project, forecast, continue, potential, shou intend and may, and other words that convey uncertainty of future events or outcome. Statements that we make in this Annual Report that are not statements of historical fact also may be forward-looking statements. Forward-looking statements are not guarantees of future performance, and involve risks, uncertainties and assumptions that may cause our actual results to differ materially from the expectations that we describe in our forward-looking statements. There may be events in the future that we are not accurately able to predict, or over which we have no control. You should not place undue reliance on forward-looking statements. We do not promise to notify you if we learn that our assumptions or projections are wrong for any reason. We disclaim any obligation to update our forward-looking statements, except where applicable law may otherwise require us to do so.

Important factors that may affect these projections or expectations include, but are not limited to: changes in the overall economy; changes in competition in markets in which we operate; changes in the demand for our products and services; the loss of a significant customer; consolidation within the industries in which our customers operate; changes in the telecommunications regulatory environment; changes in technology that impact both the markets we serve and the types of products and services we offer; financial difficulties of our customers; losses of key personnel; difficulties in completing or integrating acquisitions; litigation and regulatory proceedings; and acts of war or terrorism. For a discussion of these important factors, please read the information set forth below under the caption Risk Factors.

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PART I

ITEM 1. *IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS*

Not applicable.

ITEM 2. *OFFER STATISTICS AND EXPECTED TIMETABLE*

Not applicable.

ITEM 3. *KEY INFORMATION*

Selected Financial Data

Our historical consolidated financial statements are prepared in accordance with U.S. GAAP, and presented in U.S. dollars. The selected historical consolidated financial information set forth below has been derived from our historical consolidated financial statements for the years presented. Historical information as of and for the five years ended September 30, 2011 is derived from our consolidated financial statements, which have been audited by Ernst & Young LLP, our independent registered public accounting firm. You should read the information presented below in conjunction with those statements.

The information presented below is qualified by the more detailed historical consolidated financial statements, the notes thereto and the discussion under Operating and Financial Review and Prospects included elsewhere in this Annual Report.

	2011	2010	2009(1)	2008(1)	2007(1)
		(In thousands, except per share data)			
Statement of Operations Data:					
Revenue	$ 3,177,728	$ 2,984,223	$ 2,862,607	$ 3,162,096	$ 2,836,173
Operating income	404,364	410,433	367,319	405,596	357,433
Net income	346,665	343,906	326,176	378,906	364,937
Basic earnings per share	1.87	1.70	1.60	1.82	1.75
Diluted earnings per share	1.86	1.69	1.57	1.74	1.65
Dividends declared per share					

	2011	2010	2009	2008	2007
			(In thousands)		
Balance Sheet Data:					
Cash, cash equivalents and short-term interest-bearing investments	$ 1,173,470	$ 1,433,299	$ 1,173,041	$ 1,244,378	$ 1,179,280
Total assets	4,636,572	4,820,604	4,328,417	4,579,063	4,345,350

Long-term obligations					
Convertible Senior Notes(2)	1,020	1,020	1,020	450,000	450,000
Long-term portion of capital lease obligations	457	353	510	356	
Shareholders equity	3,023,301	3,229,380	3,213,053	2,805,191	2,600,243

(1) The basic and diluted weighted average number of shares outstanding for the fiscal years ended September 30, 2009, 2008 and 2007 have been retroactively adjusted to reflect the adoption of new earnings per share authoritative guidance requiring the inclusion of unvested share-based payment awards containing nonforfeitable rights to dividends or dividend equivalents in the calculation of basic weighted average number of shares outstanding. This adjustment reduced basic and/or diluted earnings per share for the fiscal years ended September 30, 2009, 2008 and 2007 by up to $0.01.

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(2) During fiscal 2009, using proceeds from our revolving credit facility, we purchased $449.0 million aggregate principal amount of our 0.50% convertible notes at an average price of 99.5% of the principal amount, excluding accrued interest and transaction fees. As of September 30, 2011, $1.02 million principal amount of the notes remain outstanding, due in 2024, in accordance with their terms.

	Ordinary Shares		Additional Paid-In	Treasury
	Shares	Amount	Capital	Stock
			(In thousands)	
Statement of Changes in Shareholders Equity Data:				
Balance as of September 30, 2007	209,762	$ 3,850	$ 2,168,234	$ (652,229)
Employee stock options exercised	2,052	41	37,527	
Tax benefit of stock options exercised/cancelled			1,549	
Repurchase of shares	(8,370)			(255,051)
Issuance of restricted stock, net of forfeitures	472	9		
Equity-based compensation expense related to employees			57,490	
Balance as of September 30, 2008	203,916	3,900	2,264,800	(907,280)
Employee stock options exercised	1,289	23	27,863	
Tax benefit of stock options exercised/cancelled			(1,484)	
Repurchase of shares	(468)			(12,594)
Issuance of restricted stock, net of forfeitures	342	7		
Equity-based compensation expense related to employees			42,911	
Balance as of September 30, 2009	205,079	3,930	2,334,090	(919,874)
Employee stock options exercised	1,097	17	23,618	
Repurchase of shares	(13,695)			(389,287)
Issuance of restricted stock, net of forfeitures	568	9		
Equity-based compensation expense related to employees			44,455	
Balance as of September 30, 2010	193,049	$ 3,956	$ 2,402,163	$ (1,309,161)
Employee stock options exercised	2,590	42	56,417	
Repurchase of shares(1)	(21,866)			(624,241)
Issuance of restricted stock, net of forfeitures	919	15		
Equity-based compensation expense related to employees			36,631	
Balance as of September 30, 2011	174,692	$ 4,013	$ 2,495,211	$ (1,933,402)

(1) In April 2010, our board of directors adopted a share repurchase plan authorizing the repurchase of up to $700.0 million of our outstanding ordinary shares over the following 12 months. In February 2011, our board of directors adopted an additional share repurchase plan authorizing the repurchase of up to $1 billion of our outstanding ordinary shares over the following 24 months. The authorizations permit us to purchase our ordinary shares in open market or privately negotiated transactions at times and prices that we consider appropriate. In April 2011, we completed the repurchase of the remaining authorized amount under the April 2010 share repurchase plan and started executing repurchases under the February 2011 plan. In fiscal 2011, we repurchased 21.9 million ordinary shares at an average price of $28.53 per share (excluding broker and transaction fees). As of September 30, 2011, we had remaining authority to repurchase up to $687.1 million of our outstanding ordinary shares.

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Risk Factors

We are exposed to general global economic and market conditions, particularly those impacting the communications industry.

Developments in the communications industry, such as the impact of global economic conditions, industry consolidation, emergence of new competitors, commoditization of voice services and changes in the regulatory environment, at times have had, and could continue to have, a material adverse effect on our existing or potential customers. In the past, these conditions reduced the high growth rates that the communications industry had previously experienced, and caused the market value, financial results and prospects and capital spending levels of many communications companies to decline or degrade. During previous economic downturns, the communications industry experienced significant financial pressures that caused many in the industry to cut expenses and limit investment in capital intensive projects and, in some cases, led to restructurings and bankruptcies. The recent worldwide recession has had, and the European debt crisis and the continuing uncertainty as to economic recovery may have, adverse consequences for our customers and our business.

Downturns in the business climate for communications companies have in the past resulted in slowed customer buying decisions and price pressures that adversely affected our ability to generate revenue. Adverse market conditions may have a negative impact on our business by decreasing our new customer engagements and the size of initial spending commitments under those engagements, as well as decreasing the level of discretionary spending by existing customers. In addition, a slowdown in buying decisions may extend our sales cycle period and may limit our ability to forecast our flow of new contracts. If such adverse business conditions arise in the future, our business may be harmed.

If we fail to adapt to changing market conditions and cannot compete successfully with existing or new competitors, our business could be harmed.

We may be unable to compete successfully with existing or new competitors. Our failure to adapt to changing market conditions and to compete successfully with established or new competitors could have a material adverse effect on our results of operations and financial condition. We face intense competition for the software products and services that we sell, including competition for managed services we provide to customers under long-term service agreements. These managed services include services such as management of data center operations and IT infrastructure, application management and ongoing support, systems modernization and consolidation and management of end-to-end business processes for billing and customer care operations.

The market for communications information systems is highly competitive and fragmented, and we expect competition to continue to increase. We compete with independent software and service providers and with the in-house IT and network departments of communications companies. Our main competitors include firms that provide IT services (including consulting, systems integration and managed services), software vendors that sell products for particular aspects of a total information system, software vendors that specialize in systems for particular communications services (such as Internet, wireline and wireless services, cable, satellite and service bureaus) and network equipment providers that offer software systems in combination with the sale of network equipment. We also compete with companies that provide digital commerce software and solutions.

We believe that our ability to compete depends on a number of factors, including:

- the development by others of software products that are competitive with our products and services, the price at which others offer competitive software and services,

the ability of competitors to deliver projects at a level of quality that rivals our own,

the responsiveness of our competitors to customer needs, and

the ability of our competitors to hire, retain and motivate key personnel.

A number of our competitors have long operating histories, large customer bases, substantial financial, technical, sales, marketing and other resources, and strong name recognition. Current and potential competitors have established, and may establish in the future, cooperative relationships among themselves or with third parties

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to increase their abilities to address the needs of our existing or prospective customers. In addition, our competitors have acquired, and may continue to acquire in the future, companies that may enhance their market offerings. Accordingly, new competitors or alliances among competitors may emerge and rapidly acquire significant market share. As a result, our competitors may be able to adapt more quickly than us to new or emerging technologies and changes in customer requirements, and may be able to devote greater resources to the promotion and sale of their products. We cannot assure you that we will be able to compete successfully with existing or new competitors. If we fail to adapt to changing market conditions and to compete successfully with established or new competitors, our results of operations and financial condition may be adversely affected.

If we do not continually enhance our products and service offerings, we may have difficulty retaining existing customers and attracting new customers.

We believe that our future success will depend, to a significant extent, upon our ability to enhance our existing products and to introduce new products and features to meet the requirements of our customers in a rapidly developing and evolving market. We are currently devoting significant resources to refining and expanding our base software modules and to developing our customer experience systems. Our present or future products may not satisfy the evolving needs of the communications industry or of other industries that we serve. If we are unable to anticipate or respond adequately to such needs, due to resource, technological or other constraints, our business and results of operations could be harmed.

Our business is dependent on a limited number of significant customers, and the loss of any one of our significant customers could harm our results of operations.

Our business is dependent on a limited number of significant customers, of which AT&T has historically been our largest. AT&T accounted for 29% of our revenue in fiscal 2011 and 2010. In fiscal 2011, our two next largest customers were Bell Canada and Sprint Nextel, and certain of their subsidiaries, each of which accounted for approximately 10% or more of our revenue in fiscal 2011. Revenue from Bell Canada will be negatively affected by a scheduled price reduction under our contract with Bell Canada to be effective in fiscal 2012. Aggregate revenue derived from the multiple business arrangements we have with our ten largest customers accounted for approximately 73% of our revenue in fiscal 2011 and 75% of our revenue in fiscal 2010. The loss of any significant customer or a significant decrease in business from any such customer could harm our results of operations and financial condition. Revenue from individual customers may fluctuate from time to time based on the commencement and completion of projects, the timing of which may be affected by market conditions.

Although we have received a substantial portion of our revenue from recurring business with established customers, many of our major customers do not have any obligation to purchase additional products or services from us and generally have already acquired fully paid licenses to their installed systems. Therefore, our customers may not continue to purchase new systems, system enhancements or services in amounts similar to previous years or may delay implementation or significantly reduce the scope of committed projects, each of which could reduce our revenue and profits.

Our future success will depend on our ability to develop long-term relationships with our customers and to meet their expectations in providing products and performing services.

We believe that our future success will depend to a significant extent on our ability to develop long-term relationships with successful network operators and service providers with the financial and other resources required to invest in significant ongoing customer experience systems. If we are unable to develop new customer relationships, our business will be harmed. In addition, our business and results of operations depend in part on our ability to provide high quality services to customers that have already implemented our products. If we are unable to meet customers expectations in providing products or performing services, our business and results of operations could be harmed.

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We may seek to acquire companies or technologies that could disrupt our ongoing business, divert the attention of our management and employees and adversely affect our results of operations.

It is a part of our business strategy to pursue acquisitions and other initiatives in order to offer new products or services or otherwise enhance our market position or strategic strengths. Since 1999, we have completed numerous acquisitions, which, among other things, have expanded our business into customer management and billing solutions for broadband media cable and satellite companies, as well as digital commerce software and solutions, enhanced our offerings in the operational support systems, or OSS, market, extended our presence into the network policy management market, and enabled us to provide integrated billing and customer care systems in high-growth emerging markets. In the future, we may acquire other companies that we believe will advance our business strategy. We cannot assure you that suitable future acquisition candidates can be found, that acquisitions can be consummated on favorable terms or that we will be able to complete otherwise favorable acquisitions because of antitrust or other regulatory concerns.

We cannot assure you that the acquisitions we have completed, or any future acquisitions that we may make, will enhance our products or strengthen our competitive position. We also cannot assure you that we have identified, or will be able to identify, all material adverse issues related to the integration of our acquisitions, such as significant defects in the internal control policies of companies that we have acquired. In addition, our acquisitions could lead to difficulties in integrating acquired personnel and operations and in retaining and motivating key personnel from these businesses. Any failure to recognize significant defects in the internal control policies of acquired companies or to properly integrate and retain personnel may require a significant amount of time and resources to address. Acquisitions may disrupt our ongoing operations, divert management from day-to-day responsibilities, increase our expenses and harm our results of operations or financial condition.

The skilled and highly qualified workforce that we need to develop, implement and modify our solutions may be difficult to hire, train and retain, and we could face increased costs to attract and retain our skilled workforce.

Our business operations depend in large part on our ability to attract, train, motivate and retain highly skilled information technology professionals, software programmers and communications engineers on a worldwide basis. In addition, our competitive success will depend on our ability to attract and retain other outstanding, highly qualified personnel. Because our software products are highly complex and are generally used by our customers to perform critical business functions, we depend heavily on skilled technology professionals. Skilled technology professionals are often in high demand and short supply. If we are unable to hire or retain qualified technology professionals to develop, implement and modify our solutions, we may be unable to meet the needs of our customers. In addition, serving several new customers or implementing several new large-scale projects in a short period of time, may require us to attract and train additional IT professionals at a rapid rate. We may face difficulties identifying and hiring qualified personnel. Although we are heavily investing in training our new employees, we may not be able to train them rapidly enough to meet the increasing demands on our business, particularly in light of high attrition rates in some regions where we have operations. Our inability to hire, train and retain the appropriate personnel could increase our costs of retaining a skilled workforce and make it difficult for us to manage our operations, meet our commitments and compete for new customer contracts. In particular, wage costs in some of the countries in which we maintain development centers, such as Cyprus and India, have historically been significantly lower than wage costs in the United States, Europe and Israel for comparably-skilled professionals, although such costs are increasing. We may need to increase the levels of our employee compensation more rapidly than in the past to remain competitive.

As a result of our entry into the digital commerce space, we now compete for high quality employees in that space s limited and competitive talent market. In addition, cost containment measures effected in recent years, such as the relocation of projects to lower costs countries, may lead to greater employee attrition and increase the cost of retaining our most skilled employees. The transition of projects to new locations may also lead to business disruptions due to differing levels of employee knowledge, organizational and leadership skills.

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Our success will also depend, to a certain extent, upon the continued active participation of a relatively small group of senior management personnel. The loss of the services of all or some of these executives could harm our operations and impair our efforts to expand our business.

Our quarterly operating results may fluctuate, and a decline in revenue in any quarter could result in lower profitability for that quarter and fluctuations in the market price of our ordinary shares.

We have experienced fluctuations in our quarterly operating results and anticipate that such movements may continue. Fluctuations may result from many factors, including:

- the size, timing and pace of progress of significant customer projects and license and service fees,
- delays in or cancellations of significant projects by customers,
- changes in operating expenses,
- increased competition,
- changes in our strategy,
- personnel changes,
- foreign currency exchange rate fluctuations,
- penetration of new markets, and
- general economic and political conditions.

Generally, our combined license fee revenue and service fee revenue relating to customization, modification, implementation and integration are recognized as work is performed, using the percentage of completion method of accounting. Given our reliance on a limited number of significant customers, our quarterly results may be significantly affected by the size and timing of customer projects and our progress in completing such projects.

We believe that the placement of customer orders may be concentrated in specific quarterly periods due to the time requirements and budgetary constraints of our customers. Although we recognize a significant portion of our revenue as projects are performed, progress may vary significantly from project to project, and we believe that variations in quarterly revenue are sometimes attributable to the timing of initial order placements. Due to the relatively fixed nature of certain of our costs, a decline of revenue in any quarter could result in lower profitability for that quarter. In addition, fluctuations in our quarterly operating results could cause significant fluctuations in the market price of our ordinary shares.

Our revenue, earnings and profitability are affected by the length of our sales cycle, and a longer sales cycle could adversely affect our results of operations and financial condition.

Our business is directly affected by the length of our sales cycle. Information systems for communications companies are relatively complex and their purchase generally involves a significant commitment of capital, with attendant delays frequently associated with large capital expenditures and procurement procedures within an organization. The purchase of these types of products and services typically also requires coordination and agreement across many departments within a potential customer s organization. Delays associated with such timing factors could have a material adverse effect on our results of operations and financial condition. In periods of economic slowdown in the communications industry, such as during 2009, our typical sales cycle lengthens, which means that the average time between our initial contact with a prospective customer and the signing of a sales contract increases. The lengthening of our sales cycle could reduce growth in our revenue. In addition, the lengthening of our sales cycle contributes to increased selling expenses, thereby reducing our profitability.

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If the market for our products deteriorates, we may be required to reduce the scope of our operations, and if we fail to successfully plan and manage changes in the size of our operations, our business will suffer.

Over the last several years, we have both grown and contracted our operations in order to profitably offer our products and services in a rapidly changing market. If we are unable to manage these changes and plan and manage any future changes in the size and scope of our operations, our business will suffer.

Restructurings and cost reduction measures that we have implemented, from time to time, have reduced the size of our operations and workforce. Reductions in personnel can result in significant severance, administrative and legal expenses and may also adversely affect or delay various sales, marketing and product development programs and activities. These cost reduction measures have included, and may in the future include, employee separation costs and consolidating and/or relocating certain of our operations to different geographic locations. We accrued restructuring charges totaling $27.3 million in fiscal 2008 and 2009.

Acquisitions and organic growth have, from time to time, increased our headcount. During periods of expansion, we may need to serve several new customers or implement several new large-scale projects in short periods of time. This may require us to attract and train additional IT professionals at a rapid rate, which we may have difficulties doing successfully.

Volatility and turmoil in the world s capital markets may adversely affect our investment portfolio and other financial assets.

Our cash, cash equivalents and short-term interest-bearing investments totaled $923 million, net of short-term debts, as of September 30, 2011. Our policy is to retain sufficient cash balances in order to support our growth. Our short-term investments consist primarily of money market funds, U.S. government treasuries, corporate bonds, government guaranteed debt and U.S. agency securities. Although we believe that we generally adhere to conservative investment guidelines, adverse market conditions have resulted in immaterial impairments of the carrying value of certain of our investment assets. Continuing adverse market conditions may lead to additional impairments. Realized or unrealized losses in our investments or in our other financial assets may adversely affect our financial condition.

Declines in the financial condition of banks or other global financial institutions may adversely affect our normal financial operations.

We may be exposed to the credit risk of customers that have been adversely affected by weakened markets.

We typically sell our software and related services as part of long-term projects. During the life of a project, a customer s budgeting constraints can impact the scope of a project and the customer s ability to make required payments. In addition, adverse general business conditions may degrade the creditworthiness of our customers over time, and we can be adversely affected by bankruptcies or other business failures.

Our international presence exposes us to risks associated with varied and changing political, cultural, legal and economic conditions worldwide.

We are affected by risks associated with conducting business internationally. We maintain development facilities in Brazil, Cyprus, India, Ireland, Israel and the United States, and have operations in North America, Europe, Latin America and the Asia-Pacific region. Although a substantial majority of our revenue is derived from customers in North America and Europe, we obtain significant revenue from customers in the Asia-Pacific region and Latin America. Our strategy is to continue to broaden our North American and European customer bases and to expand into international markets, including emerging markets, such as those in Latin America, the Commonwealth of

Independent States, India and Southeast Asia. Conducting business internationally exposes us to certain risks inherent in doing business in international markets, including:

lack of acceptance of non-localized products,

legal and cultural differences in the conduct of business, difficulties in staffing and managing foreign operations,

longer payment cycles,

difficulties in collecting accounts receivable and withholding taxes that limit the repatriation of earnings,

trade barriers,

difficulties in complying with varied legal and regulatory requirements across jurisdictions,

immigration regulations that limit our ability to deploy our employees,

political instability and threats of terrorism, and

variations in effective income tax rates among countries where we conduct business.

One or more of these factors could have a material adverse effect on our international operations, which could harm our results of operations and financial condition. For example, in 2005, as part of our strategic plan to establish a local China presence in order to help penetrate that market, we acquired Longshine Information Technology Company Ltd., or Longshine. Although it had been our plan to fully integrate Longshine into our operations, our expansion there met with a number of business challenges, and we did not do so. In 2010, we realigned our strategy in China by divesting a majority stake in Longshine, and now retain a minority interest in that company.

As we continue to develop our business in emerging markets, we face increasing challenges that could adversely impact our results of operations, reputation and business.

As we continue to expand our business in emerging markets, such as those in Latin America, the Commonwealth of Independent States, India and Southeast Asia, we face challenges related to more volatile economic conditions, competition from companies that are already present in the market, the need to identify correctly and leverage appropriate opportunities for sales and marketing, poor protection of intellectual property, inadequate protection against crime (including counterfeiting, corruption and fraud), inadvertent breaches of local laws or regulations and not being able to recruit sufficient personnel with appropriate skills and experience. In addition, local business practices in jurisdictions in which we operate, and particularly in emerging markets, may be inconsistent with international regulatory requirements, such as anti-corruption and anti-bribery regulations to which we are subject. It is possible that some of our employees, subcontractors, agents or partners may violate such legal and regulatory requirements, which may expose us to criminal or civil enforcement actions, including penalties and suspension or disqualification from U.S. federal procurement contracting. If we fail to comply with such legal and regulatory requirements, our business and reputation may be harmed.

Our international operations expose us to risks associated with fluctuations in foreign currency exchange rates that could adversely affect our business.

Although we have operations throughout the world, approximately 70% to 80% of our revenue and approximately 50% to 60% of our operating costs are denominated in, or linked to, the U.S. dollar. Accordingly, we consider the U.S. dollar to be our functional currency. Fluctuations in exchange rates between the currencies in which such costs are incurred and the dollar may have a material adverse effect on our results of operations and financial condition. From time to time we may experience increases in the costs of our operations outside the United States, as expressed in dollars, which could have a material adverse effect on our results of operations and financial condition.

For example, during fiscal 2008, we recognized higher than usual foreign exchange losses under interest and other expense, net, mainly due to the significant revaluation of assets and liabilities denominated in other currencies attributable to the rapid and significant foreign exchange rate changes associated with the global economic turbulence. Although our foreign exchange losses have been less significant since then as a result of enhanced hedging strategies, we believe that foreign exchange rates may continue to present challenges in future periods.

In addition, a portion of our revenue (approximately 20% to 30% in fiscal 2011) is not incurred in dollars or linked to the dollar, and, therefore, fluctuations in exchange rates between the dollar and the currencies in which such revenue is incurred may have a material effect on our results of operations and financial condition. If more of our customers seek contracts that are denominated in currencies such as the euro and not the dollar, our exposure to fluctuations in currency exchange rates could increase.

Our policy is to hedge significant net exposures in the major foreign currencies in which we operate, and we generally hedge our net currency exposure with respect to expected revenue and operating costs and certain balance sheet items. We do not hedge all of our currency exposure, including for currencies for which the cost of hedging is prohibitively expensive. We cannot assure you that we will be able to effectively limit all of our exposure to currency exchange rate fluctuations.

The imposition of exchange or price controls or other restrictions on the conversion of foreign currencies could also have a material adverse effect on our business, results of operations and financial condition.

Political and economic conditions in the Middle East and other countries may adversely affect our business.

Of the development centers we maintain worldwide, our two largest development centers are located in Israel and India. In Israel, the centers are located in three different sites throughout Israel, and approximately 24% of our software and information technology, sales and marketing workforce is located in Israel. As a result, we are directly influenced by the political, economic and military conditions affecting Israel and its neighboring regions. Any major hostilities involving Israel could have a material adverse effect on our business. We have developed contingency plans to provide ongoing services to our customers in the event that escalated political or military conditions disrupt our normal operations. These plans include the transfer of some development operations within Israel to various of our other sites both within and outside of Israel. If we have to implement these plans, our operations would be disrupted and we would incur significant additional expenditures, which would adversely affect our business and results of operations.

While Israel has entered into peace agreements with both Egypt and Jordan, Israel has not entered into peace arrangements with any other neighboring countries and the numerous uprisings in North Africa and the Middle East, including in Egypt, Syria and Jordan which border Israel, have introduced additional uncertainty in the region. Recent events in Iran, including reports of its continuing nuclear development program, have further strained relations between Israel and Iran. Continued political or economic uncertainty, or violence, in the region could have a material adverse effect on our business.

Over the past several years there has been a significant deterioration in Israel s relationship with the Palestinian Authority and a related increase in violence, including recent hostilities related to Lebanon and the Gaza Strip. Efforts to resolve the problem have failed to result in a permanent solution. Continued violence between the Palestinian community and Israel may have a material adverse effect on our business. Further deterioration of relations with the Palestinian Authority or other countries in the Middle East might require more military reserve service by some of our workforce, which may have a material adverse effect on our business.

In recent years, we have expanded our operations internationally, particularly in India and the Commonwealth of Independent States (including Russia). Conducting business in these and other countries involves unique challenges, including political instability, threats of terrorism, the transparency, consistency and effectiveness of business regulation, business corruption, the protection of intellectual property, and the availability of sufficient qualified local personnel. Any of these or other challenges associated with operating in these countries may adversely affect our business or operations. We have development and other facilities at multiple locations in India, and approximately 36% of our software and information technology, sales and marketing workforce is located in India. Terrorist activity in India and Pakistan has contributed to tensions between those countries and our operations in India may be adversely affected by future political and other events in the region.

In addition, our development facility in Cyprus may be adversely affected by political conditions in that country. As a result of intercommunal strife between the Greek and Turkish communities, Turkish troops invaded Cyprus in 1974 and continue to occupy a large portion of the island. Despite the admission of Cyprus into the European Union and recent improvements in the relations between the parties, discussions facilitated by the United Nations, the European Union and the United States have not resulted in a plan of reunification for Cyprus. Major hostilities between Cyprus and Turkey could have a material adverse effect on our development facility in Cyprus.

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If we are unable to protect our proprietary technology from misappropriation, our business may be harmed.

Any misappropriation of our technology or the development of competitive technology could seriously harm our business. Our software and software systems are largely comprised of software and systems we have developed or acquired and that we regard as proprietary. We rely upon a combination of trademarks, patents, contractual rights, trade secret law, copyrights, non-disclosure agreements and other methods to protect our proprietary rights. We enter into non-disclosure and confidentiality agreements with our customers, workforce and marketing representatives and with certain contractors with access to sensitive information, and we also limit our customer access to the source codes of our software and our software systems. However, we generally do not include in our software any mechanisms to prevent or inhibit unauthorized use.

The steps we have taken to protect our proprietary rights may be inadequate. If so, we might not be able to prevent others from using what we regard as our technology to compete with us. Existing trade secret, copyright and trademark laws offer only limited protection. In addition, the laws of some foreign countries do not protect our proprietary technology or allow enforcement of confidentiality covenants to the same extent as the laws of the United States.

If we have to resort to legal proceedings to enforce our intellectual property rights, the proceedings could be burdensome, protracted and expensive and could involve a high degree of risk.

Claims by others that we infringe their proprietary technology could harm our business and subject us to potentially burdensome litigation.

Our software and software systems are the results of long and complex development processes, and, although our technology is not significantly dependent on patents or licenses from third parties, certain aspects of our products make use of readily available software components that we license from third parties, including our employees and contractors. As a developer of complex software systems, third parties may claim that portions of our systems violate their intellectual property rights. The ability to develop and use our software and software systems requires knowledge and professional experience that we believe is unique to us and would be very difficult for others to independently obtain, however, our competitors may independently develop technologies that are substantially equivalent or superior to ours.

We expect that software developers will increasingly be subject to infringement claims as the number of products and competitors providing software and services to the communications industry increases and overlaps occur. Any claim of infringement by a third party could cause us to incur substantial costs defending against the claim and could distract our management from our business. Furthermore, a party making such a claim, if successful, could secure a judgment that requires us to pay substantial damages. A judgment could also include an injunction or other court order that could prevent us from selling our products or offering our services, or prevent a customer from continuing to use our products. Additionally, since our 2006 acquisition of Qpass, we support service providers and media companies with respect to digital content services, which could subject us to claims related to such services. Our entry into the digital content services market has also subjected us to direct legal claims from retail consumers arising from the delivery of such services.

If anyone asserts a claim against us relating to proprietary technology or information, we might seek to license their intellectual property. We might not, however, be able to obtain a license on commercially reasonable terms or on any terms. In addition, any efforts to develop non-infringing technology could be unsuccessful. Our failure to obtain the necessary licenses or other rights or to develop non-infringing technology could prevent us from selling our products and could therefore seriously harm our business.

Product defects or software errors could adversely affect our business.

Design defects or software errors may cause delays in product introductions and project implementations, damage customer satisfaction and may have a material adverse effect on our business, results of operations and financial condition. Our software products are highly complex and may, from time to time, contain design defects or software errors that may be difficult to detect and correct.

Because our products are generally used by our customers to perform critical business functions, design defects, software errors, misuse of our products, incorrect data from external sources or other potential problems within or outside of our control may arise during implementation or from the use of our products, and may result in financial or other damages to our customers, for which we may be held responsible. Although we have license agreements with our customers that contain provisions designed to limit our exposure to potential claims and liabilities arising from customer problems, these provisions may not effectively protect us against such claims in all cases and in all jurisdictions. In addition, as a result of business and other considerations, we may undertake to compensate our customers for damages caused to them arising from the use of our products, even if our liability is limited by a license or other agreement. Claims and liabilities arising from customer problems could also damage our reputation, adversely affecting our business, results of operations and financial condition and the ability to obtain Errors and Omissions insurance.

System disruptions and failures may result in customer dissatisfaction, customer loss or both, which could materially and adversely affect our reputation and business.

Our systems are an integral part of our customers business operations. The continued and uninterrupted performance of these systems by our customers is critical to our success. Customers may become dissatisfied by any system failure that interrupts our ability to provide services to them. Sustained or repeated system failures would reduce the attractiveness of our services significantly and could result in decreased demand for our products and services.

Our ability to serve our customers depends on our ability to protect our computer systems against damage from fire, power loss, water damage, telecommunications failures, earthquake, terrorism attack, vandalism and similar unexpected adverse events. Despite our efforts to implement network security measures, our systems are also vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering. Although we maintain insurance that we believe is appropriate for our business and industry, such coverage may not be sufficient to compensate for any significant losses that may occur as a result of any of these events.

We have experienced systems outages and service interruptions in the past. To date, these outages have not had a material adverse effect on us. However, in the future, a prolonged system-wide outage or frequent outages could cause harm to our reputation and could cause our customers to make claims against us for damages allegedly resulting from an outage or interruption. Any damage or failure that interrupts or delays our operations could result in material harm to our business and expose us to material liabilities.

The termination or reduction of certain government programs and tax benefits could adversely affect our overall effective tax rate.

There can be no assurance that our effective tax rate of 12.4% for the year ended September 30, 2011 will not change over time as a result of changes in corporate income tax rates or other changes in the tax laws of Guernsey, the jurisdiction in which our holding company is organized, or of the various countries in which we operate.

We have benefited or currently benefit from a variety of government programs and tax benefits that generally carry conditions that we must meet in order to be eligible to obtain any benefit. For example, through subsidiaries, we operate development centers and a business processing operations center in India. In 2011, the effective corporation tax rate applicable in India on trading activities was 32.4%. Our subsidiaries in India operate under specific favorable tax entitlements that are based upon pre-approved information technology related services activity. As a result, our subsidiary in Delhi and a business unit we established in Pune are entitled to considerable corporate income tax reductions for certain of their respective eligible income, which reduce their current applicable tax rate (cash basis) to 20%. Such favorable tax treatment is applied on all income derived from such pre-approved information technology activity, provided the subsidiaries continue to meet the conditions required for such tax benefits. The benefits applicable to our subsidiaries based in Pune expired on March 31, 2011 and the benefits applicable to our Delhi subsidiary and the business unit established in Pune in 2010 are scheduled to phase out over 15 years from the commencement of operations. Proposed changes in Indian tax law may reduce or eliminate the availability of the noted beneficial tax rates for our Indian subsidiaries. Please see Item 10 Additional Information Taxation Certain Indian Tax Considerations for more information.

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If we fail to meet the conditions upon which certain favorable tax treatment is based, we would not be able to claim future tax benefits and could be required to refund tax benefits already received. In addition, any of the following could have a material effect on our overall effective tax rate:

some tax benefit programs may be limited in duration or may be discontinued,

we may be unable to meet the requirements for continuing to qualify for some programs,

these programs and tax benefits may be unavailable at their current levels, or

upon expiration of a particular benefit, we may not be eligible to participate in a new program or qualify for a new tax benefit that would offset the loss of the expiring tax benefit.

The market price of our ordinary shares has and may continue to fluctuate widely.

The market price of our ordinary shares has fluctuated widely and may continue to do so. From September 30, 2009 to November 30, 2011, our ordinary shares have traded as high as $32.44 and as low as $24.10 per share. As of November 30, 2011, the closing price of our ordinary shares was $28.24 per share. Many factors could cause the market price of our ordinary shares to rise and fall, including:

market conditions in the industry and the economy as a whole,

variations in our quarterly operating results,

changes in our backlog levels,

announcements of technological innovations by us or our competitors,

introductions of new products or new pricing policies by us or our competitors,

trends in the communications or software industries, including industry consolidation,

acquisitions or strategic alliances by us or others in our industry,

changes in estimates of our performance or recommendations by financial analysts,

changes in our shareholder base, and

political developments in the Middle East or other areas of the world.

In addition, in recent years, the stock market has experienced significant price and volume fluctuations. In the past, market fluctuations have, from time to time, particularly affected the market prices of the securities of many high technology companies. These broad market fluctuations could adversely affect the market price of our ordinary shares.

It may be difficult for our shareholders to enforce any judgment obtained in the United States against us or our affiliates.

We are incorporated under the laws of the Island of Guernsey and a majority of our directors and executive officers are not citizens or residents of the United States. A significant portion of our assets and the assets of those persons are located outside the United States. As a result, it may not be possible for investors to effect service of process upon us within the United States or upon such persons outside their jurisdiction of residence. Also, we have been advised that there is doubt as to the enforceability in Guernsey of judgments of the U.S. courts of civil liabilities predicated solely upon the laws of the United States, including the federal securities laws.

ITEM 4. *INFORMATION ON THE COMPANY*

History, Development and Organizational Structure of Amdocs

Amdocs Limited was organized as a company with limited liability under the laws of the Island of Guernsey in 1988. Since 1995, Amdocs Limited has been a holding company for the various subsidiaries that conduct our business on a worldwide basis. Our global business is providing software and services solutions to enable communications companies that are major services providers in North America, Europe and the rest of the world to move toward an integrated approach to customer management. Our registered office is Suite 5, Tower Hill House Le Bordage, St. Peter Port, Guernsey, GY1 3QT, and the telephone number at that location is +44-1481-728444.

The executive offices of our principal subsidiary in the United States are located at 1390 Timberlake Manor Parkway, Chesterfield, Missouri 63017, and the telephone number at that location is +1-314-212-8328.

Our subsidiaries are organized under and subject to the laws of several countries. Our principal operating subsidiaries are in Canada, Cyprus, Hungary, India, Ireland, Israel and the United States.

We have pursued and may continue to pursue acquisitions in order to offer new products or services or otherwise enhance our market position or strategic strengths. Since fiscal 2000, we have completed numerous acquisitions; our principal acquisitions since fiscal 2006 are summarized below:

Fiscal Year	Acquired Business	Description of Business
2006	Qpass	Software systems for digital commerce
2006	Cramer	Operation support software systems
2007	SigValue	Customer care, billing and service control systems for communications providers in high-growth emerging markets
2008	JacobsRimell	Fulfillment software for the broadband cable industry
2009	ChangingWorlds	Mobile device personalization technology
2010	jNetX	Service delivery platform provider
2010	MX Telecom	Mobile payments and messaging aggregator
2011	Bridgewater Systems	Policy management and network control solutions

Our acquisitions have enabled us to expand our service offerings and our customer base and to enhance our ability to provide managed services solutions to our customers. Through acquisitions, we have also expanded our presence in growing and emerging communications markets, reinforcing our leadership in delivering a comprehensive portfolio of business software applications.

As the result of our organic growth and acquisitions, our software and information technology, sales and marketing workforce has increased since the recent economic downturn from 15,871 as of the end of fiscal 2009 to 18,051 as of the end of fiscal 2010 to 18,361 as of the end of fiscal 2011. In the past, our workforce has fluctuated with changes in business conditions.

Our principal capital expenditures for fiscal 2011, 2010 and 2009 have been for computer equipment in our operating facilities and development centers, for which we spent approximately $98.6 million, $70.6 million and $71.5 million, respectively. We anticipate our principal capital expenditures in fiscal 2012 will be financed internally and will consist of additional computer equipment.

Business Overview

Amdocs is a leading provider of software and services for communications, media and entertainment industry service providers. Although our market focus has traditionally been primarily on Tier-1 and Tier-2 service providers in developed markets, we have also focused in the last several years on Tier-3 and Tier-4 providers in developed markets and on providers in emerging markets, such as Latin America, the Commonwealth of Independent States, India and Southeast Asia.

We develop, implement and manage software and services associated with business support systems (BSS) and operational support systems (OSS) to enable service providers to introduce new products quickly, understand their customers more deeply, process orders more efficiently and support new business models. We refer to these systems collectively as customer experience systems because of the crucial impact that these systems have on the service providers end-user experience.

We believe the demand for our customer experience systems is driven by the need of service providers to anticipate and respond to consumer demands. Regardless of whether providers are bringing their first offerings to market, scaling for growth, consolidating systems or transforming the way they do business, we believe that providers seek to differentiate their offerings by delivering a customer experience that is simple, personal and valuable at every point of service. We refer to this type of customer experience as the intentional customer experience. In a global communications industry impacted by a growing number of connected devices and the resulting demand for increased bandwidth, consumers expect immediate and constant connectivity to personalized services, information and applications. We seek to address these market forces through a strategy of innovation from the network and business support systems to the device and end user. We continue to introduce and enhance products and services that deliver organizational and process improvements to bring value to our customers as they and their markets grow and change. Our goal is to supply scalable offerings that provide the functionality and flexibility to service providers that facilitate innovation and enable cost-effective execution.

Industry Background

Communications Industry

As economic conditions remain uncertain, we believe that service providers will continue to maintain a strong focus on cost reduction and efficient operations, as seen by a number of transformation projects planned by leading service providers worldwide. The rise of the smartphone and communications and entertainment applications, or apps, is already providing unprecedented growth in data demand, while other connected devices such as the iPad, Kindle and the improvement in machine-to-machine (M2M) technologies will only further this growth in what we refer to as the connected world . In response to the demand for increased bandwidth, service providers, both wireline and wireless, are investing in their networks and are searching for ways to optimize and monetize their investment.

In recent years, non-traditional service providers and device manufacturers have penetrated the wireless market and are now poised to compete for customer attention in the television market as well. Additionally, social networks such as Facebook and Twitter are becoming widely-accepted alternatives to traditional voice communication. To meet the challenges from new competitors and differentiate themselves, service providers are moving towards a model of converged services, with wireline operators offering Internet Protocol TV services as well as the convergence of fixed-mobile networks. Service providers are also looking to strengthen their standing with enterprise customers as well as exploring new opportunities in the wholesale market and providing M2M services to new vertical market segments, such as the health and automotive industries.

To capture new revenue streams in the connected world, service providers will need the ability to expand within existing and non-traditional business models; they will need to provide customers with a simple and personalized experience across devices, networks, screens and services, and they must continue to build cost-efficient businesses and technical environments that can change quickly and onboard new partners. We believe service providers will place a greater emphasis on modernization and transformation projects for both networks and business support systems as they look for innovative ways to improve operations.

As a result, we believe service providers require customer experience systems that provide the level of integration, flexibility and scalability needed to improve operational efficiency and to differentiate themselves from their competitors in an increasingly crowded marketplace. We believe these factors create significant opportunities for vendors of information technology software products and providers of managed services, such as Amdocs.

The Amdocs Offerings

We believe that our product-driven approach, commitment to and support of quality personnel and deep industry knowledge and expertise enable us to create and deliver effective offerings that are highly innovative, reliable and cost-effective. In addition, we offer software products that address the specific business needs of service providers. We believe our success derives from a combination of the following factors that differentiate us from most of our competitors.

Software Products. In fiscal 2011, we continued to release aspects of our Amdocs CES (Customer Experience Systems) 8 portfolio. We are planning additional releases of Amdocs CES 8 throughout 2012. Amdocs CES 8 provides integration between our post-paid and pre-paid billing, customer relationship management, operational support and ordering applications that are designed to enable our customers to achieve integrated customer management and deliver an intentional customer experience. The CES 8 portfolio was designed to enable our customers to support new business models, devices and partnerships by centralizing common assets, such as customer, network and product data. Our portfolio of pre-integrated software products was built to span the entire customer lifecycle across BSS, OSS and service delivery to align business processes around the end customer. In addition, our products are designed to allow modular expansion as a service provider evolves, ensuring rapid, low-cost, reduced-risk implementations.

The Amdocs CES 8 portfolio is based on an open architecture that is intended to provide the functionality, scalability, modularity and adaptability required by service providers in their dynamic, highly competitive markets. The open architecture is based on the principles of service-oriented architecture (SOA) and business process management, which helps to ensure our products operate together or as stand-alone applications within existing environments. We believe this flexibility enables our customers to achieve significant time-to-market advantages and reduces their dependence on technical and other personnel.

Services. Our services include business consulting, systems integration and delivery services, managed services and product services to support the deployment and operations of our products. We combine deep industry knowledge, advanced methodologies, industry best practices and pre-configured tools to deliver consistent results and minimize our customers risks.

Solution Bundles and Packs. Building on products included in the Amdocs CES 8 portfolio, we offer bundled solutions of products (including those of Amdocs and third parties) and services that address specific business issues, such as subscriber profitability, the identification of consumer segments to be targeted, and system strengths to be enhanced. Packs are turnkey versions of our products, designed for fast, lower-cost implementation. We believe that these bundled and packaged offerings provide our customers with timely, cost-effective, relatively low-risk solutions to specific business issues at a consistent level of quality.

Experience. We are able to offer our customers superior products and services on a worldwide basis in large part because of our highly qualified and trained technical, sales, marketing, consulting and management personnel. We invest significantly in the ongoing training of our personnel in key areas such as industry knowledge, software technologies and management capabilities. Leveraging ongoing training and experience, we have developed a field-tested set of business processes, tools and methodologies that we apply to all ongoing product development and service delivery. Based in significant part on the skills and knowledge of our workforce, we believe that we have developed a reputation for reliably delivering quality solutions.

Due to the complex and dynamic nature of our customers business needs, the products and services that we provide are typically integrated and designed to work in concert to provide each customer with a complete solution.

Business Strategy

Our goal is to provide products, services and support to the world s leading service providers as they evolve to remain relevant and competitive in the connected world. We seek to accomplish our goal by pursuing the strategies described below.

Continued Focus on the Communications, Media and Entertainment Industry. We focus our primary resources and efforts on providing customer experience systems to service providers in the communications, media and entertainment industry. This strategy has enabled us to develop the specialized industry know-how and capability necessary to deliver the technologically advanced, large-scale, specifications-intensive customer experience systems required by the leading wireless, wireline, broadband cable and satellite companies. We consider our longstanding and continuing focus on this industry a competitive advantage.

Target Industry Leaders. We intend to continue to direct our marketing efforts primarily toward communications, media and entertainment industry leaders. By targeting such leading service providers, which require the most sophisticated customer experience systems, we believe that we are better able to remain at the forefront of developments in the industry. We derive the substantial majority of our revenues from our customer base of major service providers. We believe that the development of this customer base has helped position us as a market leader, while contributing to the core strength of our business.

Continued Expansion into Emerging Markets. We continue to improve our ability to serve the needs of service providers operating in emerging markets. Prepaid subscriber growth remains high and average revenue per user remains relatively low in these markets in comparison to more developed Western markets. At the same time, however, we have started to see a shift in service provider focus as they begin to regard the customer experience as a key competitive differentiator. Our prospective customers in these markets vary dramatically, with some service providers serving subscriber bases already numbering in the hundreds of millions and others introducing communications services to communities for the first time. We believe this shift in focus on the customer experience and the spectrum of emerging market service providers requires offerings ranging from relatively low-cost systems with pre-packaged services that can be implemented rapidly, to more robust service, to complete customer experience systems.

Provide Customers with a Broad, Deep Portfolio of Integrated Products. We seek to provide our customers with a broad, yet integrated, portfolio of products to help them deliver an intentional customer experience. We provide customer experience systems across the BSS, OSS and network control domains, service delivery platforms and multiple lines of business, including wireline, wireless, broadband cable and satellite services. Integration of our systems is achieved through an open, service-oriented architecture, allowing our products to work well together and with third-party products. This holistic approach serves to support the world s largest service providers throughout their often international operations. We believe that our ability to provide a broad, deep suite of products helps position us as a strategic partner for our customers, and also provides us with multiple avenues for strengthening and expanding our ongoing customer relationships.

Leverage Our Managed Services Capabilities. Managed services enable us to assume responsibility for the operation and management of our customers Amdocs systems, as well as systems developed by in-house IT departments or by other vendors. Our customers receive improved efficiencies and long-term savings over the day-to-day costs of operating and maintaining these systems, so they can focus on their own internal strengths, leaving systems concerns to us. Managed services also benefit us, as they can be a source of predictable revenue and long-term relationships.

Leverage Our Consulting Capabilities. We seek to maintain and develop long-term, mutually-beneficial relationships with our customers, and have organized our internal operations to better anticipate and respond to their needs. These relationships, which include consulting engagements, can lead to the sale of new licenses and additional services projects. In addition, our consultants experience in the field is channeled into our product development process, applying the best practices and business processes we have accumulated over nearly 30 years to enhance the performance of our products and improve the success of future projects for our customers.

Maintain and Develop Long-Term Customer Relationships. We find that our most positive, productive customer relationships lead to additional product sales, as well as ongoing, long-term support, system enhancement and maintenance, and managed services agreements. We believe that such relationships are facilitated in many cases by the mission-critical, strategic nature of Amdocs systems and by the added value we provide through our specialized skills and knowledge. We believe that the longevity of our customer relationships and the recurring revenue that such relationships produce provide a competitive advantage for us.

Products

Our product offerings consist of an extensive software portfolio that we have developed to provide comprehensive customer experience systems functionality for service providers. Our software systems support the full span of the customer lifecycle: revenue management, customer management, operations support and service delivery. Further, our systems support portfolio enablers which consist of offerings to help service providers make intelligent decisions, manage the product lifecycle and simplify the integration, operation and administration of applications. We also provide solutions for high growth and emerging markets, as well as advertising and media solutions for directory publishers.

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Our products focus on:

Revenue Management: Products that enable service providers to manage and collect all sources of revenue through any channel, from service consumption to cash-in-hand. Amdocs Revenue Management offerings include:

Convergent Charging and Billing: facilitates the purchase, consumption and payment for all customer types, services and payment methods, including pre-paid and post-paid, across multiple lines of business.

Mediation: enables service providers to address BSS/OSS data processing and event handling needs across all lines of business and to transform raw network data into actionable business information that can be used to authorize events on the network, bill a customer or pay a content provider.

Partner Relationship Management: enables end-to-end partner lifecycle management for different aspects of partnership relationships, including interconnect, roaming, wholesale and mobile virtual network operator (MVNO) (a mobile service provider that does not have its own spectrum), content and advertising and dealer management.

Compact Convergence: is a real-time converged billing and service delivery solution for small to medium-sized service providers, MVNOs and for mobile virtual network enablers that provide services to MVNOs. This offering features out-of-the-box essential business functionality, such as invoicing and provisioning, customer care, self Web-care and reporting capabilities.

Customer Management: Products that transform the way service providers deliver a cost-effective, superior customer experience across all interaction channels and touch points. Amdocs Customer Management offerings include:

Customer Care: provides a one-stop shop solution that delivers a complete view of the customer across all lines of business, enabling customer service representatives to deliver personalized service from a single, intuitive desktop application.

Sales and Ordering: provides the complete order-to-cash cycle from a business or an end customer across all lines of business by capturing orders initiated from any channel, validating customer orders and sending requests to the appropriate system for completion.

Operation Support Systems (OSS): Products that comprise the core operational support systems, such as network planning, service fulfillment and assurance. Amdocs OSS offerings include:

Network Planning: enables network planners to analyze current, short- and long-term consumption trends of network resources and to plan and roll out a service-ready network.

Service Fulfillment: includes pre-packaged automation for specific services and lines of business, including broadband, satellite and cable; also supports the fulfillment of multiple services, either to support a convergent services bundle, or to standardize fulfillment across the organization with a single interface to orchestrate all fulfillment processes.

Service Assurance: supports service assurance by managing the problem resolution process, including impact analysis to assess what services are affected by outages.

Inventory and Discovery: provides a single source of service and network inventory and performance data, to support network planning and service fulfillment and assurance.

Service Order Management: provides an automated, end-to-end solution to manage the entire order fulfillment lifecycle, including multiple order channels and lines of business.

Network Control: Portfolio of products that feature network controls to manage how and under which circumstances subscribers and devices can access networks, and dynamic policy controls that manage what happens to the device or subscriber when on the network, such as bandwidth usage controls. The portfolio features Service Controller (AAA), Policy Controller (PCRF) and Home Subscriber Server (HSS), anchored by a common identity management system that stores subscriber plan, location and other data. We believe that by combining recently acquired Bridgewater s real-time network and policy control capabilities with Amdocs convergent charging technology, service providers will be able to accelerate data monetization with innovative services based on a complete view of the customer, including his or her plan, preferences and real-time data experience status.

Service Delivery: Solutions that help service providers solve delivery challenges for Internet Protocol (IP) and next-generation services, often known as Telco 2.0. Our service delivery offerings include:

Convergent Service Platform: provides a standards-based Java service platform for developing and deploying innovative end-user applications across any network topology. Deployed in the network, the platform gives service providers the ability to transform business models without affecting their BSS and OSS configurations.

Convergent Applications: runs on the Amdocs Convergent Service Platform, providing network-based applications for fixed, mobile and emerging devices; includes a broad suite of call-control applications and charging-based applications, helping service providers move away from legacy environments and fully leverage and monetize all their network assets.

Digital Services: provides a complete portal, storefront, commerce search and advertising platform that allows service providers to provide a personalized digital experience; supports mobile, broadband and IPTV.

Portfolio Enablers: Products that serve as the underlying drivers for technology innovation across the Amdocs CES portfolio of offerings. These products provide the foundation, enablers and building blocks to quickly create and modify business processes, provide a single customer view and effectively manage products to deliver an intentional customer experience and achieve time-to-market advantage.

Advertising and Media Solutions

Our advertising and media offerings for local marketing service providers and search and directory publishers are comprised of a comprehensive set of products and services designed to enable the management of the media selling, fulfillment, consumer experience and financial processes across online, print and mobile media. These directory systems offerings include:

Sales Productivity: Offerings that enable cost effective sales operations within media sales organizations through innovative sales tools and best practice sales processes.

Business Agility: Sales, CRM, ordering, product lifecycle management, fulfillment, content management, campaign management and billing offerings that enhance the productivity and cost efficiency of digital and print local marketing service providers.

Consumer Engagement and Monetization: Offerings that enable local search and directory publishers to add advanced search, ad serving, mobile and social lead generation functionalities to the consumer s local search experience, and to scale up partner content syndication and advertising networks.

Technology

Our portfolio architecture is designed to increase our customers business agility and lower their overall total cost of ownership. Our technology platform allows our applications to work in multiple customer environments, including:

Hardware: IBM, Hewlett-Packard, Oracle/Sun, Intel

Operating Systems: IBM AIX, HP-UX, Solaris, Windows, Red Hat Linux

Database Management Systems: Oracle, SQL Server, IBM UDB

Middleware: Oracle WebLogic, IBM WebSphere

Storage: EMC, NetApp, IBM, Hewlett-Packard

We believe our technology platform s flexibility affords our customers the freedom to choose a preferred operating environment and to maximize return on existing infrastructure investments. To help service providers respond more quickly to changes in their markets and lower their integration costs, we employ service-oriented architecture principles in our portfolio design. For example, Amdocs Integration Framework includes a central service repository for defining business services for both Amdocs and external applications, allowing our applications to integrate with each other and with third party enterprise server bus or legacy applications.

Our portfolio applications are based around consistent architectural guidelines and software infrastructure and they also leverage, where appropriate, consistent foundation tools and services for areas such as integration, process management, monitoring and control, security and information management. Our platform-agnostic foundation layer spans our applications and helps us evolve our products towards robust service-oriented architecture integration and business process support. With these tools, we aim to provide our customers a sound framework upon which to implement, integrate and centralize their operating environments. This allows service providers to mitigate many costs associated with deploying and operating new applications, such as those related to installation, configuration, integration and monitoring.

Our product portfolio also includes the following key characteristics:

Scalability. Our applications are designed to take full advantage of the scalability capabilities of the underlying platform, allowing progressive system expansion, proportional with the customer s growth in business volumes. Using the same software, our applications can support operations for small, as well as very large service providers.

Modularity. Our product portfolio is comprised of sets of individual functional application products. Each of our applications can be installed on an individual stand-alone basis, interfacing with the customer s existing systems, or as part of an integrated Amdocs system environment. This modularity provides our customers with a highly flexible and cost-effective solution that is able to incrementally expand with the customer s growing needs and capabilities. The modular approach preserves the customer s initial investment in products, while minimizing future disruptions and the overall cost of system implementation.

Portability. Our applications support diverse hardware and operating systems to ensure that our customers can choose from a variety of vendors.

Openness. Our product portfolio can integrate with other industry products to benefit customers that prefer a best of breed solution. Partner selection is based on the preferences of our customers.

Services

We offer a broad suite of services to advise, transform, support and optimize business and technology processes. We provide consulting, systems integration, delivery services, managed services and product support to assist our customers with their business strategy, system implementation, integration, modification, consolidation, modernization and ongoing support, enhancement and maintenance needs. In addition, we offer comprehensive learning services to help our customers develop competency in their Amdocs systems and applications. Our services methodology incorporates rigorous focus on the people, processes and technology of an organization, and we invite active customer participation at all stages to help prioritize and implement time-critical system solutions that address the customer s individual needs.

Our services portfolio includes:

Business Consulting Services These services span the project lifecycle and range from assessment and advisory services to optimization services that measure and improve operational performance, and help to define the project scope and implementation path of business solutions to deliver tangible operations improvements.

System Integration Services This suite of services allows us to act as a prime integrator from project deployment to implementation and operations. These services span the entire business lifecycle, including vision and strategy, transformation and delivery and management and optimization. We have developed advanced methodologies, industry best practices and pre-configured tools to deliver a cohesive implementation plan, including solution, architecture, change management and business benefit realization.

Managed Services This set of flexible strategic sourcing services is uniquely tailored for the service provider industry to outsource the performance and management of their support business functions, operations and infrastructure support across all environments, whether Amdocs systems or other implementations. Managed services offerings include comprehensive software and other services related to the managed operations, such as IT and infrastructure management, application management and ongoing support, systems modernization and consolidation, business process operation support, end to end transformational business process outsourcing (BPO), IT outsourcing (ITO) and delivery. Our managed services models can be leveraged to support day-to-day operations and to foster strategic business objectives.

Product Support Services These services are designed to help our customers solve key challenges and to protect and maximize their investment in our products throughout the entire product life cycle. Our global product support organization uses certified methodologies and provides support options, including online services and personalized interactions.

The extent of services provided varies from customer to customer. Our services engagements can range in size and scope from deploying single point solutions to orchestrating large-scale transformation projects. Depending on the customer s needs, system implementation and integration activities are often conducted jointly by teams from Amdocs and the customer. Implementation and integration activities include project management, development of training methods and procedures, design of work flows, hardware planning and installation, network and system design and installation, system conversion and documentation. In some cases, Amdocs personnel provide support services to the customer s own implementation and integration team, which has primary responsibility for the task. In other cases, we take a primary role in facilitating implementation and integration. In yet other instances, customers require turnkey solutions, in which case we provide full system implementation and integration services.

Once the system becomes operational, we are generally retained by the customer to provide ongoing services, such as maintenance, enhancement design and development and operational support. For a substantial number of our customers, the implementation and integration of an initial system has been followed by the sale of additional systems and modules. We aim to establish long-term maintenance and support contracts with our customers. These contracts generally involve an expansion in the scope of support provided, while also providing us with recurring revenue.

Our business is conducted on a global basis. We maintain development and support facilities worldwide, including Brazil, Cyprus, India, Ireland, Israel and the United States, and have operations in North America, Europe, Israel, Latin America and the Asia-Pacific region.

Sales and Marketing

Our sales and marketing activities are primarily directed at major communications, media and entertainment companies. As a result of the strategic importance of our customer experience systems to the operations of these companies, a number of constituencies within a customer s organization are typically involved in purchasing decisions, including senior management, information systems personnel and user groups, such as the finance, customer service and marketing departments. We maintain sales offices in the United States, Europe, Latin America and Asia Pacific.

Our sales activities are supported by marketing efforts and increasing cooperation with strategic partners. We interact with other third parties in our sales activities, including independent sales agents, information systems consultants engaged by our customers or prospective customers and systems integrators that provide complementary products and services to such customers. We also have value-added reseller agreements with certain hardware and database vendors. Our marketing activities also continue to support projects with partner companies, such as IBM, Alcatel-Lucent, Hewlett-Packard and others.

Customers

Our target market is comprised of service providers in the communication, media and entertainment industry that require customer experience systems with advanced functionality and technology. The companies in our target segment are typically market leaders. By working with such companies, we help ensure that we remain at the

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forefront of developments in the communication, media and entertainment industry and that our product offerings continue to address the market s most sophisticated needs. We have an international orientation. We have a broad base of customers in North America and Europe, however, due to our expansion in emerging markets, we also have customers in geographies as diverse as the Commonwealth of Independent States, India, Latin America and Southeast Asia.

Our customers include global communications leaders and leading network operators and service providers, as well as directory publishers in the United States and around the world. Our customers include:

America Movil	DexOne
AT&T	Rogers
Bakcell	Sprint Nextel
Bell Canada	Telefonica de Espana
BT	Telefonica 02 Germany
Cablevision	Telkom South Africa
Cellcom	Telstra
Claro Brazil	TELUS
Clearwire	T-Mobile
Comcast	TIM Brasil
Deutsche Telekom	US Cellular
DIRECTV	Verizon Communications
Elisa	VimpelCom
Instituto Costarricense de Electricidad	Virgin Media
J:COM	Vodafone Germany
Kazakhtelecom	Vodafone Netherlands
KPN	Vodafone UK
MetroPCS	XL Axiata

Our business is dependent on a limited number of significant customers, of which AT&T has historically been our largest. AT&T accounted for 29% of our revenue in fiscal 2011 and 2010. In fiscal 2011, our two next largest customers were Bell Canada and Sprint Nextel, and certain of their subsidiaries, each of which accounted for approximately 10% or more of our revenue in fiscal 2011. Revenue from Bell Canada will be negatively affected by a scheduled price reduction under our contract with Bell Canada to be effective in fiscal 2012. Aggregate revenue derived from the multiple business arrangements we have with our ten largest customers accounted for approximately 73% of our revenue in fiscal 2011 and 75% of our revenue in fiscal 2010. The following is a summary of revenue by geographic area. Revenue is attributed to geographic region based on the location of the customer:

	2011	**2010**	**2009**
North America	73.4%	75.8%	75.3%
Europe	12.7	11.8	13.8
Rest of the World	13.9	12.4	10.9

Competition

The market for customer experience systems and services in the communication, media and entertainment industry continues to become increasingly more competitive. Amdocs competitive landscape is comprised of internal IT departments of large communication companies as well as independent competitors that can be categorized as follows:

- providers of BSS/OSS systems, including Comverse, Convergys, CSG Systems, Ericsson/Telcordia and Oracle;

- system integrators and providers of IT services, such as Accenture, Cognizant, Hewlett-Packard, Huawei, IBM Global Services, Infosys, Tata Consultancy Services, Tech Mahindra Ltd and Wipro (some of whom we also cooperate with in certain opportunities and projects); and

- network equipment providers such as Alcatel-Lucent, Ericsson, Huawei, Nokia Siemens, NEC and ZTE (some of whom we also cooperate with in certain opportunities and projects).

We expect the competition in our industry to increase from such companies.

We believe that we are able to differentiate ourselves from these competitors by, among other things:

- applying our nearly 30-year heritage to the development and delivery of products and professional services that enable our customers to achieve service differentiation by means of an intentional customer experience,

- focusing on communications service providers and continuing to design and develop solutions targeted specifically to this industry,

- innovating and enabling our customers to adopt new business models that will improve their ability to drive new revenues, and compete and win in a changing market,

- providing high-quality, reliable, scalable, integrated, yet modular applications,

- providing flexible and tailored IT and business process outsourcing solutions and delivery models, and

- offering customers end-to-end accountability from a single vendor.

We compete with a number of companies that have long operating histories, large customer bases, substantial financial, technical, sales, marketing and other resources, and strong name recognition. Some of these companies are continuing their attempts to expand their market penetration in the communications industry. Current and potential competitors have established, and may establish in the future, cooperative relationships among themselves or with third parties to increase their ability to address the needs of our existing or prospective customers. Accordingly, new competitors or alliances among competitors may emerge and rapidly acquire significant market share. There can be no assurance that we will be able to compete successfully with existing or new competitors. Our failure to adapt to changing market conditions and compete successfully with established or new competitors would have a material adverse effect on the results of our operations and financial condition.

Employees

We invest significant resources in the training, retention and motivation of high quality personnel. Training programs cover areas such as technology, applications, development methodology, project methodology, programming standards, industry background, business, management development and leadership. Our management development efforts are reinforced by an organizational structure that provides opportunities for talented managers to gain experience in general management roles. We also invest considerable resources in personnel motivation, including providing various incentive plans for sales staff and high quality employees. Our future success depends in large part upon our continuing ability to attract and retain highly qualified managerial, technical, sales and marketing personnel and outstanding leaders.

See Directors, Senior Management and Employees Workforce Personnel for further details regarding our employees and our relationships with them.

Research and Development, Patents and Licenses

Our research and development activities involve the development of new software architecture, modules and product offerings in response to an identified market demand, either as part of our internal product development programs or in conjunction with a customer project. We also expend additional amounts on applied research and software development activities to keep abreast of new technologies in the communications markets and to provide new and enhanced functionality to our existing product offerings.

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In fiscal 2011, we continued to release aspects of our Amdocs CES (Customer Experience Systems) 8 portfolio. We are planning additional releases of Amdocs CES 8 throughout 2012. We dedicated significant efforts and resources to the integration among CES 8 portfolio including deeper integration between our charging and billing, customer relationship management, ordering and foundation applications. The CES 8 portfolio was designed to enable our customers to support new business models, devices and partnerships by centralizing common assets, such as customer, network and product data. Our portfolio of pre-integrated software products was built to span the entire customer lifecycle across BSS and OSS to align their business processes around the end customer. Our products are designed to allow modular expansion as a service provider evolves, ensuring rapid, low-cost, reduced-risk implementations. In addition, Amdocs focuses on offering business solutions that leverage functionality from across the CES portfolio combined with services and industry knowledge. These business solutions address larger business problems and provide greater value to our customers.

Our next major product portfolio release will address additional challenges and opportunities of the connected world by delivering enhanced functionality to enable our customers to implement more cost-effective innovative solutions relating to network monetization and enhanced customer experience. For software development, Amdocs uses Agile, a software development methodology based on iterative and incremental development where requirements and solutions evolve through collaboration between self-organizing, cross-functional teams.

The majority of our research and development expenditures is directed at our customer experience systems, and the remainder is directed at directory solutions. We believe that our research and development efforts are a key element of our strategy and are essential to our success. However, an increase or a decrease in our total revenue would not necessarily result in a proportional increase or decrease in the levels of our research and development expenditures, which could affect our operating margin.

Our products are largely comprised of software and systems that we have developed or acquired and that we regard as proprietary. Our software and software systems are the results of long and complex development processes, and although our technology is not significantly dependent on patents or licenses from third parties, certain aspects of our products make use of readily available software components licensed from third parties. As a developer of complex software systems, third parties may claim that portions of our systems infringe their intellectual property rights. The ability to develop and use our software and software systems requires knowledge and professional experience that we believe is unique to us and would be very difficult for others to independently obtain. However, our competitors may independently develop technologies that are substantially equivalent or superior to ours. We have taken, and intend to continue to take, several measures to establish and protect our proprietary rights in our products and technologies from third-party infringement. We rely upon a combination of trademarks, patents, contractual rights, trade secret law, copyrights and nondisclosure agreements. We enter into non-disclosure and confidentiality agreements with our customers, employees and marketing representatives and with certain contractors with access to sensitive information; and we also limit customer access to the source code of our software and software systems.

See the discussion under Operating and Financial Review and Prospects Research and Development, Patents and Licenses.

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Property, Plants and Equipment

Facilities

We lease land and buildings for our executive offices, sales, marketing, administrative, development and support centers. We lease an aggregate of approximately 2.8 million square feet worldwide, including significant leases in the United States, Israel, Canada, Cyprus, India and the United Kingdom. Our aggregate annual lease costs with respect to our properties as of October 31, 2011, including maintenance and other related costs, were approximately $58 million. The following table summarizes information with respect to the principal facilities leased by us and our subsidiaries as of October 31, 2011:

Location	**Area (Sq. Feet)**
United States:	
St. Louis, MO	91,928
San Jose, CA(*)	112,120
Champaign, IL	178,063
Eldorado Hills, CA(*)	113,291
Others	210,457
Total	705,859
Israel:	
Ra anana	674,413
Hod-Hasharon	81,138
Haifa	38,147
Others(*)	108,665
Total	902,363
Canada:	
Toronto(*)	76,317
Montreal	59,537
Ottawa	40,422
Total	176,276
Cyprus (Limassol)	74,675
India:	
Pune	548,277
Delhi	134,533
Total	682,810
United Kingdom(*)	79,095
Rest of the world(*)(**)	186,323
Total	2,807,401

(*) Includes space sublet to third parties.

(**) Primarily includes Australia, Austria, Brazil, China, Czech Republic, France, Indonesia, Ireland, Malaysia, Mexico, Netherlands, Russia, and South Africa.

Our leases expire on various dates between calendar years 2011 through 2020, not including various options to terminate or extend lease terms.

Equipment

We develop our customer experience systems over a system of UNIX, Linux and Windows servers owned or leased by us. We use a variety of software products in our development centers, including products by Microsoft, Oracle, Synscsort, RedHat, CA, IBM and Hewlett-Packard. Our data storage is based on equipment from EMC, SUN, NetApp, IBM, Hitachi and Hewlett-Packard. Our development servers are connected to more than 20,000 personal computers owned or leased by us.

Automatic tape libraries and virtual tape libraries (VTL) provide full and incremental backups of the data used in and generated by our business. The backup tapes are kept on-site and off-site, as appropriate, to ensure security and integrity, and are used as part of our disaster recovery plan. The distributed development sites that we operate worldwide are connected by a high-speed redundant wide area network, using telecommunication equipment manufactured by, among others, Cisco and Avaya.

ITEM 4A. *UNRESOLVED STAFF COMMENTS*

Not applicable.

ITEM 5. *OPERATING AND FINANCIAL REVIEW AND PROSPECTS*

Overview of Business and Trend Information

Amdocs is a leading provider of software and services for communications, media and entertainment industry service providers. Although our market focus has traditionally been primarily on Tier-1 and Tier-2 service providers in developed markets, we have also focused in the last several years on Tier-3 and Tier-4 providers in developed markets, and on providers in emerging markets, such as the Commonwealth of Independent States, India, Latin America and Southeast Asia. Regardless of whether providers are bringing their first offerings to market, scaling for growth, consolidating systems or transforming the way they do business, we believe that providers seek to differentiate their offerings by delivering a customer experience that is simple, personal and valuable at every point of service. We refer to this type of customer experience as the intentional customer experience.

We develop, implement and manage software and services associated with business support systems (BSS) and operational support systems (OSS), to enable service providers to introduce new products quickly, understand their customers more deeply, process orders more efficiently and support new business models. We refer to these systems collectively as customer experience systems because of the crucial impact that these systems have on the service providers end-user experience.

In a global communications industry impacted by unprecedented growth in data demand, increasing number of connected devices, improvement in M2M technologies, the rising influence of device makers and over-the-top players that bypass traditional television providers, consumers expect immediate and constant connectivity to personalized services, information and applications. To capture new revenue streams in this connected world, service providers will need the ability to expand within existing and non-traditional business models as they simultaneously attempt to reduce their costs in providing current and new services. We seek to address these market forces through a strategy of innovation from the network and business support systems to the device and end user. Our goal is to supply cost-effective, scalable software products and services that provide functionality and flexibility to service providers as they and their markets grow and change.

In part, we have sought to expand both our functionality and geographic markets through acquisitions. Since 1999, we have completed numerous acquisitions, which, among other things, have expanded our business into customer care and billing solutions for cable and satellite companies and enhanced our offerings in the OSS, digital content and commerce markets and high growth emerging markets. In fiscal 2011, we acquired Bridgewater Systems, a Canadian-based provider of policy management and network control solutions. As part of our strategy, we may continue to pursue acquisitions and other initiatives in order to offer new products or services, or otherwise enhance our market position or strategic strengths.

Please see Note 3 to our consolidated financial statements for more information regarding our acquisitions.

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Offerings

Amdocs offerings of software and related services consist of:

A complete, modular yet integrated portfolio of customer experience systems, including revenue management (convergent charging and billing, mediation, and partner relationship management), customer management (customer care, and sales and ordering), OSS (network planning, service fulfillment, service assurance, inventory and discovery, service order management and OSS systems integration services), service delivery (convergent service platform, digital services, and convergent applications), portfolio enablers and network control.

A comprehensive line of services. Because our customers projects are complex and require systems support expertise, we provide business process and information technology, or IT, services, including consulting, systems integration and delivery services, managed services and product support to assist our customers with their business strategy, system implementation, integration, modification, consolidation, modernization, ongoing support, enhancement and maintenance needs. In addition, we offer comprehensive learning services to help our customers develop competency in their Amdocs systems and applications.

We have designed our customer experience systems to meet the high-volume, complex needs of Tier-1 and Tier-2 service providers and to address the unique issues of service providers in high growth emerging markets. We support our customers various lines of business, including wireline, wireless, cable and satellite, and a wide range of communication services, including voice, video, data, broadband, content, electronic and mobile commerce applications. In addition, we support companies that offer bundled or convergent service packages.

We also offer advertising and media products and services for local marketing service providers and search and directory publishers designed to enable those providers and publishers to manage the entire media selling, fulfillment, consumer experience and financial processes across online, print and mobile media.

We conduct our business globally, and as a result we are subject to the effects of global economic conditions and, in particular, market conditions in the communications, media and entertainment industry. In fiscal 2011, customers in North America accounted for 73.4% of our revenue, while customers in Europe and the rest of the world accounted for 12.7% and 13.9%, respectively. Customers in emerging markets accounted for 8.6% of our revenue in fiscal 2011. We maintain development facilities in Brazil, Cyprus, India, Ireland, Israel and the United States. Historically, AT&T has been our largest customer, accounting for 29% of our revenue in fiscal 2010 and 2011. Aggregate revenue derived from the multiple business arrangements we have with our ten largest customers accounted for approximately 73% of our revenue in fiscal 2011 and 75% of our revenue in fiscal 2010.

We believe that demand for our customer experience systems is primarily driven by the following key factors:

Industry transformation, including:

increasing use of communications and content services,

widespread access to content, information and applications,

continued rapid growth in emerging markets,

expansion into new lines of business

consolidation among service providers in established markets, often including companies with multi-national operations,

increased competition, including non-traditional players,

continued bundling and blending of communications and entertainment, and

continued commoditization and pricing pressure.

Technology advances, such as:

emergence and development of new communications products and services, such as web services, video, broadband, data and content services, including IP-based services, such as Internet Protocol (IP), Internet

Protocol Television (IPTV), machine-to-machine (M2M), worldwide interoperability for microwave access (WiMax) and Voice over IP (VoIP),

evolution to and expansion of more sophisticated and connected communication devices, such as smart devices, electronic book readers, energy meters, global positioning systems and home security systems that enable communication across and between devices and widespread access to information,

evolution to next-generation networks, such as IP Multimedia Subsystem (IMS), that enable converged services offerings, such as fixed-mobile convergence, and

technological changes, such as the introduction of 3G and 4G wireless technology, next-generation content systems, FTTx, Carrier Ethernet, WiMax-, and LTE-based access technologies.

Customer focus, such as:

the need for service providers to focus on their customers in order to build profitable customer relationships,

the need for service providers to have a unified view of the customer across multiple services, devices and channels,

the authority shift toward the consumer, with increased customer expectations for new, innovative services and applications that are personally relevant and that can be accessed anytime, anywhere and from any device,

the ever-increasing expectation of customer service and support, including access to self-service options that are convenient and consistent across all channels, and

the need for service providers to differentiate themselves by creating a unique and mutually-valuable customer experience.

The need for operational efficiency, including:

the shift from in-house management to vendor solutions,

business needs of service providers to reduce costs and lower total cost of ownership of software systems while retaining high-value customers in a highly competitive environment,

automating and integrating business processes that span service providers BSS and OSS systems and create a simple, one-company face to customers,

implementing and integrating new next-generation networks (and retiring legacy networks) to deploy new technologies, and

transforming fragmented legacy OSS systems to introduce new services in a timely and cost-effective manner.

In fiscal 2011, our total revenue was $3.18 billion, of which $2.98 billion, or 93.7%, was attributable to the sale of customer experience systems. Revenue from managed services arrangements (for customer experience systems and directory systems) is included in both license and service revenue. Revenue generated in connection with managed services arrangements is a significant part of our business generating substantial, long-term recurring revenue streams and cash flow. Revenue from managed services arrangements accounted for approximately $1.52 billion and $1.40 billion of revenue in fiscal 2011 and 2010, respectively. In managed services contracts revenue from the operation of a customer s system is recognized as services are performed based on time elapsed, output produced or volume of data processed. In the initial period of our managed services projects, we often invest in modernization and consolidation of the customer s systems. Managed services engagements can be less profitable in their early stages; however, margins tend to improve over time, more rapidly in the initial period of an engagement, as we derive benefit from the operational efficiencies and from changes in the geographical mix of our resources.

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Research and Development, Patents and Licenses

Our research and development activities involve the development of new software architecture, modules and product offerings in response to an identified market demand, either as part of our internal product development programs or in conjunction with a customer project. We also expend additional amounts on applied research and software development activities to keep abreast of new technologies in the communications markets and to provide new and enhanced functionality to our existing product offerings.

In fiscal 2011, we continued to release aspects of our Amdocs CES (Customer Experience Systems) 8 portfolio. We are planning additional releases of Amdocs CES 8 throughout 2012. We dedicated significant efforts and resources to the integration among CES 8 portfolio including deeper integration between our charging and billing, customer relationship management, ordering and foundation applications. The CES 8 portfolio was designed to enable our customers to support new business models, devices and partnerships by centralizing common assets, such as customer, network and product data. Our portfolio of pre-integrated software products was built to span the entire customer lifecycle across BSS and OSS to align their business processes around the end customer. Our products are designed to allow modular expansion as a service provider evolves, ensuring rapid, low-cost, reduced-risk implementations. In addition, Amdocs focuses on offering business solutions that leverage functionality from across the CES portfolio combined with services and industry knowledge. These business solutions address larger business problems and provide greater value to our customers.

Our next major product portfolio release will address additional challenges and opportunities of the connected world by delivering enhanced functionality to enable our customers to implement more cost-effective and innovative solutions relating to network monetization and enhanced customer experience. For software development, Amdocs uses Agile, a software development methodology based on iterative and incremental development where requirements and solutions evolve through collaboration between self-organizing, cross-functional teams.

The majority of our research and development expenditures is directed at our customer experience systems, and the remainder is directed at directory solutions. We believe that our research and development efforts are a key element of our strategy and are essential to our success. However, an increase or a decrease in our total revenue would not necessarily result in a proportional increase or decrease in the levels of our research and development expenditures, which could affect our operating margin.

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Operating Results

The following table sets forth for the fiscal years ended September 30, 2011, 2010 and 2009, certain items in our consolidated statements of income reflected as a percentage of total revenue:

	Year Ended September 30, 2011	2010	2009
Revenue:			
License	3.8%	3.4%	4.7%
Service	96.2	96.6	95.3
	100.0	100.0	100.0
Operating expenses:			
Cost of license	0.1	0.1	0.1
Cost of service	65.0	63.8	64.0
Research and development	7.0	7.0	7.3
Selling, general and administrative	12.9	12.5	12.0
Amortization of purchased intangible assets and other	2.3	2.9	3.0
Restructuring charges and in-process research and development			0.8
	87.3	86.3	87.2
Operating income	12.7	13.7	12.8
Interest and other expense, net	0.3	0.8	
Income before income taxes	12.4	12.9	12.8
Income taxes	1.5	1.4	1.4
Net income	10.9%	11.5%	11.4%

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Fiscal Years Ended September 30, 2011 and 2010

The following is a tabular presentation of our results of operations for the fiscal year ended September 30, 2011, compared to the fiscal year ended September 30, 2010. Following the table is a discussion and analysis of our business and results of operations for these years.

	Year ended September 30,		Increase (Decrease)	
	2011	2010	Amount	%
	(In thousands)			
Revenue:				
License	$ 119,237	$ 100,967	$ 18,270	18.1%
Service	3,058,491	2,883,256	175,235	6.1
	3,177,728	2,984,223	193,505	6.5
Operating expenses:				
Cost of license	2,627	2,021	606	30.0
Cost of service	2,066,740	1,903,645	163,095	8.6
Research and development	221,886	207,836	14,050	6.8
Selling, general and administrative	409,465	373,585	35,880	9.6
Amortization of purchased intangible assets and other	72,646	86,703	(14,057)	(16.2)
	2,773,364	2,573,790	199,574	7.8
Operating income	404,364	410,433	(6,069)	(1.5)
Interest and other expense, net	8,657	25,135	(16,478)	(65.6)
Income before income taxes	395,707	385,298	10,409	2.7
Income taxes	49,042	41,392	7,650	18.5
Net income	$ 346,665	$ 343,906	$ 2,759	0.8%

Revenue. Total revenue increased by $193.5 million, or 6.5%, to $3,177.7 million in fiscal 2011, from $2,984.2 million in fiscal 2010. The increase in revenue was primarily attributable to revenue related to existing and new managed services arrangements and to a lesser extent to revenue related to implementation and integration projects. Our fiscal 2011 revenue was also positively impacted by foreign exchange fluctuations.

License revenue in fiscal 2011 increased by $18.2 million, or 18.1%, to $119.2 million, from $101.0 million in fiscal 2010. The increase in license revenue was primarily attributable to new implementation and integration projects.

License and service revenue attributable to the sale of customer experience systems increased by $203.0 million, or 7.3%, to $2,978.3 million in fiscal 2011, from $2,775.3 million in fiscal 2010. The increase in revenue was primarily attributable to revenue related to existing and new managed services arrangements, and to a lesser extent to revenue related to implementation and integration projects. License and service revenue resulting from the sale of customer experience systems represented 93.7% and 93.0% of our total revenue in fiscal 2011 and 2010, respectively.

License and service revenue from the sale of directory systems decreased by $9.5 million, or 4.6%, to $199.4 million in fiscal 2011, from $208.9 million in fiscal 2010. The decrease was primarily attributable to a decrease in revenue from existing customers. License and service revenue from the sale of directory systems represented 6.3% and 7.0% of our total revenue in fiscal 2011 and 2010, respectively.

In fiscal 2011, revenue from customers in North America, Europe and the rest of the world accounted for 73.4%, 12.7% and 13.9%, respectively, of total revenue, compared to 75.8%, 11.8% and 12.4%, respectively, for fiscal 2010. The increase in revenue as a percentage of total revenue from customers in Europe and the rest of the world, of which a significant portion was from emerging markets, was primarily attributable to revenue related to new implementation and integration projects as well as to new managed services arrangements. Revenue from North American customers, in absolute amounts, increased during fiscal 2011, primarily from existing and new implementation and integration projects and managed services arrangements. However, our revenue growth rate in Europe and the rest of the world was greater than the growth rate we experienced in North America which resulted in a decrease in revenue from customers in North America as a percentage of total revenue.

Cost of License and Service. Cost of license includes license fees and royalty payments to software suppliers. Cost of service consists primarily of costs associated with providing services to customers, including compensation expense and costs of third-party products. Cost of license and service increased by $163.7 million, or 8.6%, to $2,069.4 million in fiscal 2011, from $1,905.7 million in fiscal 2010. As a percentage of revenue, cost of license and service increased to 65.1% in fiscal 2011 from 63.9% in fiscal 2010. The increase in our cost of license and services as a percentage of revenue was primarily attributable to several key customer implementations that required incremental spending as well as to investment in internal training and knowledge building programs for our employees. Our cost of license and service was also negatively impacted by foreign exchange fluctuations.

Research and Development. Research and development is primarily comprised of compensation expense. Research and development expense increased by $14.1 million, or 6.8%, to $221.9 million in fiscal 2011, from $207.8 million in fiscal 2010. The increase in research and development expense is primarily attributable to investments in our next release of the Amdocs CES portfolio, as well as to foreign exchange impacts. Research and development expense as a percentage of revenue was 7.0% in fiscal years 2011 and 2010. Our research and development efforts are a key element of our strategy and are essential to our success, and we intend to maintain our commitment to research and development. An increase or a decrease in our total revenue would not necessarily result in a proportional increase or decrease in the levels of our research and development expenditures, which could affect our operating margin. Please see Research and Development, Patents and Licenses.

Selling, General and Administrative. Selling, general and administrative expense increased by $35.9 million, or 9.6%, to $409.5 million in fiscal 2011, from $373.6 million in fiscal 2010. Selling, general and administrative expense is primarily comprised of compensation expense. The increase in selling, general and administrative expense as a percentage of revenue was primarily attributable to increased selling efforts, a significant portion of which were in emerging markets and in Europe, as well as to an increase in accounts receivable allowances.

Amortization of Purchased Intangible Assets and Other. Amortization of purchased intangible assets and other decreased by $14.1 million, or 16.2%, to $72.6 million in fiscal 2011, from $86.7 million in fiscal 2010. The decrease in amortization of purchased intangible assets and other was primarily due to purchased intangible assets that were fully amortized in prior periods, as well as to the timing of amortization charges resulting from the use of accelerated amortization methods for certain intangible assets purchased in prior periods, partially offset by amortization of intangible assets and other acquisition costs related to several small acquisitions in fiscal 2011 and 2010.

Operating Income. Operating income decreased by $6.0 million, or 1.5%, to $404.4 million in fiscal 2011, from $410.4 million in fiscal 2010. Operating income decreased as a percentage of revenue, from 13.7% in fiscal 2010 to 12.7% in fiscal 2011. The decrease in operating income as a percentage of revenue was primarily attributable to the increase of cost of service and selling, general and administrative expense, which was higher than the increase in revenue, partially offset by the decrease in amortization of purchased intangible assets and other. The positive foreign exchange fluctuations on our revenue were offset by similar negative fluctuations on our operating expense resulting in an immaterial impact on our operating income.

Interest and Other Expense, Net. Interest and other expense, net decreased by $16.4 million to $8.7 million in fiscal 2011, from $25.1 million in fiscal 2010. The decrease was primarily attributable to the effect of a loss in fiscal 2010 from divestiture of a Chinese subsidiary in which a majority interest was sold in April 2010, partially offset by foreign exchange loss in fiscal 2011.

Income Taxes. Income taxes for fiscal 2011 were $49.0 million on pre-tax income of $395.7 million, resulting in an effective tax rate of 12.4%, compared to 10.7% in fiscal 2010. Our effective tax rate may fluctuate between quarters as a result of discrete items that may affect a specific quarter. Please see Note 11 to our consolidated financial statements.

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Net Income. Net income increased by $2.8 million, or 0.8%, to $346.7 million in fiscal 2011, from $343.9 million in fiscal 2010. The increase in net income was attributable mainly to the decrease in interest and other expense, net, partially offset by a decrease in operating income and an increase in income tax expense.

Diluted Earnings Per Share. Diluted earnings per share increased by $0.17, or 10.1%, to $1.86 in fiscal 2011, from $1.69 in fiscal 2010. The increase in diluted earnings per share resulted primarily from the decrease in diluted weighted average numbers of shares outstanding as a result of repurchase of our ordinary shares. Please see Note 20 to our consolidated financial statements.

Fiscal Years Ended September 30, 2010 and 2009

The following is a tabular presentation of our results of operations for the fiscal year ended September 30, 2010, compared to the fiscal year ended September 30, 2009. Following the table is a discussion and analysis of our business and results of operations for these years.

	Year ended September 30,		Increase (Decrease)	
	2010	2009	Amount	%
	(In thousands)			
Revenue:				
License	$ 100,967	$ 135,146	$ (34,179)	(25.3)%
Service	2,883,256	2,727,461	155,795	5.7
	2,984,223	2,862,607	121,616	4.2
Operating expenses:				
Cost of license	2,021	2,686	(665)	(24.8)
Cost of service	1,903,645	1,831,947	71,698	3.9
Research and development	207,836	210,387	(2,551)	(1.2)
Selling, general and administrative	373,585	344,335	29,250	8.5
Amortization of purchased intangible assets and other	86,703	85,153	1,550	1.8
Restructuring charges and in-process research and development		20,780	(20,780)	(100.0)
	2,573,790	2,495,288	78,502	3.1
Operating income	410,433	367,319	43,114	11.7
Interest and other expense, net	25,135	1,165	23,970	2,057.5
Income before income taxes	385,298	366,154	19,144	5.2
Income taxes	41,392	39,978	1,414	3.5
Net income	$ 343,906	$ 326,176	$ 17,730	5.4%

Revenue. Total revenue increased by $121.6 million, or 4.2%, to $2,984.2 million in fiscal 2010, from $2,862.6 million in fiscal 2009. The increase in revenue was primarily attributable to revenue related to managed services arrangements and to foreign exchange impacts. The increase was partially offset by decreases in revenue related to implementation and integration projects. In the second half of fiscal 2009, AT&T reduced its discretionary spending with us. The lower resulting revenue level persisted into 2010, offset in part by an increase in our managed services for AT&T; however, revenue from AT&T on a quarterly basis in 2010 was relatively stable.

License revenue in fiscal 2010 decreased by $34.2 million, or 25.3%, to $101.0 million, from $135.1 million in fiscal 2009. License revenue declined primarily due to the completion of some implementation and integration projects and the impact of fewer project signings in 2009.

License and service revenue attributable to the sale of customer experience systems increased by $89.8 million, or 3.3%, to $2,775.3 million in fiscal 2010, from $2,685.5 million in fiscal 2009. License and service revenue resulting from the sale of customer experience systems represented 93.0% and 93.8% of our total revenue in fiscal 2010 and 2009, respectively.

License and service revenue from the sale of directory systems increased by $31.8 million, or 18.0%, to $208.9 million in fiscal 2010, from $177.1 million in fiscal 2009. The increase was primarily attributable to the completion of major project milestones. License and service revenue from the sale of directory systems represented 7.0% and 6.2% of our total revenue in fiscal 2010 and 2009, respectively.

In fiscal 2010, revenue from customers in North America, Europe and the rest of the world accounted for 75.8%, 11.8% and 12.4%, respectively, of total revenue, compared to 75.3%, 13.8% and 10.9%, respectively, for fiscal 2009. The increase as a percentage of revenue from customers in North America was primarily attributable to an increase in revenue from other than our top three customers, mainly related to managed services arrangements. The decrease in revenue from customers in Europe was primarily attributable to a decline in implementation and integration projects related revenue. Revenue from customers in the rest of the world increased primarily due to revenue contributed by customers in emerging markets as well as completion of major project milestones.

Cost of License and Service. Cost of license includes license fees and royalty payments to software suppliers. Cost of service consists primarily of costs associated with providing services to customers, including compensation expense and costs of third-party products. Cost of license and service increased by $71.0 million, or 3.9%, to $1,905.7 million in fiscal 2010, from $1,834.6 million in fiscal 2009. As a percentage of revenue, cost of license and service decreased to 63.9% in fiscal 2010 from 64.1% in fiscal 2009. The increase in our cost of license and service was primarily attributable to increase in our headcount to support the growth in the size of our operations, partially offset by costs savings resulting primarily from expansion into lower cost jurisdictions. Our cost of service, as a percentage of revenue, in fiscal 2010 was positively affected by higher margins from existing managed services arrangements. Margins from existing managed services tend to improve over time, especially in the initial period of an engagement, as we create cost efficiencies and improve business processes.

Research and Development. Research and development is primarily comprised of compensation expense. Research and development expense decreased by $2.6 million, or 1.2%, to $207.8 million in fiscal 2010, from $210.4 million in fiscal 2009. Research and development expense decreased as a percentage of revenue from 7.3% in fiscal, 2009 to 7.0% in fiscal 2010. Our research and development efforts are a key element of our strategy and are essential to our success, and we intend to maintain our commitment to research and development. An increase or a decrease in our total revenue would not necessarily result in a proportional increase or decrease in the levels of our research and development expenditures, which could affect our operating margin. Please see Research and Development, Patents and Licenses.

Selling, General and Administrative. Selling, general and administrative expense increased by $29.3 million, or 8.5%, to $373.6 million in fiscal 2010, from $344.3 million in fiscal 2009. Selling, general and administrative expense is primarily comprised of compensation expense. The increase in selling, general and administrative expense in fiscal 2010 was primarily attributable to selling efforts, a significant portion of which were in emerging markets.

Restructuring Charges and In-Process Research and Development. In fiscal 2009, we recorded restructuring charges and in-process research and development expenses of $20.8 million, which consisted of a $15.1 million restructuring charge related primarily to our restructuring plan in the first quarter of fiscal 2009 and a $5.7 million charge for the write-off of purchased in-process research and development related to a small acquisition during the first quarter of fiscal 2009. We did not take any such restructuring charges in fiscal 2010. Effective October 1, 2009, we adopted revised accounting guidance for business combinations and as a result capitalized immaterial in-process research and development.

Operating Income. Operating income increased by $43.1 million, or 11.7%, to $410.4 million in fiscal 2010, from $367.3 million in fiscal 2009. Operating income increased as a percentage of revenue, from 12.8% in fiscal 2009 to 13.7% in fiscal 2010. The increase in operating income as a percentage of revenue was primarily attributable to our continued efforts to improve efficiencies including expansion into lower cost jurisdictions, the effect of our fiscal 2009 restructuring charges and in-process research and development charges, and foreign exchange impacts, partially offset by the increase in selling expense in fiscal 2010.

Interest and Other Expense, Net. Interest and other expense, net increased by $24.0 million to $25.1 million in fiscal 2010, from $1.2 million in fiscal 2009. The increase in interest and other expense, net, was primarily attributable to a $23.4 million loss from our April 2010 divestiture of a majority interest in a Chinese subsidiary. We retain a minority interest in this Chinese company. Please see Note 16 to our consolidated financial statements.

Income Taxes. Income taxes for fiscal 2010 were $41.4 million on pre-tax income of $385.3 million, resulting in an effective tax rate of 10.7%, compared to 10.9% in fiscal 2009. Our effective tax rate may fluctuate between quarters as a result of discrete items that may affect a specific quarter. Please see Note 11 to our consolidated financial statements.

Net Income. Net income increased by $17.7 million, or 5.4%, to $343.9 million in fiscal 2010, from $326.2 million in fiscal 2009. The increase in net income was attributable mainly to the increase in operating income, partially offset by the increase in interest and other expense, net.

Diluted Earnings Per Share. Diluted earnings per share increased by $0.12, or 7.6%, to $1.69 in fiscal 2010, from $1.57 in fiscal 2009. The increase in diluted earnings per share resulted primarily from the increase in net income, as well as the decrease in diluted weighted average shares outstanding resulting primarily from our repurchase of ordinary shares in fiscal 2010. Please see Note 20 to our consolidated financial statements.

Liquidity and Capital Resources

Cash, cash equivalents and short-term interest-bearing investments, net of short-term debt, totaled $0.92 billion as of September 30, 2011, compared to $1.23 billion as of September 30, 2010. The decrease during fiscal 2011 was mainly attributable to $624.2 million used to repurchase our ordinary shares pursuant to our share repurchase programs, $146.7 million in net cash paid for an acquisition and $109.8 million for capital expenditures, net, partially offset by $535.5 million in cash flow from operations. Net cash provided by operating activities amounted to $535.5 million and $685.2 million for fiscal 2011 and 2010, respectively.

Our policy is to retain sufficient cash balances in order to support our growth. We believe that our current cash balances, cash generated from operations and our current lines of credit will provide sufficient resources to meet our operational needs for at least the next fiscal year.

Our interest-bearing investments are classified as available-for-sale securities. Such short-term interest-bearing investments consist primarily of money market funds, U.S. government treasuries, corporate bonds, government guaranteed debt and U.S. agency securities. We believe we have conservative investment policy guidelines. Our interest-bearing investments are stated at fair value with the unrealized gains or losses reported as a separate component of accumulated other comprehensive (loss) income, net of tax. Our interest-bearing investments are priced by pricing vendors and are classified as Level 1 or Level 2 investments, since these vendors either provide a quoted market price in an active market or use observable inputs. Please see Notes 4 and 5 to our consolidated financial statements. During fiscal 2011 and 2010, we recognized immaterial credit losses. As of September 30, 2011, unrealized losses of $0.7 million related to other-than-temporarily impaired securities was included in accumulated other comprehensive (loss) income.

In November 2007, we entered into an unsecured $500.0 million five-year revolving credit facility with a syndicate of banks, which is available for general corporate purposes, including acquisitions and repurchases of ordinary shares that we may consider from time to time. The interest rate for borrowings under the revolving credit facility is chosen at our option from several pre-defined alternatives, depends on the circumstances of any advance and is based on our credit rating. As of September 30, 2011, we were in compliance with the financial covenants under the revolving credit facility. In September 2010, we borrowed an aggregate of $200.0 million under the facility and repaid it in

October 2010. In September 2011, we borrowed an aggregate of $250.0 million under the facility and repaid it in October 2011.

As of September 30, 2011, we had outstanding letters of credit and bank guarantees from various banks totaling $41.2 million. As of September 30, 2011, we had outstanding obligations of $1.1 million in connection with leasing arrangements.

Our capital expenditures, net, were approximately $109.8 million in fiscal 2011. Approximately 90% of these expenditures consisted of purchases of computer equipment, with the remainder attributable mainly to leasehold improvements. Our fiscal 2011 capital expenditures were mainly attributable to investments in our operating facilities and our development centers around the world. Our policy is to fund our capital expenditures principally from operating cash flows, and we do not anticipate any changes to this policy in the foreseeable future.

In April 2010, our board of directors authorized a share repurchase plan allowing the repurchase of up to $700.0 million of our outstanding ordinary shares over the following 12 months. In February 2011, our board of directors adopted a share repurchase plan authorizing the repurchase of up to $1.0 billion of our outstanding ordinary shares over the following 24 months. The authorizations permit us to purchase our ordinary shares in open market or privately negotiated transactions at times and prices we consider appropriate. In April 2011 we completed the repurchase of the remaining authorized amount under the April 2010 share repurchase plan and started executing repurchases under the February 2011 plan. In fiscal 2011, we repurchased 21.9 million ordinary shares at an average price of $28.53 per share (excluding broker and transaction fees). As of September 30, 2011, we had remaining authority to repurchase up to $687.1 million of our outstanding ordinary shares.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Contractual Obligations

The following table summarizes our contractual obligations as of September 30, 2011, and the effect such obligations are expected to have on our liquidity and cash flows in future periods (in millions):

		Payments Due by Period			
Contractual Obligations	**Total**	**Less Than 1 Year**	**1-3 Years**	**4-5 Years**	**More Than 5 Years**
Convertible notes including interest	$ 1.1	$	$	$	$ 1.1
Pension funding	15.5	1.9	5.6	3.4	4.6
Purchase obligations	43.3	28.6	14.7		
Non-cancelable operating leases	250.8	61.1	112.4	77.3	
Total	$ 310.7	$ 91.6	$ 132.7	$ 80.7	$ 5.7

The total amount of unrecognized tax benefits for uncertain tax positions was $132.9 million as of September 30, 2011. Payment of these obligations would result from settlements with taxing authorities. Due to the difficulty in determining the timing of resolution of audits, these obligations are not included in the above table.

Deferred Tax Asset Valuation Allowance

As of September 30, 2011, we had deferred tax assets of $137.8 million, derived primarily from net capital and operating loss carryforwards related to some of our subsidiaries, which were offset by valuation allowances due to the uncertainty of the realizing any tax benefit for such losses. When realization of the tax benefits associated with such net capital and operating losses is deemed more likely than not, the valuation allowance will be released through earnings.

Critical Accounting Policies

Our discussion and analysis of our consolidated financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosure of contingent liabilities. On a regular basis, we evaluate and may revise our estimates. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent. Actual results could differ materially from the estimates under different assumptions or conditions.

We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. These policies require that we make estimates in the preparation of our financial statements as of a given date. Our critical accounting policies are as follows:

Revenue recognition and contract accounting

Tax accounting

Business combinations

Share-based compensation expense

Goodwill, intangible assets and long-lived assets-impairment assessment

Derivative and hedge accounting

Fair value measurement of short-term interest-bearing investments

Accounts receivable reserves

Below, we discuss these policies further, as well as the estimates and judgments involved. We also have other key accounting policies. We believe that, compared to the critical accounting policies listed above, the other policies either do not generally require us to make estimates and judgments that are as difficult or as subjective, or it is less likely that they would have a material impact on our reported consolidated results of operations for a given period.

Revenue Recognition and Contract Accounting

We derive our revenue principally from:

the initial sales of licenses to use our products and related services, including modification, implementation, integration and customization services,

providing managed services in our domain expertise and other related services, and

recurring revenue from ongoing support, maintenance and enhancements provided to our customers, and from incremental license fees resulting from increases in a customer s business volume.

Revenue is recognized only when all of the following conditions have been met: (i) there is persuasive evidence of an arrangement; (ii) delivery has occurred; (iii) the fee is fixed or determinable; and (iv) collectibility of the fee is reasonably assured. We usually sell our software licenses as part of an overall solution offered to a customer that combines the sale of software licenses with a broad range of services, which normally include significant customization, modification, implementation and integration. Those services are deemed essential to the software. As a result, we generally recognize initial license fee and related service revenue over the course of these long-term projects, using the percentage of completion method of accounting. Subsequent license fee revenue is recognized upon completion of specified conditions in each contract, based on a customer s subscriber or transaction volume or other measurements when greater than the level specified in the contract for the initial license fee. Revenue from software solutions that do not require significant customization, implementation and modification is recognized upon delivery. Revenue from services that do not involve significant ongoing obligations is recognized as services are rendered. In managed services contracts, we typically recognize revenue from the operation of a customer s system as services are performed based on time elapsed, output produced or volume of data processed, depending on the specific contract terms of the managed services arrangement. Typically, managed services contracts are long-term in duration and are not subject to seasonality. Revenue from ongoing support services is recognized as work is performed. Revenue from third-party hardware sales is recognized upon delivery and installation and revenue from third-party software sales is recognized upon delivery. Maintenance revenue is recognized ratably over the term of the maintenance agreement.

A significant portion of our revenue is recognized over the course of long-term implementation and integration projects under the percentage of completion method of accounting. When total cost estimates exceed revenues in a fixed-price arrangement, the estimated losses are recognized immediately based upon the cost applicable to the project. The percentage of completion method requires the exercise of judgment on a quarterly basis, such as with respect to estimations of progress-to-completion, contract revenue, loss contracts and contract costs. Progress in completing such projects may significantly affect our annual and quarterly operating results.

We follow very specific and detailed guidelines, several of which are discussed above, in measuring revenue; however, certain judgments affect the application of our revenue recognition policy.

Our revenue recognition policy takes into consideration the credit-worthiness and past transaction history of each customer in determining the probability of collection as a criterion of revenue recognition. This determination requires the exercise of judgment, which affects our revenue recognition. If we determine that collection of a fee is not reasonably assured, we defer the revenue recognition until the time collection becomes reasonably assured, which is generally upon receipt of cash. We regularly review the allowance for doubtful accounts by considering factors that may affect a customer s ability to pay, such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions.

For arrangements with multiple deliverables within the scope of software revenue recognition guidance, we allocate revenue to each component based upon its relative fair value, which is determined in reliance on the Vendor Specific Objective Evidence (VSOE) of fair value for that element. Such determination is judgmental and for most contracts is based on normal pricing and discounting practices for those elements when sold separately in similar arrangements. In the absence of fair value for a delivered element, we use the residual method. The residual method requires that we first allocate revenue to the fair value of the undelivered elements and residual revenue to the delivered elements. If VSOE of any undelivered items does not exist, revenue from the entire arrangement is deferred and recognized at the earlier of (i) delivery of those elements for which VSOE does not exist or (ii) when VSOE can be established. However, in limited cases where maintenance is the only undelivered element without VSOE, the entire arrangement fee is recognized ratably. The residual method is used mainly in multiple element arrangements that include license for the sale of software solutions that do not require significant customization, modification and implementation and maintenance to determine the appropriate value for the license component. Beginning October 1, 2009, we adopted the new authoritative guidance for revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under this guidance, we allocate revenue to each element based upon the relative fair value. Fair value would be allocated by using a hierarchy of (1) VSOE, (2) third-party evidence of selling price for that element, or (3) estimated selling price, or ESP, for individual elements of an arrangement when VSOE or third-party evidence of selling price is unavailable. This results in the elimination of the residual method of allocating revenue consideration. We determine ESP for the purposes of allocating the consideration to individual elements of an arrangement by considering several external and internal factors including, but not limited to, pricing practices, margin objectives, geographies in which we offer our services and internal costs. The determination of ESP is judgmental and is made through consultation with and approval by management.

Revenue from third-party hardware and software sales is recorded at a gross or net amount according to certain indicators. The application of these indicators for gross and net reporting of revenue depends on the relative facts and circumstances of each sale and requires significant judgment.

Tax Accounting

As part of the process of preparing our consolidated financial statements, we are required to estimate our income tax expense in each of the jurisdictions in which we operate. In the ordinary course of a global business, there are many transactions and calculations where the ultimate tax outcome is uncertain. Some of these uncertainties arise as a consequence of revenue sharing and reimbursement arrangements among related entities, the process of identifying items of revenue and expenses that qualify for preferential tax treatment and segregation of foreign and domestic income and expense to avoid double taxation. We also assess temporary differences resulting from differing treatment of items, such as deferred revenue, for tax and accounting differences. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet. We may record a valuation allowance to reduce our deferred tax assets to the amount of future tax benefit that is more likely than not to be realized.

Although we believe that our estimates are reasonable and that we have considered future taxable income and ongoing prudent and feasible tax strategies in estimating our tax outcome and in assessing the need for the valuation allowance, there is no assurance that the final tax outcome and the valuation allowance will not be different than those that are reflected in our historical income tax provisions and accruals. Such differences could have a material effect on our income tax provision, net income and cash balances in the period in which such determination is made.

We recognize the tax benefit from an uncertain tax position only if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. Although we believe our reserves are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our historical income tax provisions and accruals. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the effect of reserve provisions and changes to reserves that are considered appropriate, as well as the related net interest.

We have filed or are in the process of filing tax returns that are subject to audit by the respective tax authorities. Although the ultimate outcome is unknown, we believe that any adjustments that may result from tax return audits are not likely to have a material, adverse effect on our consolidated results of operations, financial condition or cash flows.

Business Combinations

In accordance with business combination accounting, we allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed, as well as to in-process research and development based on their estimated fair values. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets.

Although we believe the assumptions and estimates of fair value we have made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Critical estimates in valuing certain assets acquired and liabilities assumed include, but are not limited to: future expected cash flows from license and service sales, maintenance, customer contracts and acquired developed technologies, expected costs to develop the in-process research and development into commercially viable products and estimated cash flows from the projects when completed and the acquired company s brand awareness and discount rate. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

As discussed above under Tax Accounting, we may establish a valuation allowance for certain deferred tax assets and estimate the value of uncertain tax positions of a newly acquired entity. This process requires significant judgment and analysis.

Share-Based Compensation Expense

Share-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the requisite service periods. We estimate the fair value of employee stock options using a Black-Scholes valuation model and value restricted stock based on the market value of the underlying shares at the date of grant. We recognize compensation costs using the graded vesting attribution method that results in an accelerated recognition of compensation costs in comparison to the straight line method.

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The fair value of an award is affected by our stock price on the date of grant and other assumptions, including the estimated volatility of our stock price over the term of the awards and the estimated period of time that we expect employees to hold their stock options. We use a combination of implied volatility of our traded options and historical stock price volatility (blended volatility) as the expected volatility assumption required in the Black-Scholes option valuation model. Share-based compensation expense recognized in our consolidated statements of income was reduced for estimated forfeitures.

Determining the fair value of share-based awards at the grant date requires the exercise of judgment. In addition, the exercise of judgment is also required in estimating the amount of share-based awards that are expected to be forfeited. If actual results differ significantly from these estimates, share-based compensation expense and our results of operations could be materially affected. Please see Note 19 to our consolidated financial statements.

Goodwill, Intangible Assets and Long-Lived Assets - Impairment Assessment

Goodwill is measured as the excess of the cost of acquisition over the sum of the amounts assigned to tangible and identifiable intangible assets acquired less liabilities assumed. Goodwill is subject to periodic impairment tests. Goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. The goodwill impairment test involves a two-step process. The first step, identifying a potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying value of the reporting unit exceeds its fair value, the second step would need to be conducted; otherwise, no further steps are necessary as no potential impairment exists. The second step, measuring the impairment loss, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. Any excess of the reporting unit goodwill carrying value over the respective implied fair value is recognized as an impairment loss.

We perform an annual goodwill impairment test during the fourth quarter of each fiscal year, or more frequently if impairment indicators are present. We operate in one operating segment, and this segment comprises our only reporting unit. In calculating the fair value of the reporting unit, we used our market capitalization and a discounted cash flow methodology. There was no impairment of goodwill in fiscal 2011, 2010 and 2009.

We test long-lived assets, including definite life intangible assets, for impairment in the event an indication of impairment exists. Impairment indicators include any significant changes in the manner of our use of the assets or the strategy of our overall business, significant negative industry or economic trends and significant decline in our share price for a sustained period.

If the sum of expected future cash flows (undiscounted and without interest charges) of the long-lived assets is less than the carrying amount of such assets, an impairment would be recognized and the assets would be written down to their estimated fair values, based on expected future discounted cash flows. There was no impairment of long-lived assets in fiscal 2011, 2010 and 2009.

Derivative and Hedge Accounting

Approximately 70% to 80% of our revenue and 50% to 60% of our operating expenses are denominated in U.S. dollars or linked to the U.S. dollar. We enter into foreign exchange forward contracts and options to hedge a significant portion of our foreign currency net exposure resulting from revenue and expense in major foreign currencies in which we operate, in order to reduce the impact of foreign currency on our results. We also enter into foreign exchange forward contracts and options to reduce the impact of foreign currency on balance sheet items. The effective portion of changes in the fair value of forward exchange contracts and options that are classified as cash flow hedges are recorded in other comprehensive (loss) income. We estimate the fair value of such derivative contracts by reference to forward and spot rates quoted in active markets.

Establishing and accounting for foreign exchange contracts involve judgments, such as determining the fair value of the contracts, determining the nature of the exposure, assessing its amount and timing, and evaluating the effectiveness of the hedging arrangement.

Although we believe that our estimates are accurate and meet the requirement of hedge accounting, if actual results differ from these estimates, such difference could cause fluctuation of our recorded revenue and expenses.

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Fair Value Measurement of Short-Term Interest-Bearing Investments

Our short-term interest-bearing investments are classified as available-for-sale securities and are stated at fair value in our consolidated balance sheets. Unrealized gains or losses are reported as a separate component of accumulated other comprehensive (loss) income, net of tax. Such short-term interest-bearing investments consist primarily of money market funds, U.S. government treasuries, corporate bonds, government guaranteed debt and U.S. agency securities. We believe we have conservative investment policy guidelines. Our interest-bearing investments are priced by pricing vendors and are classified as Level 1 or Level 2 investments, since these vendors either provide a quoted market price in an active market or use observable inputs such as quoted market prices for similar instruments, market dealer quotes, market spreads, non-binding market prices that are corroborated by observable market data and other observable market information and discounted cash flow techniques using observable market inputs. Effective at the beginning of the third quarter of fiscal 2009, we were required to evaluate our available-for-sale securities for other-than-temporary impairments subject to updated accounting guidance. Pursuant to this accounting guidance, for securities with unrealized losses that we intend to sell or it is more likely than not that we will be required to sell the securities before recovery, the entire difference between amortized cost and fair value is recognized in earnings. For securities that we do not intend to sell and it is not more likely than not that we will be required to sell, we used a discounted cash flow analysis to determine the portion of the impairment that relates to credit losses. To the extent that the net present value of the projected cash flows was less than the amortized cost of the security, the difference is considered credit loss and is recorded through earnings. The inputs on the future performance of the underlying assets used in the cash flow models include prepayments, defaults and loss severity assumptions. Prior to April 2009, we reviewed various factors in determining whether we should recognize an impairment charge for our short-term interest-bearing investments, including our intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value, the length of time and extent to which the fair value has been less than our cost basis, the credit ratings of the securities and the financial condition and near-term prospects of the issuers. The other-than-temporary impairment on our short-term interest-bearing investments was immaterial during fiscal 2011, 2010 and 2009.

Given the relative reliability of the inputs we use to value our investment portfolio, and because substantially all of our valuation inputs are obtained using quoted market price in an active market or observable inputs, we do not believe that the nature of estimates and assumptions affected by levels of subjectivity and judgment was material to the valuation of the investment portfolio as of September 30, 2011.

It is possible that the valuation of the securities will further fluctuate, and as market conditions change, we may determine that unrealized losses, which are currently considered temporary in nature, may become other than temporary resulting in additional impairment charges.

Accounts Receivable Reserves

The allowance for doubtful accounts is for estimated losses resulting from accounts receivable for which their collection is not reasonably assured. We evaluate accounts receivable to determine if they will ultimately be collected. Significant judgments and estimates are involved in performing this evaluation, which we base on factors that may affect a customer s ability and intent to pay, such as past experience, credit quality of the customer, age of the receivable balance and current economic conditions. If collection is not reasonably assured at the time the transaction is consummated, we do not recognize revenue until collection becomes reasonably assured. If we estimate that our customers ability and intent to make payments have been impaired, additional allowances may be required. The allowance for doubtful accounts is established either through a charge to selling, general and administrative expenses or as a reduction to revenue.

Within the context of these critical accounting policies, we are not currently aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.

Recent Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board, or FASB, issued a revised accounting standard update intended to simplify how an entity tests goodwill for impairment. The amendment will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity no longer will be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. This accounting standard update will be effective for us beginning October 1, 2012 and early adoption is permitted. We do not expect that the adoption of this new guidance will have a material impact on our financial statements.

In June 2011, the FASB issued guidance to require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The guidance eliminates the option to present the components of other comprehensive income as part of the statement of equity, and will become effective for us beginning October 1, 2012. We are still evaluating whether to present other comprehensive income in a single continuous statement of comprehensive income or in two separate but consecutive statements.

In May 2011, the FASB issued guidance to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. The guidance changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements, and will become effective for us beginning January 1, 2012. We do not expect that the adoption of this new guidance will have a material impact on our financial statements.

Adoption of New Accounting Standards

In June 2009, the FASB issued authoritative guidance on the consolidation of variable interest entities, which was effective for us beginning October 1, 2010. The new guidance requires revised evaluations of whether entities represent variable interest entities, ongoing assessments of control over such entities, and additional disclosures for variable interests. The adoption of this new guidance did not have a material impact on our financial statements.

ITEM 6. *DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES*

Directors and Senior Management

We rely on the executive officers of our principal operating subsidiaries to manage our business. In addition, Amdocs Management Limited, our management subsidiary, performs certain executive coordination functions for all of our operating subsidiaries. In November 2010, Dov Baharav, who had been our President and Chief Executive Officer and a director since 2002, retired from these offices, and Eli Gelman, who was our Executive Vice President from 2002 to 2008, our Chief Operating Officer from 2006 to 2008 and a director since 2002, became our President and Chief Executive Officer. In addition, James Liang, our Senior Vice President and Chief Strategy Officer, resigned effective January 31, 2011, Charles E. Foster and Richard Sarnoff each resigned from our board of directors, effective April 28, 2011 and Bruce K. Anderson resigned as Chairman of the Board, effective October 1, 2011, although Mr. Anderson continues as a director. Robert A. Minicucci, who has been a director since 1997, has succeeded Mr. Anderson as Chairman of the Board. As of November 30, 2011, our directors and senior managers were as follows:

Name	Age	Position
Robert A. Minicucci(3)(4)	59	Chairman of the Board, Amdocs Limited
Bruce K. Anderson(2)(4)(5)	71	Director and Chairman of the Executive Committee, Amdocs Limited
Adrian Gardner(1)(3)	49	Director and Chairman of the Audit Committee, Amdocs Limited
John T. McLennan(1)(2)	66	Director and Chairman of the Compensation Committee, Amdocs Limited
Simon Olswang(1)(3)	67	Director and Chairman of the Nominating and Corporate Governance Committee, Amdocs Limited
Zohar Zisapel(3)(5)	62	Director and Chairman of the Technology and Innovation Committee, Amdocs Limited
Julian A. Brodsky(2)(3)	78	Director, Amdocs Limited
James S. Kahan(4)	64	Director, Amdocs Limited
Richard T.C. LeFave	59	Director, Amdocs Limited
Nehemia Lemelbaum(4)(5)	69	Director, Amdocs Limited
Giora Yaron(5)	62	Director, Amdocs Limited
Eli Gelman(4)(5)	53	Director, Amdocs Limited; President and Chief Executive Officer, Amdocs Management Limited
Tamar Rapaport-Dagim	40	Senior Vice President and Chief Financial Officer, Amdocs Management Limited
Ayal Shiran	46	Senior Vice President and Head of Customer Business Group, Amdocs Management Limited
Brian Shepherd	44	Senior Vice President and Head of Broadband Cable and Satellite Group, Diversification and Global Marketing Amdocs, Inc.
Anshoo Gaur	43	Division President, Amdocs Development Center India Pvt. Ltd.
Thomas G. O Brien	50	Treasurer and Secretary, Amdocs Limited

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Nominating and Corporate Governance Committee

(4) Member of the Executive Committee

(5) Member of the Technology and Innovation Committee

Robert A. Minicucci has been Chairman of the Board of Directors of Amdocs since October 2011 and a director since September 1997. He has been a general partner of Welsh, Carson, Anderson & Stowe, or WCAS, an investment firm that specializes in the acquisition of companies in the information and business services and health care industries, since 1993. Until September 2003, investment partnerships affiliated with WCAS had been among our largest shareholders. From 1992 to 1993, Mr. Minicucci served as Senior Vice President and Chief Financial Officer of First Data Corporation, a provider of information processing and related services for credit card and other payment transactions. From 1991 to 1992, he served as Senior Vice President and Treasurer of the American Express Company. He served for 12 years with Lehman Brothers (and its predecessors) until his resignation as a Managing Director in 1991. Mr. Minicucci is also a director of two other publicly-held companies: Alliance Data Systems, Inc. and Retalix Ltd., and several private companies. Mr. Minicucci s career in information technology investing, including as a director of more than twenty different public and private companies, and his experience as chief financial officer to a public company and treasurer of another public company, have provided him with strong business acumen and strategic and financial expertise.

Bruce K. Anderson has been a director since September 1997 and is Chairman of the Executive Committee. Mr. Anderson was Chairman of the Board of Directors of Amdocs from September 1997 to September 2011. Since August 1978, Mr. Anderson has been a general partner of WCAS. Mr. Anderson served for nine years with Automated Data Processing, Inc. (ADP) until his resignation as Executive Vice President and a director of ADP, and President of ADP International, effective August 1978. Mr. Anderson serves on the board of Alliance Data Systems, Inc., a publicly-held company that provides transaction, credit and marketing services to large consumer based businesses. Mr. Anderson s career in information technology investing and service, and his experience as a director of many public and private companies, have given him sharp business acumen, financial expertise and extensive experience providing strategic and financial advisory services to complex organizations.

Adrian Gardner has been a director of Amdocs since April 1998 and is Chairman of the Audit Committee. Since October 2011, Mr. Gardner has been Chief Financial Officer and a director of RSM Tenon Group PLC, a London-based accounting and advisory firm listed on the London Stock Exchange. From March 2011 to October 2011, Mr. Gardner was a private investor. Mr. Gardner was Chief Financial Officer of PA Consulting Group, a London-based business consulting firm from November 2007 to March 2011. From April until November 2007, Mr. Gardner was a private investor. Mr. Gardner was Chief Financial Officer of ProStrakan Group plc, a pharmaceuticals company based in the United Kingdom and listed on the London Stock Exchange, from 2002 until April 2007 and a director from April 2002 until June 2007. Prior to joining ProStrakan, he was a Managing Director of Lazard LLC, based in London, where he worked with technology and telecommunications-related companies. Prior to joining Lazard in 1989, Mr. Gardner qualified as a chartered accountant with Price Waterhouse (now PricewaterhouseCoopers). Mr. Gardner is a member of the Institute of Chartered Accountants in England & Wales. Mr. Gardner s extensive experience as an accountant, technology investment banker and chief financial officer enables him to make valuable contributions to our strategic and financial affairs.

John T. McLennan has been a director of Amdocs since November 1999 and is Chairman of the Compensation Committee. From May 2000 until June 2004, he served as Vice-Chair and Chief Executive Officer of Allstream (formerly AT&T Canada). Mr. McLennan founded and was the President of Jenmark Consulting Inc. from 1997 until May 2000. From 1993 to 1997, Mr. McLennan served as the President and Chief Executive Officer of Bell Canada. Prior to that, he held various positions at several telecommunications companies, including BCE Mobile Communications and Cantel Inc. Mr. McLennan is also a director of Air Canada Jazz, a publicly-held regional airline company, Chairman of Emera Inc., a Canadian publicly-held energy services company, and director of Nova Scotia Power Inc., a wholly-owned subsidiary of Emera Inc. From 2005 to 2008, Mr. McLennan also served as a director of Medisys Inc., a healthcare management company. We believe Mr. McLennan s qualifications to sit on our board of directors include his years of experience in the telecommunications industry, including as chief executive officer of a leading Canadian telecommunications provider, and his experience providing strategic advice to complex organizations across a variety of industries, including as a public company director.

Simon Olswang has been a director of Amdocs since November 2004 and is Chairman of the Nominating and Corporate Governance Committee. In 2002, Mr. Olswang retired as Chairman of Olswang, a media and communications law firm in the United Kingdom that he founded in 1981. He is a member of the Advisory Board of Palamon Capital Partners LLP and of the Board of Directors of Amiad Filtration Systems Limited, an Israeli company listed on the London AIM market, which is active in the clean water industry. Mr. Olswang was a member of the Board of Directors of The British Library until March 2008 and has served as a non-executive director of a number of companies and organizations, including Aegis Group plc, The Press Association and the British Film Institute. Mr. Olswang previously served as Trustee of Langdon College of Further (Special) Education in Salford, of which he is a co-founder. We believe Mr. Olswang s qualifications to sit on our board of directors include his extensive experience providing strategic and legal advisory services to complex organizations, as well as startups, in the media and communications industry.

Zohar Zisapel has been a director of Amdocs since July 2008 and is the Chairman of the Technology and Innovation Committee. Mr. Zisapel co-founded RAD Data Communications Ltd. and has been its chairman since 1982, a privately-held voice and data communications company and part of the RAD Group, a family of independent networking and telecommunications companies. Mr. Zisapel also serves as chairman of Ceragon Networks Ltd., RADVision Ltd. and RADCOM Ltd., each of which is a publicly-traded member of the RAD Group, as a director of Silicom Ltd., a public company, as well as on the boards of directors of several privately-held companies. Mr. Zisapel previously served as chairman of the Israel Association of Electronic Industries from 1998 until 2001. Mr. Zisapel s experience as founder, chairman and director of several public and private high technology companies, and his leadership in several government organizations, demonstrate his leadership capability and provide him with valuable insights into the voice and data communications industries.

Julian A. Brodsky has been a director of Amdocs since July 2003. Mr. Brodsky served as a director and as Vice Chairman of Comcast Corporation from 1989 to 2011. From 1989 to May 2004, Mr. Brodsky was Chairman of Comcast Interactive Capital, LP, a venture fund affiliated with Comcast. He is a director of RBB Fund, Inc. Mr. Brodsky brings to our board of directors deep and extensive knowledge of the cable industry gained through his longstanding executive leadership roles at Comcast, as well as financial expertise in capital markets, accounting and tax matters gained through his experience as Chief Financial Officer of Comcast and as a practicing CPA.

James S. Kahan has been a director of Amdocs since April 1998 and is a member of the Executive Committee. From 1983 until his June 2007 retirement, he worked at SBC, which is now AT&T, and served as a Senior Executive Vice President from 1992 until June 2007. AT&T is our most significant customer. Prior to joining AT&T, Mr. Kahan held various positions at several telecommunications companies, including Western Electric, Bell Laboratories, South Central Bell and AT&T Corp. Mr. Kahan also serves on the Board of Directors of Live Nation Entertainment, Inc., the world s largest live music and ticketing entity, and Frontier Communication Corporation, the largest U.S. provider of rural communication services. Mr. Kahan s long service at SBC and AT&T, as well as his management and financial experience at several public and private companies, have provided him with extensive knowledge of the telecommunications industry, particularly with respect to corporate development, mergers and acquisitions and business integration.

Richard T.C. LeFave has been a director of Amdocs since November 2011. Since May 2008, Mr. LeFave has been a Principal at D&L Partners, LLC, an information technology consulting firm. Mr. LeFave served as Chief Information Officer for Nextel Communications, a telecommunications company, from 1999 until its merger with Sprint Corporation in September 2005, after which he served as Chief Information Officer for Sprint Nextel Corporation until May 2008. From 1995 to 1999, Mr. LeFave served as Chief Information Officer for Southern New England Telephone Company, a provider of communications products and services. We believe Mr. LeFave s qualifications to sit on our board include his extensive experience and leadership in the information technology and telecommunications industry.

Nehemia Lemelbaum has been a director of Amdocs since December 2001 and was a Senior Vice President of Amdocs Management Limited from 1985 until January 2005. Since 2005, Mr. Lemelbaum has been a private investor and since November 2009, he has been a director of Retalix, a publicly-held global software company. Since December 2006, Mr. Lemelbaum has also been a director and the Chief Executive Officer of EHYN, a privately-held investment company. He joined Amdocs in 1985, with initial responsibility for U.S. operations. Mr. Lemelbaum led our development of graphic products for the Yellow Pages industry and later led our development of customer care and billing systems, as well as our penetration into that market. Prior to joining Amdocs, he served for nine years with Contahal Ltd., a leading Israeli software company, first as a senior consultant, and later as Chief Executive Officer. From 1967 to 1976, Mr. Lemelbaum was employed by the Ministry of Communications of Israel (the organization that predated Bezeq, the Israel Telecommunication Corp. Ltd.), with responsibility for computer technology in the area of business data processing. With more than two decades in our leadership ranks, including representing us with analysts and investors for five years during and after our initial public offering, Mr. Lemelbaum has extensive communication software industry experience, and deep institutional knowledge and understanding of our business and strategy.

Dr. Giora Yaron has been a director of Amdocs since July 2009. Dr. Yaron co-founded Itamar Medical Ltd., a publicly-traded medical technology company, and has been its co-chairman since 1997. Dr. Yaron provides consulting services to Itamar Medical and to various other technology companies. He co-founded P-cube, Pentacom, Qumranet, Exanet and Comsys, privately-held companies sold to multinational corporations. In 2009, Dr. Yaron also co-founded Qwilt, Inc., a privately-held video technology company and serves as one of its directors. Since 2010, Dr. Yaron has been the chairman of The Executive Council of Tel Aviv University, an institution of higher education. Dr. Yaron also has served on the advisory board of Rafael Advanced Defense Systems, Ltd., a developer of high-tech defense systems, since 2008 and on the advisory board of the Israeli

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Ministry of Defense since 2011. Dr. Yaron has served as the chairman of Mercury Interactive from 1996 to 2006, a publicly-traded IT optimization software company acquired by Hewlett-Packard. We believe that Dr. Yaron s qualifications to sit on our board of directors include his experience as an entrepreneur and the various leadership positions he has held on the boards of directors of software and technology companies.

Eli Gelman has been a director of Amdocs since 2002. On November 15, 2010, Mr. Gelman became the President and Chief Executive Officer of Amdocs Management Limited, our wholly-owned subsidiary. Since January 2010, Mr. Gelman has served as a director of Retalix, a publicly-held global software company, and from January 2010 to December 2010, he also served as the Chairman of Retalix. From April 2008 to December 2010, Mr. Gelman devoted his time to charitable matters focused on youth education. He served as Executive Vice President of Amdocs Management Limited from October 2002 until April 2008 and as our Chief Operating Officer from October 2006 until April 2008. Prior to October 2002, he was a Senior Vice President, where he headed our U.S. sales and marketing operations and helped spearhead our entry into the customer care and billing systems market. Before that, Mr. Gelman was an account manager for our major European and North American installations, and has led several major software development projects. Before joining Amdocs, Mr. Gelman was involved in the development of real-time software systems for communications networks. Mr. Gelman s qualifications to serve on our board of directors include his more than two decades of service to Amdocs and its customers, including as our Chief Operating Officer. With more than 29 years of experience in the software industry, he possesses a vast institutional knowledge and strategic understanding of our organization and industry.

Tamar Rapaport-Dagim has been Senior Vice President and Chief Financial Officer of Amdocs Management Limited since November 2007. Ms. Rapaport-Dagim joined Amdocs in 2004 and served as Vice President of Finance from 2004 until 2007. Prior to joining Amdocs, from 2000 to 2004, Ms. Rapaport-Dagim was the Chief Financial Officer of Emblaze, a provider of multimedia solutions over wireless and IP networks. She has also served as controller of Teledata Networks (formerly a subsidiary of ADC Telecommunications) and has held various finance management positions in public accounting.

Ayal Shiran has been Senior Vice President and Head of the Customer Business Group since August 2008. Mr. Shiran joined Amdocs in 2004, with initial responsibility as President of our Customer Business Unit responsible for Amdocs business with Cingular Wireless and later as Division President, responsible for Amdocs business with the AT&T group of companies, including SBC, Bellsouth and Cingular. Prior to joining Amdocs, Mr. Shiran served as Acting Vice President at TTI Team Telecom International, a telecommunications company. He also served in the Israel Air Force, where he was responsible for various projects concerning the development of computer systems for the F-15 jet airplane, and software development laboratories for the F-15 at Boeing.

Brian A. Shepherd has been our Senior Vice President and Head of Broadband Cable and Satellite Group, Diversification and Global Marketing since November 2010. He joined Amdocs as Business Unit President of Cable and Satellite in 2005 as part of our acquisition of DST Innovis, where he had been Senior Vice President of Customer Business Operations since 2002. From October 2006 to October 2008, he served as our Division President North America Communications and Cable, from November 2008 to April 2010, he served as President of Amdocs Interactive, leading our digital commerce and content business, and from May 2010 to October 2010, he was Group President Digital Services, Global Marketing, and Broadband Cable and Satellite. Prior to his experience with DST Innovis and Amdocs, Mr. Shepherd was an executive with SoDeog Technologies, a wireless software company, and as a strategy consultant with McKinsey & Company.

Anshoo Gaur has been our Division President for India operations since August 2007. From 2006 to 2007, Mr. Gaur was the President of IT Infrastructure Management of EDS/MphasiS, a technology services company. From 2005 to 2006, Mr. Gaur served as the Managing Director of EDS India Enterprise (EDS), where he was responsible for India strategy and operations. From 2003 to 2005, Mr. Gaur was the Global Transformation Director for Desktop Services of EDS.

Thomas G. O Brien has been Treasurer and Secretary of Amdocs Limited since 1998 and has held other financial management positions within Amdocs since 1995. From 1993 to 1995, Mr. O Brien was Controller of Big River Minerals Corporation, a diversified natural resources company. From 1989 to 1993, Mr. O Brien was the Assistant Controller for Big River Minerals Corporation. From 1983 to 1989, Mr. O Brien was with Arthur Young and Company (now Ernst & Young LLP).

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Compensation

During fiscal 2011, each of our directors who was not our employee, or Non-Employee Directors, received compensation for their services as directors in the form of cash and restricted shares. Each Non-Employee Director received an annual cash payment of $80,000. Each member of our Audit and Executive Committees who is a Non-Employee Director and who is not the chairman of such committees received an annual cash payment of $5,000. Each member of our Compensation, Nominating and Corporate Governance and Technology and Innovation Committees, who is a Non-Employee Director and who is not the chairman of such committees, received an annual cash payment of $1,000. The Chairmen of our Audit and Executive Committees each received an annual cash payment of $10,000 and the Chairmen of our Compensation, Nominating and Corporate Governance and Technology and Innovation Committees each received an annual cash payment of $5,000. Each Non-Employee Director received an annual grant of restricted shares at a total value of $150,000. The Chairman of the Board of Directors received an additional annual amount equal to $200,000, of which $75,000 was paid in cash and $125,000 was awarded in the form of restricted shares. All restricted share awards to our Non-Employee Directors are immediately vested with respect to 25%, with the remainder vesting annually in three equal installments. The price per share for the purpose of determining the value of the grants to our Non-Employee Directors was the NYSE closing price of our shares on the last trading day preceding the grant date. We also reimburse all of our Non-Employee Directors for their reasonable travel expenses incurred in connection with attending Board or committee meetings.

A total of 20 persons who served either as directors of Amdocs or members of its senior management during all or part of fiscal 2011 received remuneration from Amdocs. The aggregate remuneration paid by us to such persons in fiscal 2011 was approximately $13.3 million, compared to $7.8 million in fiscal 2010 and $4.4 million in fiscal 2009, which includes amounts set aside or accrued to provide cash bonuses, pension, retirement or similar benefits, but does not include amounts expended by us for automobiles made available to such persons, expenses (including business travel, professional and business association dues) or other fringe benefits. During fiscal 2011, we granted to such persons options to purchase an aggregate of 1,042,161 ordinary shares at a weighted average price of $26.57 per share with vesting generally over three to four-year terms and expiring ten years from the date of grant, and an aggregate of 341,642 restricted shares subject to three to four-year vesting. All options and restricted share awards were granted pursuant to our 1998 Stock Option and Incentive Plan, as amended. See discussion below Share Ownership Employee Stock Option and Incentive Plan.

Board Practices

The size of our Board of Directors is 13; 13 directors were elected to our Board of Directors at our annual meeting of shareholders on January 26, 2010, two directors resigned from our Board of Directors effective April 28, 2011, and one director was appointed to our Board of Directors effective November 29, 2011 leaving one vacancy. All directors hold office until the next annual meeting of our shareholders, which generally is in January of each calendar year, or until their respective successors are duly elected and qualified or their positions are earlier vacated by resignation or otherwise.

The executive officers of Amdocs Limited and each of its subsidiaries are elected by the board of directors of the relevant company on an annual basis and serve until the next annual meeting of such board of directors or until their respective successors have been duly elected and qualified or their positions are earlier vacated by resignation or otherwise.

Other than the employment agreement between us and our President and Chief Executive Officer, which provides for immediate cash severance upon termination of employment, there are currently no service contracts in effect between us and any of our directors providing for immediate cash severance upon termination of their employment. The employment agreement between us and our former President and Chief Executive Officer also provided for immediate cash severance upon termination of employment.

Board Committees

Our Board of Directors has formed five committees set forth below. Members of each committee are appointed by the Board of Directors.

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The Audit Committee reviews, acts on and reports to the Board of Directors with respect to various auditing and accounting matters, including the selection of our independent registered public accounting firm, the scope of the annual audits, fees to be paid to, and the performance of, such public accounting firm, and assists with the Board of Directors oversight of our accounting practices, financial statement integrity and compliance with legal and regulatory requirements, including establishing and maintaining adequate internal control over financial reporting. The current members of our Audit Committee are Messrs. Gardner (Chair), McLennan and Olswang, all of whom are independent directors, as defined by the rules of the NYSE, and pursuant to the categorical director independence standards adopted by our Board of Directors. The Board of Directors has determined that Mr. Gardner is an audit committee financial expert as defined by rules promulgated by the SEC, and that each member of the Audit Committee is financially literate as required by the rules of the NYSE. The Audit Committee written charter is available on our website at *www.amdocs.com.*

The Nominating and Corporate Governance Committee identifies individuals qualified to become members of our Board of Directors, recommends to the Board of Directors the persons to be nominated for election as directors at the annual general meeting of shareholders, develops and makes recommendations to the Board of Directors regarding our corporate governance principles and oversees the evaluations of our Board of Directors and our management. The current members of the Nominating and Corporate Governance Committee are Messrs. Olswang (Chair), Brodsky, Gardner, Kahan and Minicucci, all of whom are independent directors, as required by the NYSE listing standards, and pursuant to the categorical director independence standards adopted by our Board of Directors. The Nominating and Corporate Governance Committee written charter is available on our website at *www.amdocs.com.* The Nominating and Corporate Governance Committee has approved corporate governance guidelines that are also available on our website at *www.amdocs.com.*

The Compensation Committee discharges the responsibilities of our Board of Directors relating to the compensation of the Chief Executive Officer of Amdocs Management Limited and makes recommendations to our Board of Directors with respect to the compensation of our other executive officers. The current members of our Compensation Committee are Messrs. McLennan (Chair), Anderson and Brodsky, all of whom are independent directors, as defined by the rules of the NYSE, and pursuant to the categorical director independence standards adopted by our Board of Directors. The Compensation Committee written charter is available on our website at *www.amdocs.com.*

The Executive Committee has such responsibilities as may be delegated to it from time to time by the Board of Directors. The current members of our Executive Committee are Messrs. Anderson (Chair), Gelman, Kahan, Lemelbaum and Minicucci.

The Technology and Innovation Committee was established to assist the Board of Directors in reviewing our technological development, opportunities and innovation, in connection with the current and future business and markets. The current members of our Technology and Innovation Committee are Messrs. Zisapel (Chair), Anderson, Gelman, Lemelbaum and Dr. Yaron.

Our independent directors receive no compensation from us, except in connection with their membership on the Board of Directors and its committees as described above regarding Non-Employee Directors under Compensation.

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Workforce Personnel

The following table presents the approximate number of our workforce as of each date indicated, by function and by geographical location (in each of which we operate at multiple sites):

	As of September 30		
	2011	**2010**	**2009**
Software and Information Technology, Sales and Marketing			
North America	4,836	4,725	4,547
Israel	4,334	4,306	3,616
India	6,582	6,588	4,418
Rest of the World	2,609	2,432	3,290
	18,361	18,051	15,871
Management and Administration	1,465	1,404	1,373
Total Workforce	19,826	19,455	17,244

As a company with global operations, we are required to comply with various labor and immigration laws throughout the world, including laws and regulations in Australia, Brazil, Canada, China, Cyprus, France, Germany, India, Israel, Japan, Mexico, South Africa, the United Kingdom and the United States. Our employees in certain countries of Europe, and to a limited extent in Canada and Brazil, are protected by mandatory collective bargaining agreements. To date, compliance with such laws has not been a material burden for us. As the number of our employees increases over time in specific countries, our compliance with such regulations could become more burdensome.

Our principal operating subsidiaries are not party to any collective bargaining agreements. However, our Israeli subsidiaries are subject to certain provisions of general extension orders issued by the Israeli Ministry of Labor and Welfare which derive from various labor related statutes. The most significant of these provisions provide for mandatory pension benefits and wage adjustments in relation to increases in the consumer price index, or CPI. The amount and frequency of these adjustments are modified from time to time.

A small number of employees in Canada have union representation. In addition, all employees in Brazil, including local senior employees, are represented by unions. Collective bargaining between employers and unions is mandatory in those countries, negotiated annually, and covers work conditions, including cost of living increases, minimum wages that exceed government thresholds and overtime pay. We have a works council body in the Netherlands and France which represents the employees and with which we work closely to ensure compliance with the applicable local law. We also have an employee representative body in France.

We consider our relationship with our employees to be good and have never experienced an organized labor dispute, strike or work stoppage.

Share Ownership

Security Ownership of Directors and Senior Management and Certain Key Employees

As of December 5, 2011, the aggregate number of our ordinary shares beneficially owned by our directors and senior management was 5,024,526 shares. As of December 5, 2011, none of our directors or members of senior management, other than Mr. Anderson, beneficially owned 1% or more of our outstanding ordinary shares. Mr. Anderson beneficially owned 1,942,860 ordinary shares, or approximately 1.1% of our ordinary shares outstanding as of December 5, 2011.

Beneficial ownership by a person, as of a particular date, assumes the exercise of all options and warrants held by such person that are currently exercisable or are exercisable within 60 days of such date.

Stock Option and Incentive Plan

Our Board of Directors has adopted, and our shareholders have approved, our 1998 Stock Option and Incentive Plan, as amended, which we refer to as the 1998 Plan, pursuant to which up to 55,300,000 of our ordinary shares may be issued. The 1998 Plan expires on January 17, 2016. Subject to stockholder approval at our 2012 Annual General Meeting, our Board of Directors has approved a 7,000,000 ordinary share increase in the size of the 1998 Stock Option Plan, with the limitation that these additional ordinary shares may only be used to grant stock options or stock appreciation rights.

The 1998 Plan provides for the grant of restricted shares, stock options and other stock-based awards to our directors, officers, employees and consultants. The purpose of the 1998 Plan is to enable us to attract and retain qualified personnel and to motivate such persons by providing them with an equity participation in Amdocs. As of September 30, 2011, of the 55,300,000 ordinary shares available for issuance under the 1998 Plan, 26,234,063 ordinary shares had been issued as a result of option exercises and restricted share issuances under the provisions of the 1998 Plan, and 8,850,377 ordinary shares remained available for future grants, subject to a sublimit applicable to the award of restricted shares or awards dominated in stock units. As of November 30, 2011, there were outstanding options to purchase an aggregate of 19,071,061 ordinary shares at exercise prices ranging from $6.40 to $39.82 per share.

The 1998 Plan is administered by a committee, which determines all the terms of the awards (subject to the above), including which employees, directors or consultants are granted awards. The Board of Directors may amend or terminate the 1998 Plan, provided that shareholder approval is required to increase the number of ordinary shares available under the 1998 Plan, to materially increase the benefits accruing to participants, to change the class of employees eligible for participation, to decrease the basis upon which the minimum exercise price of options is determined or to extend the period in which awards may be granted or to grant an option that is exercisable for more than ten years. Ordinary shares subject to restricted stock awards are subject to certain restrictions on sale, transfer or hypothecation. No awards may be granted after January 2016.

As a result of acquisitions, as of September 30, 2011, we are obligated to issue (and have reserved for issuance) an additional 230,085 ordinary shares upon exercise of options that had previously been granted under the option plans of the acquired companies and were exchanged for options to purchase our ordinary shares. These options have exercise prices ranging from $0.38 to $37.66 per share. No additional options have been or will be granted under these predecessor plans.

ITEM 7. *MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS*

Major Shareholders

The following table sets forth specified information with respect to the beneficial ownership of the ordinary shares as of December 5, 2011 of (i) any person known by us to be the beneficial owner of more than 5% of our ordinary shares, and (ii) all of our directors and executives officers as a group. Beneficial ownership is determined in accordance with the rules of the SEC and, unless otherwise indicated, includes voting and investment power with respect to all ordinary shares, subject to community property laws, where applicable. The number of ordinary shares used in calculating the percentage beneficial ownership included in the table below is based on 172,265,944 ordinary shares outstanding as of December 5, 2011. Information concerning shareholders is based on periodic public filings made by such shareholders and may not necessarily be accurate as of December 5, 2011. None of our major shareholders have voting rights that are different from those of any other shareholder.

Name	Shares Beneficially Owned	Percentage Ownership
Manning & Napier Advisors, Inc.(1)	17,713,713	10.28%
Thornburg Investment Management Inc.(2)	15,757,400	9.15%
Ameriprise Financial, Inc.(3)	12,931,201	7.51%
All directors and executive officers as a group (17 persons)(4)	5,024,526	2.88%

(1) Based on a Schedule 13G filed by Manning & Napier Advisors, Inc., or Manning & Napier, with the SEC on February 11, 2011, Manning & Napier had sole voting power over 15,822,958 of our ordinary shares and sole dispositive power over 17,713,713 of our ordinary shares. The address of Manning & Napier is 290 Woodcliff Drive, Fairport, New York 14450.

(2) The address of Thornburg Investment Management Inc., or Thornburg, is 2300 North Ridgetop Road, Santa Fe, New Mexico 87506. Based on a Schedule 13G filed by Thornburg with the SEC on January 24, 2011, Thornburg had sole voting and dispositive power over all of these ordinary shares.

(3) Based on a Schedule 13G filed by Ameriprise Financial, Inc., or Ameriprise, and Columbia Management Investment Advisers, LLC, or Columbia, with the SEC on February 11, 2011, Ameriprise and Columbia had shared voting power over 4,010,936 of our ordinary shares and shared dispositive power over 12,931,201 of our ordinary shares. Ameriprise is the parent company of Columbia. Ameriprise and Columbia disclaim beneficial ownership of these shares. The address of Ameriprise and RiverSource is 145 Ameriprise Financial Center, Minneapolis, Minnesota 55474.

(4) Includes options held by such directors and executive officers that are exercisable within 60 days after December 5, 2011.

Over the last three years, our major shareholders have included our directors and executive officers as a group, Thornberg, Manning, Ameriprise and its affiliates, AT&T and its affiliates, and other institutional investors, including T. Rowe Price, Janus Capital Management LLC (Janus), J&W Seligman & Co. Incorporated (Seligman) and Glenview Capital Management, LLC (Glenview). AT&T s share ownership decreased below 5.0% during fiscal 2009 from 5.2% in November 2006. T. Rowe Price, Janus and Glenview Capital Management, LLC ceased to be major shareholders in fiscal 2009. Seligman was acquired by Ameriprise in 2008.

As of December 5, 2011, our ordinary shares were held by 907 record holders. Based on a review of the information provided to us by our transfer agent, 592 record holders, holding approximately 99.96% of our outstanding ordinary shares held of record, were residents of the United States.

Related Party Transactions

AT&T, together with some of its operating subsidiaries, is our most significant customer. During fiscal 2011, AT&T and those subsidiaries accounted for 29% of our revenue. AT&T is also a beneficial owner of companies that provide certain miscellaneous support services to us in the United States.

ITEM 8. *FINANCIAL INFORMATION*

Financial Statements

See Financial Statements for our audited Consolidated Financial Statements and Financial Statement Schedule filed as part of this Annual Report.

Legal Proceedings

We are involved in various legal proceedings arising in the normal course of our business. Based upon the advice of counsel, we do not believe that the ultimate resolution of these matters will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Dividend Policy

After the payment of dividends in 1998 that followed a corporate reorganization, we decided in general to retain earnings to finance the development of our business, and we have not paid any cash dividends on our ordinary shares since that time. The payment of any future dividends will be paid by us based on conditions then existing, including our earnings, financial condition and capital requirements, as well as other conditions we deem relevant. The terms of our revolving credit facility restrict, and the terms of any other debt that we may incur could effectively limit, our ability to pay dividends.

ITEM 9. *THE OFFER AND LISTING*

Our ordinary shares have been quoted on the NYSE since June 19, 1998, under the symbol DOX. The following table sets forth the high and low reported sale prices for our ordinary shares for the periods indicated:

	High	Low
Fiscal Year Ended September 30		
2007	$ 40.74	$ 32.50
2008	$ 38.03	$ 24.65
2009	$ 27.71	$ 14.61
2010	$ 32.44	$ 24.10
2011	$ 32.00	$ 25.41
Quarter		
Fiscal 2010:		
First Quarter	$ 29.04	$ 24.10
Second Quarter	$ 30.94	$ 27.75
Third Quarter	$ 32.44	$ 26.65
Fourth Quarter	$ 29.26	$ 25.64
Fiscal 2011:		
First Quarter	$ 30.96	$ 25.75
Second Quarter	$ 30.65	$ 26.83
Third Quarter	$ 31.00	$ 28.34
Fourth Quarter	$ 32.00	$ 25.41
Fiscal 2012:		
First Quarter (through November 30, 2011)	$ 31.06	$ 25.67
Most Recent Six Months		
June 2011	$ 30.50	$ 28.34
July 2011	$ 31.98	$ 30.29
August 2011	$ 32.00	$ 25.81
September 2011	$ 28.66	$ 25.41
October 2011	$ 31.06	$ 25.67
November 2011	$ 30.74	$ 27.36

ITEM 10. *ADDITIONAL INFORMATION*

Memorandum and Articles of Incorporation

Amdocs Limited is registered as a company with limited liability pursuant to the laws of the Island of Guernsey with company number 19528 and whose registered office situated at Suite 5, Tower Hill House, Le Bordage, St Peter Port, Guernsey, GY1 3QT. The telephone number at that location is +44-1481-728444.

Our Memorandum of Incorporation, or the Memorandum, provides that the objects and powers of Amdocs Limited are not restricted and our Articles of Incorporation, or the Articles, provide that our business is to engage in any lawful act or activity for which companies may be organized under the Companies (Guernsey) Law, 2008, as amended, or the Companies Law.

The Articles grant the Board of Directors all the powers necessary for managing, directing and supervising the management of the business and affairs of Amdocs Limited.

Article 70(1) of the Articles provides that a director may vote in respect of any contract or arrangement in which such director has an interest notwithstanding such director s interest and an interested director will not be liable to us for any profit realized through any such contract or arrangement by reason of such director holding the office of director. Article 71(1) of the Articles provides that the directors shall be paid out of the funds of Amdocs Limited by way of fees such sums as the Board shall reasonably determine. Article 73 of the Articles provides that directors may exercise all the powers of Amdocs Limited to borrow money, and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, and to issue securities whether outright or as security for any debt, liability or obligation of the Amdocs Limited for any third party. Such borrowing powers can only be altered through an amendment to the Articles by special resolution. Our Memorandum and Articles do not impose a requirement on the directors to own shares of Amdocs Limited in order to serve as directors, however, the Board of Directors has adopted guidelines for minimum share ownership by the directors, who have until 2013 to be in compliance with the guidelines.

On January 22, 2009 the Board of Directors was granted a five-year standing authority by the shareholders to issue a maximum of (i) 25,000,000 preferred shares and (ii) 700,000,000 ordinary shares, consisting of voting and non-voting ordinary shares. As of September 30, 2011, 174,691,685 ordinary shares were outstanding (net of treasury shares) and no non-voting ordinary shares or preferred shares were outstanding. The rights, preferences and restrictions attaching to each class of the shares were not changed by the amendment to our charter documents and are set out in the Memorandum and Articles and are as follows:

Preferred Shares

Issue the preferred shares may be issued from time to time in one or more series of any number of shares up to the amount authorized.

Authorization to Issue Preferred Shares authority is vested in the directors from time to time to authorize the issue of one or more series of preferred shares and to provide for the designations, powers, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions thereon.

Relative Rights all shares of any one series of preferred shares must be identical with each other in all respects, except that shares of any one series issued at different times may differ as to the dates from which dividends shall accrue.

Liquidation in the event of any liquidation, dissolution or winding-up of Amdocs Limited, the holders of preferred shares are entitled to a preference with respect to payment and to receive payment (at the rate fixed in any resolution or resolutions adopted by the directors in such case) plus an amount equal to all dividends accumulated to the date of final distribution to such holders. The holders of preferred shares are entitled to no further payment other than that stated above. If upon any liquidation our assets are insufficient to pay in full the amount stated above, then such assets shall be distributed among the holders of preferred shares ratably in accordance with the respective amount such holder would have received if all amounts had been paid in full.

Voting Rights except as otherwise provided for by the directors upon the issue of any new series of preferred shares, the holders of preferred shares have no right or power to vote on any question or in any proceeding or to be represented at, or to receive notice of, any meeting of shareholders.

Ordinary Shares and Non-Voting Ordinary Shares

Except as otherwise provided by the Memorandum and Articles, the ordinary shares and non-voting ordinary shares are identical and entitle holders thereof to the same rights and privileges.

Dividends when and as dividends are declared on our shares, the holders of voting ordinary shares and non-voting shares are entitled to share equally, share for share, in such dividends except that if dividends are declared that are payable in voting ordinary shares or non-voting ordinary shares, dividends must be declared that are payable at the same rate in both classes of shares.

Conversion of Non-Voting Ordinary Shares into Voting Ordinary Shares upon the transfer of non-voting ordinary shares from the original holder thereof to any third party not affiliated with such original holder, non-voting ordinary shares are redesignated in our books as voting ordinary shares and automatically convert into the same number of voting ordinary shares.

Liquidation upon any liquidation, dissolution or winding-up, any assets remaining after creditors and the holders of any preferred shares have been paid in full shall be distributed to the holders of voting ordinary shares and non-voting ordinary shares equally share for share.

Voting Rights the holders of voting ordinary shares are entitled to vote on all matters to be voted on by the shareholders, and the holders of non-voting ordinary shares are not entitled to any voting rights.

Preferences the voting ordinary shares and non-voting ordinary shares are subject to all the powers, rights, privileges, preferences and priorities of the preferred shares as are set out in the Articles.

As regards both preferred shares and voting and non-voting ordinary shares, we have the power to purchase any of our own shares, whether or not they are redeemable and may make a payment out of capital for such purchase. If we repurchase shares off market, the repurchase must be approved by special resolution of our shareholders. If we are making a market acquisition of our own shares, the acquisition must be approved by an ordinary resolution of our shareholders. In practice, we expect that we would continue to effect any future repurchases of our ordinary shares through our subsidiaries.

The Articles now provide that our directors, officers and other agents will be indemnified by us from and against all liabilities to Amdocs Limited or third parties (including our shareholders) sustained in connection with their performance of their duties, except to the extent prohibited by the Companies Law. Under the Companies Law, Amdocs Limited may not indemnify a director for certain excluded liabilities, which are:

fines imposed in criminal proceedings;

regulatory fines;

expenses incurred in defending criminal proceedings resulting in a conviction;

expenses incurred in defending civil proceedings brought by Amdocs Limited or an affiliated company in which judgment is rendered against the director; and

expenses incurred in unsuccessfully seeking judicial relief from claims of a breach of duty.

In addition to the excluded liabilities listed above, directors may also not be indemnified by us for liabilities to us or any of our subsidiaries arising out of negligence, default, breach of duty or breach of trust of a director in relation to us or any of our subsidiaries. The Companies Law authorizes Guernsey companies to purchase insurance against such liabilities to companies or to third parties for the benefit of directors. We currently maintain such insurance. Judicial relief is available for an officer charged with a neglect of duty if the court determines that such person acted honestly and reasonably, having regard to all the circumstances of the case.

There are no provisions in the Memorandum or Articles that provide for a classified board of directors or for cumulative voting for directors.

If the share capital is divided into different classes of shares, Article 11 of the Articles provides that the rights attached to any class of shares (unless otherwise provided by the terms of issue) may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class.

A special resolution is defined by the Companies Law as being a resolution passed by a majority of shareholders representing not less than 75% of the total voting rights of the shareholders present in person or by proxy.

Rather than attend general or special meetings of our shareholders, shareholders may confer voting authority by proxy to be represented at such meetings. Generally speaking, proxies will not be counted as voting in respect of any matter as to which abstention is indicated, but abstentions will be counted as ordinary shares that are present for purposes of determining whether a quorum is present at a general or special meeting. Nominees who are members of the NYSE, and who, as brokers, hold ordinary shares in street name for customers have, by NYSE rules, the

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authority to vote on certain items in the absence of instructions from their customers, the beneficial owners of the ordinary shares. If such nominees or brokers indicate that they do not have authority to vote shares as to a particular matter, we will not count those votes in favor of such matter, however, such broker non-votes will be counted as ordinary shares that are present for purposes of determining whether a quorum is present.

Provisions in respect of the holding of general meetings and extraordinary general meetings are set out at Articles 22-41 of the Articles. The Articles provide that an annual general meeting must be held once in every calendar year (provided that not more than 15 months have elapsed since the last such meeting) at such time and place as the directors appoint. The shareholders of the Company may waive the requirement to hold an annual general meeting in accordance with the Companies Law. The directors may, whenever they deem fit, convene an extraordinary general meeting. General meetings may be convened by any shareholders holding more than 10% in the aggregate of Amdocs Limited s share capital. Shareholders may participate in general meetings by video link, telephone conference call or other electronic or telephonic means of communication.

A minimum of ten days written notice is required in connection with an annual general meeting and a minimum of 14 days written notice is required for an extraordinary general meeting, although a general meeting may be called by shorter notice if all shareholders entitled to attend and vote agree. The notice shall specify the place, the day and the hour of the meeting, and in the case of any special business, the general nature of that business and details of any special resolutions, waiver resolutions or unanimous resolutions being proposed at the meeting. The notice must be sent to every shareholder and every director and may be published on a website.

At general meetings, the Chairman of the Board may choose whether a resolution put to a vote shall be decided by a show of hands or by a poll. However, a poll may be demanded by not less than five shareholders having the right to vote on the resolution or by shareholders representing not less than 10% of the total voting rights of all shareholders having the right to vote on the resolution.

A shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of Amdocs Limited.

Amdocs Limited may pass resolutions by way of written resolution.

There are no limitations on the rights to own securities, including the rights of non-resident or foreign shareholders to hold or exercise voting rights on the securities.

There are no provisions in the Memorandum or Articles that would have the effect of delaying, deferring or preventing a change in control of Amdocs Limited and that would operate only with respect to a merger, acquisition or corporate restructuring involving us (or any of our subsidiaries).

There are no provisions in the Memorandum or Articles governing the ownership threshold above which our shareholder ownership must be disclosed. U.S. federal law, however, requires that all directors, executive officers and holders of 10% or more of the stock of a company that has a class of stock registered under the Securities Exchange Act of 1934, as amended (other than a foreign private issuer, such as Amdocs Limited), disclose such ownership. In addition, holders of more than 5% of a registered equity security of a company (including a foreign private issuer) must disclose such ownership.

The directors may reduce our share capital or any other capital subject to us satisfying the solvency requirements set out in the Companies Law.

Material Contracts

On November 27, 2007, we entered into a Credit Agreement among us, certain of our subsidiaries, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, J.P. Morgan Europe Limited, as London agent, and JPMorgan Chase Bank, N.A., Toronto branch, as Canadian agent. The agreement provides for an unsecured $500 million five-year revolving credit facility with a syndicate of banks, which is available for general corporate purposes, including acquisitions and repurchases of our ordinary shares that we may consider from time to time.

On December 31, 2009, we entered into a Further Amended and Restated Information Technology Services Agreement, which amends and restates in its entirety the Information Technology Services Agreement that we entered into effective April 17, 2007 with AT&T Services, as well as the Amended and Restated Information Technology Services Agreement that we entered into effective December 28, 2007 with AT&T Services. The agreement provides that Amdocs will provide services for application software to AT&T for fees as specified therein.

In the past two years, we have not entered into any other material contracts other than contracts entered into in the ordinary course of our business.

Taxation

Taxation of the Company

The following is a summary of certain material tax considerations relating to Amdocs and our subsidiaries. To the extent that the discussion is based on tax legislation that has not been subject to judicial or administrative interpretation, there can be no assurance that the views expressed in the discussion will be accepted by the tax authorities in question. The discussion is not intended, and should not be construed, as legal or professional tax advice and is not exhaustive of all possible tax considerations.

General

Our effective tax rate was 12.4% for fiscal 2011, compared to 10.7% for fiscal 2010 and 10.9% for fiscal 2009.

There can be no assurance that our effective tax rate will not change over time as a result of a change in corporate income tax rates or other changes in the tax laws of Guernsey, the jurisdiction in which our holding company is organized, or of the various countries in which we operate. Moreover, our effective tax rate in future years may be adversely affected in the event that a tax authority challenged the manner in which items of income and expense are allocated among us and our subsidiaries. In addition, we and certain of our subsidiaries benefit from certain special tax benefits. The loss of any such tax benefits could have an adverse effect on our effective tax rate.

Certain Guernsey Tax Considerations

Tax legislation enacted in Guernsey with effect from January 1, 2008 subjected us to a zero percent corporate tax rate. In October 2009, Guernsey officials announced that Guernsey s corporate income tax regime was under review.

Certain Indian Tax Considerations

Through subsidiaries, we operate a development center and a business processing operations center in Pune, India, and another development center in Delhi, India. In 2011, the corporation tax rate applicable in India on trading activities was 32.4%. Our subsidiaries in India operate under specific favorable tax entitlements that are based upon pre-approved information technology related services activity. As a result, our subsidiary in Delhi and a business unit we established in Pune are entitled to considerable corporate income tax exemptions on all income derived from such pre-approved information technology activity, provided they continue to meet the conditions required for such tax benefits. The benefits applicable for our Pune-based subsidiaries expired on April 1, 2011. However, as of March 31, 2011, the Minimum Alternative Tax, or MAT, became applicable to all our Indian subsidiaries. The MAT is levied on book profits at the effective rate of 20% (during the Indian fiscal year commencing on April 1, 2011) and can be carried forward for 10 years to be credited against corporate income tax. Our-Delhi based subsidiary and the unit established in Pune are subject to a separate tax entitlement under which each is exempt from tax on its tax incentive-eligible activity for its first five years of operation and each will enjoy 50% reduction on its corporate income tax for such activity for the following five years. After 10 years of operations, such 50% reduction may be available for an additional five years, subject to further investment-related undertakings that we would be required to make. Under Indian laws, any dividend distribution by our Indian subsidiaries would be subject to a dividend distribution tax at the rate of 16.2% to be paid by such subsidiaries. The Indian government has published a draft for the replacement of the country s tax code. This draft, if enacted, would

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substantially change Indian tax laws, and might reduce or eliminate the availability of these beneficial tax rates for our Indian subsidiaries.

Certain Israeli Tax Considerations

Our Israeli subsidiary, Amdocs (Israel) Limited, operates one of our largest development centers. Discussed below are certain Israeli tax considerations relating to this subsidiary.

General Corporate Taxation in Israel. In 2005, the Israeli parliament enacted legislation that has gradually reduced the Companies Tax rates of taxable income apply to Israeli companies. According to this legislation, the Companies Tax rate on taxable income will be 25% for 2010 and thereafter. However, the effective tax rate payable by an Israeli company that derives income from an Approved Enterprise may be considerably less.

Law for the Encouragement of Capital Investments, 1959. Certain production and development facilities of our Israeli subsidiary have been granted Approved Enterprise status pursuant to the Law for the Encouragement of Capital Investments, 1959, or the Investment Law, which provides certain tax and financial benefits to investment programs that have been granted such status.

In general, investment programs of our Israeli subsidiary that have already obtained instruments of approval for an Approved Enterprise by the Israeli Investment Center prior to the change in legislation in 2005 continue to be subject to the old provisions of the Investment Law as described below. The revisions that were introduced into the Investment Law in 2005 did not affect our effective tax rate for year ended September 30, 2011 and we do not expect them to have a significant impact on our effective tax rate in fiscal 2012.

The provisions of the Investment Law applicable to investment programs approved prior to the effective date of the amendments to the Investment Law provide that capital investments in production facilities (or other eligible assets) may, upon appl