AMDOCS LTD
Form 6-K
May 12, 2009

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
For the Quarter Ended March 31, 2009
Commission File Number 1-14840
AMDOCS LIMITED

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)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

FORM 20-F þ FORM 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

YES o NO þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-______

AMDOCS LIMITED
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
FOR THE QUARTER ENDED MARCH 31, 2009
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This report on Form 6-K shall be incorporated by reference into the Registration Statements on Form F-3 (File Nos. 333-114079 and 333-114344) and any other Registration Statement filed by the Registrant that by its terms automatically incorporates the Registrant s filings and submissions with the SEC under Sections 13(a), 13(c) or 15(d) of the Securities Exchange Act of 1934.

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PART I FINANCIAL INFORMATION
Item 1. Financial Statements

AMDOCS LIMITED
CONSOLIDATED BALANCE SHEETS
(dollar and share amounts in thousands, except per share data)

	As of March 31, 2009 (Unaudited)	As of September 30, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 762,351	$ 718,850
Short-term interest-bearing investments	572,505	525,528
Accounts receivable, net	506,685	573,764
Deferred income taxes and taxes receivable	98,843	84,515
Prepaid expenses and other current assets	96,371	102,930
Total current assets	2,036,755	2,005,587
Equipment and leasehold improvements, net	292,261	317,081
Deferred income taxes	172,206	187,173
Goodwill	1,541,306	1,526,371
Intangible assets, net	268,029	270,551
Other noncurrent assets	254,155	272,300
Total assets	$ 4,564,712	$ 4,579,063
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 184,019	$ 157,357
Accrued expenses and other current liabilities	196,969	224,699
Accrued personnel costs	144,929	218,229
Short-term portion of financing arrangements	3,660	1,660
Deferred revenue	155,553	197,851
Deferred income taxes and taxes payable	31,265	30,228
Total current liabilities	716,395	830,024
Convertible notes	1,020	450,000
Long-term financing arrangements	450,000	
Deferred income taxes and taxes payable	264,937	266,548
Noncurrent liabilities and other	174,714	227,300
Total liabilities	1,607,066	1,773,872
Shareholders equity:		
Preferred Shares Authorized 25,000 shares; £0.01 par value; 0 shares issued and outstanding		
	3,911	3,900

Ordinary Shares Authorized 700,000 and 550,000 shares, respectively; £0.01 par value; 241,328 and 240,836 issued and 203,941and 203,916 outstanding, respectively		
Additional paid-in capital	2,288,488	2,264,800
Treasury stock, at cost 37,387 and 36,920 Ordinary Shares, respectively	(919,874)	(907,280)
Accumulated other comprehensive loss	(28,361)	(14,834)
Retained earnings	1,613,482	1,458,605
Total shareholders equity	2,957,646	2,805,191
Total liabilities and shareholders equity	$ 4,564,712	$ 4,579,063

The accompanying notes are an integral part of these consolidated financial statements.

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AMDOCS LIMITED
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(dollar and share amounts in thousands, except per share data)

	Three months ended March 31,		Six months ended March 31,	
	2009	2008	2009	2008
Revenue:				
License	$ 37,203	$ 32,109	$ 81,804	$ 58,326
Service	673,881	742,172	1,383,119	1,458,205
	711,084	774,281	1,464,923	1,516,531
Operating expenses:				
Cost of license	569	938	1,560	1,712
Cost of service	455,997	493,956	940,048	964,697
Research and development	52,750	56,088	108,979	112,103
Selling, general and administrative	84,308	98,666	174,573	196,331
Amortization of purchased intangible assets	21,501	21,753	41,755	43,506
Restructuring charges and in-process research and development			20,780	
	615,125	671,401	1,287,695	1,318,349
Operating income	95,959	102,880	177,228	198,182
Interest (expense) income and other, net	(5,763)	8,822	(3,528)	17,638
Income before income taxes	90,196	111,702	173,700	215,820
Income taxes	9,566	11,843	18,823	20,297
Net income	$ 80,630	$ 99,859	$ 154,877	$ 195,523
Basic earnings per share	$ 0.40	$ 0.48	$ 0.76	$ 0.94
Diluted earnings per share	$ 0.39	$ 0.46	$ 0.74	$ 0.89
Basic weighted average number of shares outstanding	202,671	206,759	202,561	207,437
Diluted weighted average number of shares outstanding	209,755	219,786	211,013	220,912

The accompanying notes are an integral part of these consolidated financial statements.

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AMDOCS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (UNAUDITED)
(dollar and share amounts in thousands)

	Ordinary Shares		Additional Paid-in	Treasury	Accumulated Other Comprehensive (Loss)	Retained	Total Shareholders
	Shares	Amount	Capital	Stock	Income	Earnings	Equity
Balance as of September 30, 2008	203,916	$ 3,900	$ 2,264,800	$ (907,280)	$ (14,834)	$ 1,458,605	$ 2,805,191
Comprehensive income:							
Net income						154,877	154,877
Unrealized loss on foreign currency hedging contracts, net of $(2,080) tax					(14,612)		(14,612)
Unrealized loss on short-term interest-bearing investments, net of $(69) tax					(1,306)		(1,306)
Unrealized gain on defined benefit plan, net of $1,232 tax					2,391		2,391
Comprehensive income							141,350
Employee stock options exercised	151	4	1,786				1,790
Repurchase of shares	(468)			(12,594)			(12,594)
Tax benefit of stock options exercised			(2,032)				(2,032)
Issuance of restricted stock, net of forfeitures	342	7					7
Equity-based compensation expense related to employees			23,934				23,934
Balance as of March 31, 2009	203,941	$ 3,911	$ 2,288,488	$ (919,874)	$ (28,361)	$ 1,613,482	$ 2,957,646

As of March 31, 2009 and September 30, 2008, accumulated other comprehensive loss is comprised of unrealized loss on derivatives, net of tax, of $(19,768) and $(5,156), respectively, and unrealized loss on cash equivalents and short-term interest-bearing investments, net of tax, of $(10,768) and $(9,462), respectively, and unrealized gain (loss) on defined benefit plan assets, net of tax, of $2,175 and $(216), respectively.

The accompanying notes are an integral part of these consolidated financial statements.

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AMDOCS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(dollar amounts in thousands)

	Six months ended March 31, 2009	Six months ended March 31, 2008
Cash Flow from Operating Activities:		
Net income	$ 154,877	$ 195,523
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	98,491	94,202
In-process research and development expenses	5,640	
Loss on sale of equipment		65
Equity-based compensation expense	23,934	27,629
Deferred income taxes	11,258	(4,255)
Gain on repurchase of convertible notes	(2,185)	
Excess tax benefit from equity-based compensation	(2)	(87)
Loss from short-term interest-bearing investments	4,991	1,755
Net changes in operating assets and liabilities, net of amounts acquired:		
Accounts receivable, net	67,244	(125,634)
Prepaid expenses and other current assets	5,905	(4,624)
Other noncurrent assets	21,725	(24,963)
Accounts payable, accrued expenses and accrued personnel	(61,315)	(11,079)
Deferred revenue	(49,005)	30,817
Income taxes payable	(15,932)	(4,694)
Noncurrent liabilities and other	(44,027)	15,790
Net cash provided by operating activities	221,599	190,445
Cash Flow from Investing Activities:		
Proceeds from sale of equipment and leasehold improvements	340	673
Payments for purchase of equipment and leasehold improvements	(47,818)	(69,126)
Proceeds from sale of short-term interest-bearing investments	323,234	360,297
Purchase of short-term interest-bearing investments	(376,579)	(301,260)
Net cash paid for acquisitions	(61,855)	(9,242)
Net cash used in investing activities	(162,678)	(18,658)
Cash Flow from Financing Activities:		
Borrowing under long-term financing arrangements	450,000	
Redemption of convertible notes	(330,780)	
Repurchase of convertible notes	(116,015)	
Repurchase of shares	(20,014)	(122,441)
Payments under capital lease financing arrangements	(950)	
Borrowing under short-term financing arrangements	540	
Proceeds from employee stock options exercised	1,797	15,736
Excess tax benefit from equity-based compensation	2	87
Net cash used in financing activities	(15,420)	(106,618)

Net increase in cash and cash equivalents	43,501	65,169
Cash and cash equivalents at beginning of period	718,850	615,501
Cash and cash equivalents at end of period	$ 762,351	$ 680,670
Supplementary Cash Flow Information		
Cash paid for:		
Income taxes, net of refunds	$ 18,202	$ 26,121
Interest	1,692	1,508

The accompanying notes are an integral part of these consolidated financial statements.

AMDOCS LIMITED
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Amdocs Limited (Amdocs or the Company) is a leading provider of software products and services to the communication, media and entertainment industry. The Company and its subsidiaries operate in one segment, providing integrated products and services. The Company designs, develops, markets, supports, implements and operates customer experience systems, including revenue, customer and information management, digital commerce and service delivery, service and resource management, and consulting and managed services, primarily to leading wireless, wireline, broadband cable and satellite service providers throughout the world. Amdocs also offers a full range of directory sales and publishing systems.

The unaudited consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). In the opinion of the Company s management, all adjustments considered necessary for a fair presentation of the unaudited interim consolidated financial statements have been included herein and are of a normal recurring nature.

The preparation of financial statements during interim periods requires management to make numerous estimates and assumptions that impact the reported amounts of assets, liabilities, revenue and expenses. Estimates and assumptions are reviewed periodically and the effect of revisions is reflected in the results of operations of the interim periods in which changes are determined to be necessary.

The results of operations for the interim periods presented herein are not necessarily indicative of the results to be expected for the full fiscal year. These statements do not include all information and footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with GAAP. These statements should be read in conjunction with the Company s consolidated financial statements for the fiscal year ended September 30, 2008, set forth in the Company s Annual Report on Form 20-F filed on December 8, 2008 with the U.S. Securities and Exchange Commission (the SEC).

Reclassification

Certain immaterial amounts in prior year financial statements have been reclassified to conform to the current year presentation.

2. Recent Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board (FASB) issued FSP FAS No. 157-4, Determining Fair Value When Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP No. 157-4). FSP No. 157-4 provides guidance on how to determine the fair value of assets and liabilities when the volume and level of activity for the asset/liability has significantly decreased. FSP No. 157-4 also provides guidance on identifying circumstances that indicate a transaction is not orderly. In addition, FSP No. 157-4 requires disclosure in interim and annual periods of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques. FSP No. 157-4 is effective for the Company beginning in the third quarter of fiscal year 2009. The Company is currently evaluating the effect that the application of FSP No. 157-4 will have on its consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 115-2 and FAS No. 124-2, Recognition and Presentation of Other-Than-Temporary Impairment (FSP No. 115-2/124-2) which: clarifies the interaction of the factors that should be considered when determining whether a debt security is other than temporarily impaired; provides guidance on the amount of an other-than-temporary impairment recognized in earnings and other comprehensive income; and expands the disclosures required for other-than-temporary impairments for debt and equity securities. FSP No. 115-2/124-2 is effective for the Company beginning in the third quarter of fiscal year 2009. The Company is currently evaluating the effect that the application of FSP No. 115-2/124-2 will have on its consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 107-1 and APB No. 28-1, Interim Disclosure about Fair Value of Financial Instruments (FSP No. 107-1/APB 28-1). FSP No. 107-1/APB 28-1 requires interim disclosures regarding the fair values of financial instruments that are within the scope of FAS 107, Disclosures about the Fair Value of Financial Instruments. Additionally, FSP No. 107-1/APB 28-1 requires disclosure of the methods and significant assumptions used to estimate the fair value of financial instruments on an interim basis as well as changes of the methods and significant assumptions from prior periods. FSP No. 107-1/APB 28-1 does not change the accounting treatment for these financial instruments and is effective for the Company beginning in the third quarter of fiscal year 2009.

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In December 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 141 (revised), Business Combinations (SFAS No. 141(R)). SFAS No. 141(R) significantly changes the accounting for business combinations and establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree and recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase. SFAS No. 141(R) applies to the Company prospectively for business combinations for which the acquisition date is on or after October 1, 2009.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (SFAS No. 160). SFAS No. 160 changes the accounting for noncontrolling (minority) interests in consolidated financial statements including the requirement to classify noncontrolling interests as a component of consolidated stockholders equity, the elimination of minority interest accounting in results of operations and changes in the accounting for both increases and decreases in a parent s controlling ownership interest. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008, and early adoption is prohibited. The Company does not expect that the application of SFAS No.160 will have a material impact on its consolidated results of operations and financial condition.

3. Adoption of New Accounting Standard

On January 1, 2009, the Company adopted the provisions of the SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 (SFAS No. 161). SFAS No. 161 applies to all derivative instruments and nonderivative instruments that are designated and qualify as hedging instruments and related hedged items accounted for under SFAS No. 133. SFAS No. 161 requires entities to provide greater transparency through additional disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity s financial position, results of operations, and cash flows. The Company s adoption of SFAS No. 161 did not have a material impact on its consolidated financial statements. Please see Note 5.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS No. 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. In October 2008, the FASB issued FASB Staff Position (FSP) No. 157-3 Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active (FSP No.157-3). FSP 157-3 clarifies the application of SFAS No. 157 in a market that is not active, and provides guidance on the key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. Effective October 1, 2008, the Company adopted the measurement and disclosure requirements related to financial assets and financial liabilities. The adoption of SFAS No.157 for financial assets and financial liabilities did not have a material impact on its results of operations or the fair values of its financial assets and liabilities. Please see Note 4.

In February 2008, the FASB issued FSP No. SFAS No. 157-2, Effective Date of FASB Statement No. 157 (FSP No. 157-2) which provides a one-year deferral of the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value on a recurring basis (at least annually). The Company is currently assessing the impact that SFAS No.157-2 will have on its results of operations and financial position when it is applied to nonfinancial assets and nonfinancial liabilities beginning in the first quarter of fiscal 2010.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of SFAS No. 115 (SFAS No. 159), which allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities under an instrument-by-instrument election. If the fair value option is elected for an instrument, subsequent changes in fair value for that instrument will be recognized in earnings. Effective October 1, 2008, the Company adopted SFAS No. 159, but it has not elected the fair value option for any eligible financial instruments as of March 31, 2009.

4. Fair Value Measurement

SFAS No. 157 defines fair value as the price that would be received from selling an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

SFAS No. 157 establishes a three level fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs that may be used to measure fair value are as follows:

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Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets), or other inputs that are observable (model-derived valuations in which significant inputs are observable) or can be derived principally from, or corroborated by, observable market data; and

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the Company s assets and liabilities measured at fair value on a recurring basis at March 31, 2009:

	Level 1	Level 2	Total
Money market funds	$ 502,328	$	$ 502,328
Available-for-sale securities	231,184	469,201	700,385
Derivative financial instruments, net		(31,851)	(31,851)
Total	$ 733,512	$ 437,350	$ 1,170,862

Available for sale securities that are classified as Level 2 assets are priced using quoted market prices for similar instruments and non-binding market prices that are corroborated by observable market data. The Company s derivative instruments are classified as Level 2 as they represent foreign currency and option contracts valued primarily based on observable inputs including both forward and spot prices for currencies.

5. Derivative Financial Instruments

The Company uses derivative financial instruments to mitigate its exposure to changes in foreign currency exchange rates. The Company does not enter into derivative transactions for trading purposes.

The Company s derivatives expose it to credit risks from possible non-performance by counterparties. The maximum amount of loss due to credit risk that the Company would incur if counterparties to the derivative financial instruments failed completely to perform according to the terms of the contracts, based on the gross fair value of the Company s derivative contracts, was approximately $9,290 as of March 31, 2009. The Company has limited its credit risk by entering into derivative transactions exclusively with investment-grade rated financial institutions and monitoring the creditworthiness of these financial institutions on an ongoing basis.

The Company classifies cash flows from its derivative transactions as cash flows from operating activities in the consolidated statements of cash flow.

The table below presents the total volume or notional amounts of the Company s derivative instruments as of March 31, 2009. Notional values are calculated based on forward rates as of March 31, 2009, U.S. dollar translated.

	Notional Value*
Foreign exchange contracts	$ 610,208

(*) Gross notional amounts do not quantify risk or represent assets or liabilities of the Company, but are used in the calculation of settlements

under the
contracts.

In accordance with FAS 133, the Company records all derivative instruments on the balance sheet at fair value (Please see Note 4). The fair value of the open foreign exchange contracts recorded by the Company on its consolidated balance sheets as of March 31, 2009, as an asset or a liability is as follows:

	As of March 31, 2009
Derivatives designated as cash flow hedging instruments	
Prepaid expenses and other current assets	$ 5,901
Other noncurrent assets	782
Accrued expenses and other current liabilities	(28,751)
Noncurrent liabilities and other	(1,183)
	(23,251)
Derivatives not designated as hedging instruments	
Prepaid expenses and other current assets	2,607
Accrued expenses and other current liabilities	(11,207)
	(8,600)
Net fair value	$ (31,851)

Cash Flow Hedges

In order to reduce the impact of foreign currency on its results, the Company enters into forward contracts and options to purchase and sell foreign currencies to hedge a significant portion of its foreign currency net exposure resulting from revenue and expense transactions denominated in the major foreign currencies in which it operates. The Company designates these contracts for accounting purposes as cash flow hedges in accordance with SFAS 133. The Company currently hedges its exposure to the variability in future cash flows for a maximum period of two years (a significant portion of the forward contracts and options outstanding as of March 31, 2009 are expected to mature within the next 12 months).

The derivative financial instruments that are designated as cash flow hedges are afforded hedge accounting because they are effective in managing foreign exchange risks and are appropriately assigned to the underlying exposures.

The effective portion of the gain or loss on the derivative instruments is recorded as other comprehensive income, a separate component of shareholders equity, and reclassified into earnings to the same line item as the related forecasted transaction and in the same period or periods during which the hedged transaction affects earnings. The cash flow hedges are evaluated for effectiveness at least quarterly. As the critical terms of the forward contract or options and the hedged transaction are matched at inception, the hedge effectiveness is assessed generally based on changes in the fair value for cash flow hedges as compared to the changes in the fair value of the cash flows associated with the underlying hedged transactions. Hedge ineffectiveness, if any, and hedge components, such as time value, excluded from assessment of effectiveness testing for hedges of estimated receipts from customers, are recognized during the current period in interest income and other, net.

Gain or loss on the derivative instruments, which partially offset the foreign currency impact from the underlying exposures, reclassified from other comprehensive loss into revenue, cost of service, research and development and selling general and administrative for the three months ended March 31, 2009 were $3,040, $(9,707), $(2,079) and $(1,718), respectively (an aggregate of ($9,968), net of taxes). The ineffective portion of the change in fair value of a cash flow hedge, including the time value portion excluded from effectiveness testing for the three months ended March 31, 2009 was not material.

As of March 31, 2009, amounts related to derivatives designated as cash flow hedges and recorded in accumulated other comprehensive loss totaled $19,768. The Company estimates that $19,415 of the net loss related to these cash flow hedges included in other comprehensive loss as of March 31, 2009 will be reclassified into earnings within the next twelve months and

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will partially offset the foreign currency impact from the underlying exposures. The amount ultimately realized in earnings will likely differ due to future changes in foreign exchange rates. Losses from cash flow hedges recognized in other comprehensive loss during the three months ended March 31, 2009 were $21,786 ($19,217 net of taxes).

In addition, the Company did not discontinue any cash flow hedges during the three months ended March 31, 2009.

The activity related to the changes in net unrealized (losses) gains on cash flow hedges, net of tax, is as follows:

Net unrealized losses on cash flow hedges, net of tax, as of December 31, 2008	$ (10,519)
Changes associated with hedging transactions, net of tax ($2,569)	(19,217)
Reclassification into earnings, net of tax $496	9,968
Net unrealized losses on cash flow hedges, net of tax, as of March 31, 2009	$ (19,768)

Other Risk Management Derivatives

The Company also enters into forward contracts that are not designated as hedging instruments under SFAS No. 133 and are used to reduce the impact of foreign currency on certain balance sheet exposures and certain revenue and expense.

These instruments are generally short term in nature, with typical maturities of less than one year, and are subject to fluctuations in foreign exchange rates. Gain or loss on these derivatives, which partially offset the foreign currency impact from the underlying exposures, classified into cost of service, research and development, selling general and administrative, interest (expense) income and other, net and income taxes for the three months ended March 31, 2009 were $(5,417), $(1,204), $(351), $8,314 and $420, respectively.

6. Accounts Receivable, Net

Accounts receivable, net consists of the following:

	As of	
	March 31, 2009	**September 30, 2008**
Accounts receivable billed	$ 470,865	$ 560,064
Accounts receivable unbilled	42,323	48,264
Less allowances (1)	(6,503)	(34,564)
Accounts receivable, net	$ 506,685	$ 573,764

(1) The decrease in accounts receivable allowances in the six months ended March 31, 2009, was primarily attributable to a settlement with a customer in which the allowances were written-off

against the related accounts receivable and had no impact on revenue or net income in the six months ended March 31, 2009.

7. Comprehensive Income

Comprehensive income represents the change in shareholders equity during a period from transactions and other events and circumstances from nonowner sources. It includes all changes in equity except those resulting from investments by owners and distributions to owners.

	Three months ended March 31,		Six months ended March 31,	
	2009	**2008**	**2009**	**2008**
Net income	$ 80,630	$ 99,859	$ 154,877	$ 195,523
Other comprehensive income:				
Unrealized (loss) gain on foreign currency hedging contracts, net of tax	(9,249)	3,354	(14,612)	7,416
Unrealized gain (loss) on short-term interest-bearing investments, net of tax	1,021	(1,996)	(1,306)	(1,534)
Unrealized gain on defined benefit plan, net of tax	2,040		2,391	
Comprehensive income	$ 74,442	$ 101,217	$ 141,350	$ 201,405

8. Income Taxes

The provision for income taxes for the following periods consisted of:

	Three months ended March 31,		Six months ended March 31,	
	2009	**2008**	**2009**	**2008**
Current	$ (3,192)	$ 6,963	$ 5,203	$ 25,351
Deferred	12,758	4,880	13,620	(5,054)
	$ 9,566	$ 11,843	$ 18,823	$ 20,297

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The Company s effective income tax rate varied from the statutory Guernsey tax rate as follows for the following periods:

	Three months ended March 31,		Six months ended March 31,	
	2009	2008	2009	2008
Statutory Guernsey tax rate	0%	0%	0%	0%
Foreign taxes	11	11	11	9
	11%	11%	11%	9%

As a Guernsey company subject to a corporate tax rate of zero percent, the Company s overall effective tax rate is attributable to foreign taxes.

As of March 31, 2009, deferred tax assets of $65,036, derived primarily from net capital and operating loss carry forwards related to some of the Company s subsidiaries, were offset by valuation allowances related to the uncertainty of realizing tax benefit for such losses. Prior to the adoption of SFAS No. 141(R) on October 1, 2009, realization of the tax benefits related to such losses and associated with business combinations will be recorded as an adjustment of goodwill and amounts not associated with business combinations will be recognized as part of income tax expense. Subsequent to the adoption of SFAS No. 141(R), when realization of the tax benefits associated with such losses is deemed more likely than not, all of the valuation allowance will be recognized as part of income tax expense. As of March 31, 2009, $37,871 of the valuation allowance related to business combinations.

The total amount of gross unrecognized tax benefits, which includes interest and penalties, was $87,932 as of March 31, 2009, of which $83,886 would affect the effective tax rate if realized.

As of March 31, 2009, the Company has accrued $13,075 in income taxes payable for interest and penalties relating to unrecognized tax benefits.

The Company is currently under audit in several jurisdictions for the tax years 2001 and onwards. Timing of the resolution of audits is highly uncertain and therefore the Company cannot estimate the change in unrecognized tax benefits resulting from these audits within the next 12 months.

9. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Three months ended March 31,		Six months ended March 31,	
	2009	2008	2009	2008
Numerator:				
Numerator for basic earnings per share	$ 80,630	$ 99,859	$ 154,877	$ 195,523
Effect of assumed conversion of 0.50% convertible notes	622	985	1,486	1,970
Numerator for diluted earnings per share	$ 81,252	$ 100,844	$ 156,363	$ 197,493
Denominator:				
Denominator for basic earnings per share weighted average number of shares outstanding	202,671	206,759	202,561	207,437
Effect of assumed conversion of 0.50% convertible notes	6,588	10,436	7,873	10,436
Effect of dilutive stock options granted	230	2,253	283	2,677
Effect of restricted stock issued	266	338	296	362

Denominator for diluted earnings per share adjusted weighted average shares and assumed conversions	209,755	219,786	211,013	220,912
Basic earnings per share	$ 0.40	$ 0.48	$ 0.76	$ 0.94
Diluted earnings per share	$ 0.39	$ 0.46	$ 0.74	$ 0.89

10. Repurchase of Securities

In August 2007, the Company announced that its board of directors had authorized a share repurchase plan allowing the repurchase of up to $400,000 of its outstanding ordinary shares. The authorization permits the Company to purchase its ordinary shares in open market or privately negotiated transactions at times and prices that it considers appropriate. During the six months ended March 31, 2009, the Company repurchased 468 ordinary shares under this repurchase program, at an average price of $26.90 per share (excluding broker and transaction fees). The Company had remaining authority, as of March 31, 2009, to repurchase up to $82,723 of its ordinary shares under this plan.

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During the first quarter of fiscal 2009, the Company purchased $100,000 aggregate principal amount of its 0.50% convertible notes at an average price of 98% of the principal amount, excluding accrued interest and transaction fees. During the second quarter of fiscal 2009, the Company purchased $18,200 aggregate principal amount of the notes at an average price of 99.6% of the principal amount, excluding accrued interest and transaction fees. In March 2009, holders of the notes tendered to the Company for repurchase $330,780 aggregate principal amount of notes and the Company purchased the tendered notes for cash. The Company funded these purchases using proceeds from its five-year revolving credit facility as described in Note 11. As of March 31, 2009, $1,020 aggregate principal amount of the notes remain as obligations of the Company, due 2024, in accordance with their terms.

11. Financing Arrangements

In November 2007, the Company entered into an unsecured $500,000 five-year revolving credit facility with a syndicate of banks, which is available for general corporate purposes, including acquisitions and repurchases of the Company s ordinary shares that the Company may consider from time to time. The interest rate for borrowings under the revolving credit facility is chosen at the Company s option from several pre-defined alternatives, depends on the circumstances of any advance and is based on the Company s credit ratings. As of March 31, 2009, the Company was in compliance with financial covenants under the revolving credit facility. During the first and second quarter of fiscal 2009, the Company borrowed an aggregate of $450,000 under the facility which accrues interest at rate equal to LIBOR plus a 42.5 basis points margin, and used the proceeds to repurchase its outstanding notes as described in Note 10.

12. Stock Option and Incentive Plan

In January 1998, the Company adopted the 1998 Stock Option and Incentive Plan (the Plan), which provides for the grant of restricted stock awards, stock options and other equity-based awards to employees, officers, directors and consultants. The purpose of the Plan is to enable the Company to attract and retain qualified personnel and to motivate such persons by providing them with an equity participation in the Company. Since its adoption, the Plan has been amended on several occasions to, among other things, increase the number of ordinary shares issuable under the Plan. In 2008, the maximum number of ordinary shares authorized to be granted under the Plan was increased from 46,300 to 55,300. Awards granted under the Plan generally vest over a period of four years and stock options have a term of ten years.

The following table summarizes information about options to purchase the Company s ordinary shares, as well as changes during the six-month period ended March 31, 2009:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding as of October 1, 2008	22,387.7	$ 32.89	
Granted	3,411.7	18.37	
Exercised	(150.6)	11.87	
Forfeited	(2,583.8)	33.98	
Outstanding as of March 31, 2009	23,065.0	$ 30.76	6.08
Exercisable as of March 31, 2009	14,187.0	$ 32.75	4.30

The following table summarizes information relating to awards of restricted shares, as well as changes to such awards during the six-month period ended March 31, 2009:

	Weighted Average Grant

	Number of Shares		Date Fair Value
Outstanding unvested shares as of October 1, 2008	1,105.1	$	33.78
Granted	551.6		18.11
Vested	(237.0)		33.83
Forfeited	(209.5)		35.93
Outstanding unvested shares as of March 31, 2009	1,210.2	$	26.26

As of March 31, 2009, there was $61,245 of unrecognized compensation expense related to unvested stock options and unvested restricted stock awards. The Company recognizes compensation costs using the graded vesting attribution method which results in a weighted average period of approximately one year over which the unrecognized compensation expense is expected to be recognized.

Equity-based payments to employees, including grants of employee stock options, are recognized in the statements of income based on their fair values in accordance with SFAS No. 123 (revised 2004), Share-Based Payment, a revision of SFAS No. 123 (SFAS No. 123(R)) and Staff Accounting Bulletin No. 107 (SAB No. 107), which provides supplemental implementation guidance on SFAS No. 123(R).

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Employee equity-based compensation pre-tax expense under SFAS No. 123(R) for the three and six months ended March 31, 2009 and 2008 was as follows:

	Three months ended March 31,		Six months ended March 31,	
	2009	2008	2009	2008
Cost of service	$ 4,950	$ 5,431	$ 10,661	$ 11,713
Research and development	977	1,146	2,039	2,522
Selling, general and administrative	4,590	6,836	11,234	13,394
Total	$ 10,517	$ 13,413	$ 23,934	$ 27,629

The total income tax benefit recognized in the income statement for stock-based compensation (including restricted shares) for the three months ended March 31, 2009 and 2008 was $1,467 and $1,434, respectively, and for the six months ended March 31, 2009 and 2008 was $3,050 and $2,830, respectively.

The Company selected the Black-Scholes option pricing model as the most appropriate fair value method for its equity-based awards and recognizes compensation costs using the graded vesting attribution method. The Black-Scholes option pricing model assumptions used are noted in the following table (all in weighted averages for options granted during the period):

	Three months ended March 31,		Six months ended March 31,	
	2009	2008	2009	2008
Risk-free interest rate (1)	1.71%	2.67%	1.93%	3.23%
Expected life of stock options (2)	4.50	4.50	4.47	4.28
Expected volatility (3)	0.46	0.35	0.49	0.33
Expected dividend yield (4)	None	None	None	None
Fair value per option	$6.57	$10.64	$7.58	$10.58

(1) Risk-free interest rate is based upon U.S. Treasury yield curve appropriate for the term of the Company s employee stock options.

(2) Expected life of stock options is based upon historical experience.

(3) Expected volatility is

based on a combination of implied volatility of the Company s traded options and historical stock price volatility (blended volatility).

(4) Expected dividend yield is based on the Company s history and future expectation of dividend payouts.

Equity-based compensation recognized is reduced for estimated forfeitures and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

13. Operational Efficiency and Cost Reduction Programs

In accordance with SFAS No.112 Employers Accounting for Post Employment Benefits (SFAS No. 112) and SFAS No.146, Accounting for Costs Associated with Exit or Disposal Activities (SFAS No. 146), the Company recognized a total of $0 and $15,140 in restructuring charges in the three and six months ended March 31, 2009, respectively, as described below.

In the three months ended December 31, 2008, the Company commenced a series of measures designed to align its operational structure to its expected future activities and to improve efficiency. As part of this plan, the Company recorded a charge of $14,187 consisting primarily of employee separation costs in connection with the termination of the employment of software and information technology specialists and administrative professionals at various locations around the world.

The restructuring accrual for this cost reduction program is comprised of the following as of March 31, 2009:

		Employee Separation Costs
Balance as of October 1, 2008	$	
Charge in first quarter of fiscal 2009		14,187
Cash payments		(8,268)
Adjustment (*)		(519)
Balance as of March 31, 2009	$	5,400

(*) Primarily relates to foreign exchange impacts

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In addition, the Company recorded in the first quarter of fiscal 2009 a charge of $953 related to the cost reduction program commenced in the fourth quarter of fiscal 2008, consisting primarily of employee separation costs. As of March 31, 2009, $10,781 of the costs associated with this plan had been paid in cash.

The restructuring accrual for this cost reduction program is comprised of the following as of March 31, 2009:

	Employee Separation Costs
Balance as of October 1, 2008	$ 10,190
Charge in first quarter of fiscal 2009	953
Cash payments	(8,855)
Adjustment(*)	(1,125)
Balance as of March 31, 2009	$ 1,163

(*) Primarily relates to foreign exchange impacts

These expenses related to the Company s operational efficiency and cost reduction programs are included in restructuring charges and in-process research and developments.

14. Contingencies

Legal Proceedings

The Company is involved in various legal proceedings arising in the normal course of its business. Based upon the advice of counsel, the Company does not believe that the ultimate resolution of these matters will have a material adverse effect on the Company s consolidated financial position, results of operations or cash flows.

The Company generally sells its products with a limited warranty for a period of 90 days. The Company s policy is to account for warranty costs, if needed, based on historical trends in product failure. Based on the Company s experience, only minimal warranty services have been required and, as a result, the Company did not accrue any amounts for product warranty liability during the six months ended March 31, 2009 and 2008.

The Company generally indemnifies its customers against claims of intellectual property infringement made by third parties arising from the use of the Company s software. To date, the Company has incurred and recorded only minimal costs as a result of such obligations and in its consolidated financial statements.

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Item 2. Operating and Financial Review and Prospects

Forward Looking Statements

This section contains forward-looking statements (within the meaning of the United States 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 , should , would other words that convey uncertainty of future events or outcome. Statements that we make in this document 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; consolidation within the industries in which our customers operate; the loss of a significant customer; 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 and other risks, please read the information set forth under the caption Risk Factors in our Annual Report on Form 20-F for fiscal 2008 that we filed on December 8, 2008 with the U.S. Securities and Exchange Commission (SEC).

Overview of Business and Trend Information

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

We develop, implement and manage software and services associated with the business-support systems and operational-support systems (BSS and OSS) that enable service providers to deliver a better customer experience, by, for example, introducing products quickly, understanding their customers more deeply, processing orders efficiently and solving problems productively. We refer to these systems collectively as customer experience systems because of the crucial impact and increasing importance these systems have on the service providers end-user experience.

We believe the demand for our customer experience systems is primarily driven by the need for service providers to anticipate and respond to market dynamics. In established markets, service providers are transforming their businesses as they attempt to derive revenue and profit from Internet protocol (IP)-based digital content and commerce services, while confronting increased competition from non-traditional competitors, including major Internet companies, handset manufacturers and network equipment providers. In emerging markets, many startup operations are introducing communications services to markets for the first time, coping with massive scale and relatively rapid growth; other companies are undergoing consolidations as providers with global brands seek to do business in these new geographies. 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 they will succeed by differentiating 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 seek to address these market forces through a strategy of forward-looking product development and holistic, vertical integration encompassing all systems from the customer to the network. Our goal is to supply software products and services that provide functionality and flexibility to service providers as they and their markets grow and change.

We also offer a full range of directory sales and publishing systems and related services, which we refer to as directory systems, for publishers of both traditional printed yellow and white page directories and electronic Internet directories. We believe that we are a leading provider of directory systems in most of the markets we serve.

In the second quarter of fiscal 2009 difficult economic conditions continued to impact our customers buying decisions. Sales cycles remained extended, particularly for larger, transformational projects, and certain customers delayed commitments for new projects. We had previously anticipated operating in this difficult environment during the quarter, and were able to protect our profitability by tightening expense controls and reducing our workforce to adjust our cost structure to current business conditions.

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Although the prospects for the balance of fiscal 2009 are uncertain, we continue to focus on our profitability by carefully managing our cost structure in a year when revenue may decline from the previous year, as well as invest in our future, including in research and development, so that we can continue to provide the best products and services to our industry. We believe we are well-positioned for growth when economic conditions improve.

We believe that, in these challenging economic times, service providers will seek to work with large, stable, well-capitalized vendors, creating an advantage for Amdocs against smaller vendors. In addition, by combining an integrated product offering and domain expertise with a track record of success in large-scale system delivery, we strive to reduce project risk for our customers. We believe that this is a competitive differentiator for Amdocs versus systems integrators and enterprise software vendors. In the meantime, we are conducting our business with discipline to protect margins and cash flow, and continue to invest in growth drivers, such as broadband cable and satellite, OSS, managed services, emerging markets and the digital lifestyle (through our Amdocs Interactive offerings), that we believe will strengthen our market-leading position when the economy recovers.

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 the three and six months ended March 31, 2009, customers in North America, Europe and the rest of the world accounted for 75.9%,14.8% and 9.3% and 75.2%,14.8% and 10.0% of our revenue, respectively. We maintain development facilities in China, Cyprus, India, Ireland, Israel and the United States.

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,

- the sale of high-level business consulting that includes services to advise on, transform, integrate and optimize technology and business processes,

- managed services in our domain expertise, 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 and determinable; and (iv) collectability 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. As a result, we generally recognize combined license and service revenue over the course of these long-term projects using the percentage of completion method of accounting. Initial license fee revenue is recognized as work is performed, 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. Service revenue that involves significant ongoing obligations, including fees for software customization, implementation and modification, also is recognized as work is performed, under the percentage of completion method of accounting. Revenue from software solutions that do not require significant customization and modification is recognized upon delivery or as services are provided. 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. Revenue from ongoing support services is recognized as work is performed or based on straight line over the service period.

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.

As a result of a significant portion of our revenue being subject to the percentage of completion accounting method, the size and timing of customer projects and our progress in completing such projects may significantly affect our annual and quarterly operating results.

Revenue from managed services arrangements is included in both license and service revenue and includes data center and infrastructure management, application management and ongoing support, systems modernization and consolidation, business process operations support and end-to-end transformational business process outsourcing. Revenue generated in connection with managed services arrangements is a significant part of our business, accounting for approximately 40% of our total revenue in the six months ended March 31, 2009 and 2008, and these arrangements generate substantial, long-term revenue streams, cash flow and operating income. In the initial period of our managed services projects, we may invest in modernization and consolidation of the customer s systems. Invoices are usually structured on a periodic fixed or unit charge basis. Managed services projects can be less profitable in the initial period, however, margins tend to improve over time as we derive benefit from the operational efficiencies and from changes in the geographical mix of our resources.

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Recent Accounting Standards

In April 2009, the Financial Accounting Standards Board (FASB) issued FSP FAS No. 157-4, Determining Fair Value When Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP No. 157-4). FSP No. 157-4 provides guidance on how to determine the fair value of assets and liabilities when the volume and level of activity for the asset/liability has significantly decreased. FSP No. 157-4 also provides guidance on identifying circumstances that indicate a transaction is not orderly. In addition, FSP No. 157-4 requires disclosure in interim and annual periods of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques. FSP No. 157-4 is effective for us beginning in the third quarter of fiscal year 2009. We are currently evaluating the effect that the application of FSP 157-4 will have on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 115-2 and FAS No. 124-2, Recognition and Presentation of Other-Than-Temporary Impairment (FSP No. 115-2/124-2) which: clarifies the interaction of the factors that should be considered when determining whether a debt security is other than temporarily impaired; provides guidance on the amount of an other-than-temporary impairment recognized in earnings and other comprehensive income; and expands the disclosures required for other-than-temporary impairments for debt and equity securities. FSP No. 115-2/124-2 is effective for us beginning in the third quarter of fiscal year 2009. We are currently evaluating the effect that the application of FSP No. 115-2/124-2 will have on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 107-1 and APB No. 28-1, Interim Disclosure about Fair Value of Financial Instruments (FSP No. 107-1/APB 28-1). FSP No. 107-1/APB 28-1 requires interim disclosures regarding the fair values of financial instruments that are within the scope of FAS 107, Disclosures about the Fair Value of Financial Instruments. Additionally, FSP No. 107-1/APB 28-1 requires disclosure of the methods and significant assumptions used to estimate the fair value of financial instruments on an interim basis as well as changes of the methods and significant assumptions from prior periods. FSP No. 107-1/APB 28-1 does not change the accounting treatment for these financial instruments and is effective for us beginning in the third quarter of fiscal year 2009.

In December 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 141 (revised), Business Combinations (SFAS No. 141(R)). SFAS No.141(R) significantly changes the accounting for business combinations and establishes principles and requirement for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree and recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase. SFAS No. 141(R) applies to us prospectively for business combinations for which the acquisition date is on or after October 1, 2009.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (SFAS No. 160). SFAS No. 160 changes the accounting for noncontrolling (minority) interests in consolidated financial statements including the requirements to classify noncontrolling interests as a component of consolidated stockholders equity, the elimination of minority interest accounting in results of operations and changes in the accounting for both increases and decreases in a parent s controlling ownership interest. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008, and early adoption is prohibited. We do not expect that the application of SFAS No. 160 will have a material impact on our consolidated results of operations and financial condition.

Adoption of New Accounting Standard

On January 1, 2009, the Company adopted the provisions of the SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 (SFAS No. 161). SFAS No. 161 applies to all derivative instruments and nonderivative instruments that are designated and qualify as hedging instruments and related hedged items accounted for under SFAS No. 133. SFAS No. 161 requires entities to provide greater transparency through additional disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity s financial position, results of operations, and cash flows. Our adoption of SFAS No. 161 did not have a material impact on our consolidated financial statements. Please see Note 5 to our unaudited Consolidated Financial Statements.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. In October 2008, the FASB issued FASB Staff Position (FSP) No. 157-3 Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active (FSP No. 157-3). FSP No.157-3 clarifies the application of SFAS No. 157 in a market that is not active, and provides guidance on the key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. Effective October 1, 2008, we adopted the measurement and disclosure requirements related to financial assets and financial liabilities. The adoption of SFAS No. 157 for financial assets and

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financial liabilities did not have a material impact on our results of operations or the fair values of our financial assets and liabilities. Please see Note 4 to our unaudited Consolidated Financial Statements.

In February 2008, the FASB issued FSP No. SFAS No. 157-2, Effective Date of SFAS No. 157, which provides a one-year deferral of the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value on a recurring basis (at least annually). We are currently assessing the impact that SFAS No. 157-2 will have on our results of operations and financial position when it is applied to nonfinancial assets and nonfinancial liabilities beginning in the first quarter of fiscal 2010.

In February 2007, the FASB issued SFAS No. 159 The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of SFAS No. 115 (SFAS No. 159), which allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities under an instrument-by-instrument election. If the fair value option is elected for an instrument, subsequent changes in fair value for that instrument will be recognized in earnings. Effective October 1, 2008, we adopted SFAS No. 159, but we have not elected the fair value option for any eligible financial instruments as of March 31, 2009.

Operational Efficiency and Cost Reduction Program

In the first quarter of fiscal 2009, we commenced a series of measures designed to align our operational structure to our expected future activities and to improve efficiency, including reductions in headcount and restrictions on travel expenses and other discretionary costs. As part of this plan, we recorded a charge of $14.2 million consisting primarily of employee separation costs in connection with the termination of the employment of software and information technology specialists and administrative professionals at various locations around the world.

In the first quarter of fiscal 2009, we recorded an additional charge of $0.9 million related our cost reduction program commenced in the fourth quarter of fiscal 2008, consisting primarily of employee separation costs.

Results of Operations

The following table sets forth for the three and six months ended March 31, 2009 and 2008 certain items in our consolidated statements of income reflected as a percentage of total revenue:

	Three months ended March 31,		**Six months ended March 31,**	
	2009	**2008**	**2009**	**2008**
Revenue:				
License	5.2%	4.1%	5.6%	3.8%
Service	94.8	95.9	94.4	96.2
	100.0	100.0	100.0	100.0
Operating expenses:				
Cost of license	0.1	0.1	0.1	0.1
Cost of service	64.1	63.8	64.2	63.6
Research and development	7.4	7.2	7.4	7.4
Selling, general and administrative	11.9	12.8	11.9	12.9
Amortization of purchased intangible assets	3.0	2.8	2.9	2.9
Restructuring charges, in-process research and development and other			1.4	
	86.5	86.7	87.9	86.9
Operating income	13.5	13.3	12.1	13.1
Interest (expense) income and other, net	(0.8)	1.1	(0.2)	1.1

Income before income taxes	12.7	14.4	11.9	14.2
Income taxes	1.4	1.5	1.3	1.3
Net income	11.3%	12.9%	10.6%	12.9%

Six Months Ended March 31, 2009 and 2008

The following is a tabular presentation of our results of operations for the six months ended March 31, 2009 compared to the six months ended March 31, 2008. Following the table is a discussion and analysis of our business and results of operations for such periods.

	Six months ended March 31, 2009	Six months ended March 31, 2008	Increase (Decrease) Amount	Increase (Decrease) %
	(in thousands)			
Revenue:				
License	$ 81,804	$ 58,326	$ 23,478	40.3%
Service	1,383,119	1,458,205	(75,086)	(5.1)
	1,464,923	1,516,531	(51,608)	(3.4)
Operating expenses:				
Cost of license	1,560	1,712	(152)	(8.9)
Cost of service	940,048	964,697	(24,649)	(2.6)
Research and development	108,979	112,103	(3,124)	(2.8)
Selling, general and administrative	174,573	196,331	(21,758)	(11.1)
Amortization of purchased intangible assets	41,755	43,506	(1,751)	(4.0)
Restructuring charges and in-process research and development	20,780		20,780	100.0
	1,287,695	1,318,349	(30,654)	(2.3)
Operating income	177,228	198,182	(20,954)	(10.6)
Interest (expense) income and other, net	(3,528)	17,638	(21,166)	(120.0)
Income before income taxes	173,700	215,820	(42,120)	(19.5)
Income taxes	18,823	20,297	(1,474)	(7.3)
Net income	$ 154,877	$ 195,523	$ (40,646)	(20.8)%

Revenue. Total revenue decreased by $51.6 million, or 3.4%, to $1,464.9 million in the six months ended March 31, 2009, from $1,516.5 million in the six months ended March 31, 2008. Revenue in the six months ended March 31, 2009 was affected by the continuing downturn in macroeconomic conditions, which resulted in longer project sale cycles across our business. The decrease in revenue was primarily attributable to foreign exchange impacts, as well as to decreases in revenue from directory customers and project revenue. These revenue decreases were partially offset by increases in revenue from cable and satellite service providers and in revenue from managed services telecommunications customers.

Deferred revenue decreased to $155.6 million as of March 31, 2009 from $197.9 million as of September 30, 2008, primarily due to progress on various projects without significant offsetting additions due to the decrease in the pace of new project commitments.

License revenue in the six months ended March 31, 2009 increased by $23.5 million, or 40.3%, from $58.3 million in the six months ended March 31, 2008, primarily due to progress on projects with relatively higher portions of license fees.

License and service revenue attributable to the sale of customer experience systems was $1,369.0 million in the six months ended March 31, 2009, a decrease of $12.0 million, or 0.9%, over the six months ended March 31, 2008. The decrease was primarily attributable to foreign exchange impacts, as well as to a decrease in project revenue, partially offset by an increase in revenue attributable to cable and satellite customers and in revenue from managed services arrangements.

License and service revenue resulting from the sale of customer experience systems represented 93.4% and 91.1% of our total revenue in the six months ended March 31, 2009 and 2008, respectively.

License and service revenue attributable to the sale of directory systems was $95.9 million in the six months ended March 31, 2009, a decrease of $39.6 million, or 29.2%, as compared to the six months ended March 31, 2008. The decrease was primarily attributable to a decrease in projects for our existing customers. License and service revenue from the sale of directory systems represented 6.6% and 8.9% of our total revenue in the six months ended March 31, 2009 and 2008, respectively.

In the six months ended March 31, 2009, revenue from customers in North America, Europe and the rest of the world accounted for 75.2%, 14.8% and 10%, respectively, of total revenue compared to 68.7%, 17.4% and 13.9%, respectively, in the six months ended March 31, 2008. The increase in revenue contributed from customers in North America was attributable to revenue from consolidation and transformation projects for Tier 1 and for cable and satellite customers and to revenue from managed services customers partially offset by foreign exchange impacts. The decrease in revenue contributed from customers in Europe was primarily attributable to completion of projects, a decrease in the pace of new project commitments and foreign exchange impacts. The decrease in revenue contributed from customers in the rest of the world was primarily attributable to completion of projects, a decrease in the pace of new project commitments, a decrease in revenue attributable to the sale of directory systems and foreign exchange impacts.

Cost of License and Service. Cost of license mainly includes 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. The decrease in cost of license and service in the six months ended March 31, 2009 was $24.8 million, or 2.6%. As a percentage of revenue, cost of license and service was 64.3% in the six months ended March 31, 2009, compared to 63.7% in the six months ended March 31, 2008. Our cost of service in the six months ended March 31, 2009 was affected by the overall decrease in our revenue, the effects of our cost savings programs, our expansion into lower cost jurisdictions and foreign exchange impacts, partially offset by expansion of our managed services activities for customer experience system arrangements. Margins from existing managed services tend to improve over time as we realize synergies, create cost efficiencies and improve business processes.

Research and Development. Research and development expense is primarily comprised of compensation expense. Research and development expense decreased by $3.1 million, or 2.8%, to $109.0 million in the six months ended March 31, 2009, from $112.1 million in the six months ended March 31, 2008. Research and development expense consisted of 7.4% as a percentage of revenue which is at the same level as in the six months ended March 31, 2008. The decrease in research and development expense was attributable to the effects of our cost savings programs, as well as to changes in the geographical mix of our research and development resources. We believe that 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.

Selling, General and Administrative. Selling, general and administrative expense decreased by $21.8 million, or 11.1%, to $174.6 million in the six months ended March 31, 2009, from $196.3 million in the six months ended March 31, 2008. Selling, general and administrative expense is primarily comprised of compensation expense. The decrease in selling, general and administrative expense was primarily attributable to the effects of our cost savings programs and foreign exchange impacts.

Amortization of Purchased Intangible Assets. Amortization of purchased intangible assets in the six months ended March 31, 2009 was $41.8 million, compared to $43.5 million in the six months ended March 31, 2008. The decrease in amortization of purchased intangible assets was primarily due to purchased intangible assets that were fully amortized as of October 1, 2008, partially offset by amortization of intangible assets related to small acquisitions in fiscal 2008 and the first quarter of fiscal 2009.

Restructuring Charges and In-Process Research and Development. Restructuring charges and in-process research and development in the six months ended March 31, 2009 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.

Operating Income. Operating income decreased by $21.0 million, or 10.6%, to $177.2 million in the six months ended March 31, 2009, from $198.2 million in the six months ended March 31, 2008. The decrease in operating income was primarily attributable to the restructuring and in-process research and development charges in the first quarter of fiscal 2009, the decrease in revenue, foreign exchange impacts and the expansion of our managed services activities for customer experience system arrangements, partially offset by the effects of our cost savings programs and expansion into lower cost jurisdictions.

Interest (Expense) Income and Other, Net. Interest (expense) income and other, net decreased by $21.2 million to expense of $3.5 million in the six months ended March 31, 2009, from income of $17.6 million in the six months ended March 31, 2008. The decrease in interest (expense) income and other, net, is primarily attributable to lower income on our short-term interest-bearing investments due to current market conditions and to foreign exchange impacts, partially offset by approximately $2.2 million in gains resulting from our repurchase of outstanding convertible notes.

Income Taxes. Income taxes for the six months ended March 31, 2009 were $18.8 million on pretax income of $173.7 million, resulting in an effective tax rate of 10.8%, compared to 9.4% in the six months ended March 31, 2008. Of the increase in our effective tax rate, approximately 2.4% was attributable to changes in the tax reserves and in valuation allowances, which was

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partially offset by approximately 0.7% attributable to the net effect of acquisition-related costs (which include amortization of purchased intangible assets, and in-process research and development), restructuring charges and equity-based compensation expense, and the remaining difference was primarily attributable to the geographical distribution of earnings from global operations. Our effective tax rate may fluctuate between quarters as a result of discrete items that may affect a specific quarter.

Net Income. Net income was $154.9 million in the six months ended March 31, 2009, compared to $195.5 million in the six months ended March 31, 2008. The decrease in net income was attributable mainly to the decrease in operating income and the decrease in interest (expense) income and other, net.

Diluted Earnings Per Share. Diluted earnings per share decreased by $0.15, or 16.8%, to $0.74 in the six months ended March 31, 2009, from $0.89 in the six months ended March 31, 2008. The decrease in diluted earnings per share resulted primarily from the decrease in net income, partially offset by the decrease in diluted weighted average numbers of shares outstanding resulting primarily from the repurchase and redemption of our convertible Notes and repurchase of our shares in the six months ended March 31, 2008. Please see Note 9 to our unaudited Consolidated Financial Statements.

Three Months Ended March 31, 2009 and 2008

The following is a tabular presentation of our results of operations for the three months ended March 31, 2009 compared to the three months ended March 31, 2008. Following the table is a discussion and analysis of our business and results of operations for such periods.

	Three months ended March 31,		Increase (Decrease)	
	2009	2008	Amount	%
	(in thousands)			
Revenue:				
License	$ 37,203	$ 32,109	$ 5,094	15.9%
Service	673,881	742,172	(68,291)	(9.2)
	711,084	774,281	(63,197)	(8.2)
Operating expenses:				
Cost of license	569	938	(369)	(39.3)
Cost of service	455,997	493,956	(37,959)	(7.7)
Research and development	52,750	56,088	(3,338)	(6.0)
Selling, general and administrative	84,308	98,666	(14,358)	(14.6)
Amortization of purchased intangible assets	21,501	21,753	(252)	(1.2)
Restructuring charges, in-process research and development and other				
	615,125	671,401	(56,276)	(8.4)
Operating income	95,959	102,880	(6,921)	(6.7)
Interest (expense) income and other, net	(5,763)	8,822	(14,585)	(165.3)
Income before income taxes	90,196	111,702	(21,506)	(19.3)
Income taxes	9,566	11,843	(2,277)	(19.2)
Net income	$ 80,630	$ 99,859	$ (19,229)	(19.3)%

Revenue. Total revenue decreased by $63.2 million, or 8.2 %, to $711.1 million in the three months ended March 31, 2009, from $774.3 million in the three months ended March 31, 2008. Revenue in the three months ended March 31, 2009 was affected by the continuing downturn in macroeconomic conditions, which resulted in longer project sale cycles across our business. The decrease in revenue was primarily attributable to foreign exchange impacts and a decrease in project revenue, as well as to decreases in revenue from directory customers. These revenue decreases were partially offset by increases in revenue from cable and satellite service providers.

License revenue increased by $5.1 million, or 15.9%, to $37.2 million in the three months ended March 31, 2009, from $32.1 million in the three months ended March 31, 2008.

License and service revenue attributable to the sale of customer experience systems was $668.0 million in the three months ended March 31, 2009, a decrease of $40.2 million, or 5.7%, over the three months ended March 31, 2008. The decrease was primarily attributable to foreign exchange impacts and to a decrease in project revenue, partially offset by increase in revenue attributable to cable and satellite customers. License and service revenue resulted from the sale of customer experience systems represented 93.9% and 91.5% of our total revenue in the three months ended March 31, 2009 and 2008, respectively.

License and service revenue from the sale of directory systems was $43.1 million in the three months ended March 31, 2009, a decrease of $22.9 million, or 34.7%, as compared to the three months ended March 31, 2008. The decrease was primarily attributable to a decrease in projects for our existing customers. License and service revenue from the sale of directory systems represented 6.1% and 8.5% of our total revenue in the three months ended March 31, 2009 and 2008, respectively.

In the three months ended March 31, 2009, revenue from customers in North America, Europe and the rest of the world accounted for 75.9%, 14.8% and 9.3%, respectively, of total revenue compared to 69.9%, 17.6% and 12.5%, respectively, in the three months ended March 31, 2008. The increase in revenue from customers in North America, in absolute amounts, was primarily attributable to revenue from cable and satellite customers which was offset by foreign exchange impacts. The decrease in revenue contributed from customers in Europe was primarily attributable to completion of projects, a decrease in the pace of new project commitments and foreign exchange impacts. The decrease in revenue contributed from customers in the rest of the world was primarily attributable to completion of projects, a decrease in the pace of new project commitments, a decrease in revenue attributable to the sale of directory systems and foreign exchange impacts.

Cost of License and Service. Cost of license mainly includes 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. The decrease in cost of license and service in the three months ended March 31, 2009 was $38.3 million or 7.7%. As a percentage of revenue, cost of license and service was 64.2% in the three months ended March 31, 2009, compared to 63.9% in the three months ended March 31, 2008. Our cost of service in the three months ended March 31, 2009 was affected by the overall decrease in our revenue, the effects of our cost savings programs, our expansion into lower cost jurisdictions and by foreign exchange impacts, partially offset by expansion of our managed services activities for customer experience system arrangements. Margins from Managed Services tend to improve over time as we realize synergies, create cost efficiencies and improve business processes.

Research and Development. Research and development expense is primarily comprised of compensation expense. Research and development expense decreased by $3.3 million, or 6.0%, in the three months ended March 31, 2009 to $52.8 million from $56.1 million in the three months ended March 31, 2008. Research and development expense slightly increased as a percentage of revenue from 7.2% in the three months ended March 31, 2008 to 7.4% in the three months ended March 31, 2009. The decrease in research and development expense was attributable to the effects of our cost savings programs, as well as to changes in the geographical mix of our research and development resources.

Selling, General and Administrative. Selling, general and administrative expense decreased by $14.4 million, or 14.6%, to $84.3 million in the three months ended March 31, 2009, from $98.7 million in the three months ended March 31, 2008. Selling, general and administrative expense is primarily comprised of compensation expense. The decrease in selling, general and administrative expense was primarily attributable to the effects of our cost savings programs and foreign exchange impacts.

Amortization of Purchased Intangible Assets. Amortization of purchased intangible assets in the three months ended March 31, 2009 was $21.5 million, compared to $21.8 million in the three months ended March 31, 2008.

Operating Income. Operating income decreased by $6.9 million, or 6.7%, in the three months ended March 31, 2009, to $96.0 million, or 13.5% of revenue, from $102.9 million, or 13.3% of revenue, in the three months ended March 31, 2008. The decrease in operating income was primarily attributable to the decrease in revenue, foreign exchange impacts and the expansion of our managed services activities, partially offset by the effects of our cost savings programs and expansion into lower cost jurisdictions.

Interest (Expense) Income and Other, Net. Interest (expense) income and other, net decreased by $14.6 million in the three months ended March 31, 2009 to expense of $5.8 million from income of $8.8 million in the three months ended March 31, 2008. The decrease in interest income and other, net, is primarily attributable to lower income on our short-term interest-bearing investments due to current market conditions and to foreign exchange impacts.

Income Taxes. Income taxes for the three months ended March 31, 2009 were $9.6 million on pretax income of $90.2 million, resulting in an effective tax rate of 10.6%, at the same level as in the three months ended March 31, 2008. An increase of approximately 4.9% related to the changes in our tax reserves and valuation allowances was offset primarily by a decrease attributable to the geographical distribution of earnings from global operations. Our effective tax rate may fluctuate between quarters as a result of discrete items that may affect a specific quarter.

Net Income. Net income was $80.6 million in the three months ended March 31, 2009, compared to net income of $99.9 million in the three months ended March 31, 2008. The decrease in net income was mainly attributable to the decrease in our operating income and the decrease in interest (expense) income and other, net.

Diluted Earnings Per Share. Diluted earnings per share decreased by $0.07, or 15.2% to $0.39 in the three months ended March 31, 2009, from $0.46 in the three months ended March 31, 2008. The decrease in diluted earnings per share resulted from the decrease in net income, partially offset by the decrease in diluted weighted average numbers of shares outstanding resulting primarily from the repurchase and redemption of our convertible Notes and repurchase of our shares in the three months ended March 31, 2008. Please see Note 9 to our unaudited Consolidated Financial Statements.

Liquidity and Capital Resources

Cash, cash equivalents and short-term interest-bearing investments totaled $1,334.9 million as of March 31, 2009, compared to $1,244.4 million as of September 30, 2008. The increase was mainly attributable to $221.6 million in positive cash flow from operations and our $450 million borrowing under our revolving credit facility, partially offset by $446.8 million used for the redemption and repurchase of our convertible notes, $61.9 in net cash paid for acquisitions, $47.8 million for capital expenditures and $20.0 million used to repurchase our ordinary shares pursuant to our share repurchase program. Net cash provided by operating activities amounted to $221.6 million and $190.4 million for the six months ended March 31, 2009 and 2008, respectively.

Our policy is to retain substantial 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 12 months.

Our short-term interest-bearing investments are classified as available-for-sale securities. Unrealized gains or losses are reported as a separate component of accumulated other comprehensive income, net of tax. Such short-term interest-bearing investments consist primarily of U.S. government treasuries, U.S. agency securities and corporate bonds. We have conservative investment policy guidelines and, consistent with these guidelines, in prior years we also purchased AAA asset-backed obligations and mortgages. Our interest-bearing investments are stated at fair value. Our interest-bearing investments are priced by pricing vendors and are classified as Level 1 or Level 2 investments, as defined by under SFAS No.157, since these vendors either provide a quoted market price in an active market or use observable inputs. See Note 4 to our unaudited Consolidated Financial Statements. We review 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. Based on our considerations of these factors the other-than-temporary impairment on our short term interest-bearing investments was immaterial during the three and six months ended March 31, 2009 and fiscal 2008.

In November 2007, we entered into 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 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 ratings. As of March 31, 2009, we were in compliance with the financial covenants under the revolving credit facility. During the six months ended March 31, 2009, we borrowed $450 million under the facility which accrues interest at rate equal to LIBOR plus 42.5 basis points margin, and used the proceeds to acquire our outstanding notes as described below.

During the first quarter of fiscal 2009, using proceeds from our revolving credit facility, we purchased $100 million aggregate principal amount of our notes at an average price of 98% of the principal amount, excluding accrued interest and transaction fees. During the second quarter of fiscal 2009 we purchased $18.2 million aggregate principal amount of our 0.50% convertible notes at an average price of 99.6% of the principal amount, excluding accrued interest and transaction fees. In March 2009, the holders of the notes had tendered to us for repurchase of $330.8 million principal amount of 0.50% Notes of the $331.8 million then outstanding and we purchased the tendered 0.50% Notes for cash. We funded these purchases using proceeds from our five-year revolving credit facility as described above. As of March 31, 2009, $1.0 million principal amount of the 0.50% Notes remain as our obligations, due 2024, in accordance with their terms.

As of March 31, 2009, we had outstanding letters of credit and bank guarantees from various banks totaling $7.1 million. As of March 31, 2009, we had outstanding short-term loans totaling $2.0 million secured by specified pledges and guaranties, and outstanding obligations of $1.9 million in connection with leasing arrangements.

We have contractual obligations for our convertible notes, financing arrangements, non-cancelable operating leases and purchase obligations summarized in the tabular disclosure of contractual obligations in our Annual Report on Form 20-F for our fiscal year ended September 30, 2008. Other than our purchase in the six months ended March 31, 2009 of $449.0 million aggregate principal amount of our notes using proceeds from our credit facility as described above, since September 30, 2008, there have been no material changes in our contractual obligations other than in the ordinary course of our business.

Our capital expenditures were approximately $47.8 million in the six months ended March 31, 2009. Approximately 80% of these expenditures consisted of purchases of computer equipment, and the remainder to leasehold improvements and furniture and fixtures. The capital expenditures in the six months ended March 31, 2009 were mainly attributable to investments in our operating facilities and our development centers around the world. We fund our capital expenditures principally from operating cash flows. We do not anticipate any changes to this policy in the foreseeable future.

From time to time, we have engaged in share repurchase programs in which we repurchase our shares in the open market or privately negotiated transactions and at times and prices we deem appropriate.

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In August 2007, our board of directors authorized a share repurchase plan allowing the repurchase of up to $400 million of our outstanding ordinary shares. The authorization permits us to purchase our ordinary shares in open market or privately negotiated transactions at times and prices that we consider appropriate. In the first quarter of fiscal 2009, we repurchased approximately 0.5 million ordinary shares at an average price of $26.90 per share (excluding broker and transaction fees). Although we currently do not have any plans to repurchase additional ordinary shares, we had authority, as of March 31, 2009, to repurchase up to $82.7 million of our ordinary shares under this plan.

Currency Fluctuations

We manage our foreign subsidiaries as integral direct components of our operations. The U.S. dollar is our functional currency. According to the salient economic factors indicated in SFAS No.52, Foreign Currency Translation , our cash flow, sale price, sales market, expense, financing and intercompany transactions and arrangement indicators are predominately denominated in the U.S. dollar. The operations of our foreign subsidiaries provide the same type of services with the same type of expenditure throughout the Amdocs group.

During the six months ended March 31, 2009 and 2008, approximately 70% to 80% of our revenue and approximately 50% to 60% of our operating expenses were in U.S. dollars or linked to the U.S. dollar. As our customers may seek contracts that are denominated in currencies other than the U.S. dollar and as our operational activities outside of the United States increase, the percentage of our revenue and operating expenses in U.S. dollar or linked to the U.S. dollar may decrease over time, which may increase our exposure to fluctuations in currency exchange rates. In managing our foreign exchange risk, we enter from time to time into various foreign exchange hedging contracts. We do not hedge all of our exposure in currencies other than the U.S. dollar, but rather our policy is to hedge significant net exposures in the major foreign currencies in which we operate. We periodically assess the applicability of the U.S. dollar as our functional currency by reviewing the salient indicators.

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PART II OTHER INFORMATION

ISSUER PURCHASES OF EQUITY SECURITIES

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

The following table provides information about purchases by us and our affiliated purchasers during the quarter ended March 31, 2009 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act:

Ordinary Shares

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(1)
01/1/09-01/31/09		$		$ 82,723,018
02/1/09-02/28/09				82,723,018
03/1/09-03/31/09				82,723,018
Total		$		$ 82,723,018

(1) In August 2007, our board of directors authorized a share repurchase plan allowing the repurchase of up to $400 million of our outstanding ordinary shares. The authorization permits us to purchase our ordinary shares in open market or privately negotiated transactions at times and prices that we consider appropriate.

Although we currently do not have any plans to repurchase additional ordinary shares, we had authority, as of March 31, 2009, to repurchase up to $82.7 million of our ordinary shares under this plan.

Convertible Notes

Period	(a) Total Principal Amount of Convertible Notes Purchased	(b) Average Price Paid per $1000 Principal Amount of Convertible Notes	(c) Total Number of Principal Amount of Convertible Notes Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Convertible Notes that May Yet Be Purchased Under the Plans or Programs(1)
01/1/09-01/31/09		$		$
02/1/09-02/28/09	18,200,000	996.0	18,200,000	331,800,000
03/1/09-03/31/09	330,780,000	1,000.0	330,780,000	1,020,000
Total	348,980,000	$ 1000.0	348,980,000	$ 1,020,000

(1) During the second quarter of fiscal 2009 we purchased $18.2 million aggregate principal amount of our 0.50% convertible notes at an average price of 99.6% of the principal amount, excluding

accrued interest and transaction fees. In March 2009, the holders of the notes had tendered to us for repurchase of $330.8 million principal amount of 0.50% Notes of the $331.8 million then outstanding and we purchased the tendered 0.50% Notes for cash. We funded these repurchases using proceeds from our five-year revolving credit facility as described above. As of March 31, 2009, $1.0 million principal amount of the 0.50% Notes remain as our obligation, due 2024, in accordance with their terms.

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Item 2. Reports on Form 6-K

(a) Reports on Form 6-K

The Company furnished or filed the following reports on Form 6-K during the three months ended March 31, 2009:

(1) Form 6-K dated January 22, 2009
(2) Form 6-K dated January 27, 2009
(3) Form 6-K dated February 9, 2009
(4) Form 6-K dated April 22, 2009

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMDOCS LIMITED

/s/ Thomas G. O Brien
Thomas G. O Brien
Treasurer and Secretary
Authorized U.S. Representative

Date: May 12, 2009