ACCENTURE LTD
Form S-1/A
May 09, 2002

As filed with the Securities and Exchange Commission on May 9, 2002.

Registration No. 333-84492

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ACCENTURE LTD

(Exact Name of Registrant as Specified in its Charter)

Bermuda	**54161**	**98-0341111**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

Cedar House
41 Cedar Avenue
Hamilton HM12, Bermuda
(441) 296-8262
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Douglas G. Scrivner
Accenture Ltd
1661 Page Mill Road
Palo Alto, CA 94304
(650) 213-2000
(Name and Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434 under the Securities Act, check the following box. ¨

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated May 8, 2002.

98,498,696 Class A Common Shares

Accenture Ltd is offering 62,418,047 of the Class A common shares to be sold in the offering. The selling shareholders identified in this prospectus are offering an additional 36,080,649 Class A common shares.

The Class A common shares are listed on the New York Stock Exchange under the symbol ACN. The last reported sale price of the Class A common shares on May 8, 2002 was $22.22 per share.

See Risk Factors beginning on page 12 to read about factors you should consider before buying the Class A common shares.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial price to public	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Accenture Ltd	$	$
Proceeds, before expenses, to the selling shareholders	$	$

To the extent that the underwriters sell more than 98,498,696 Class A common shares, the underwriters have the option to purchase up to an additional 14,774,804 Class A common shares from Accenture Ltd at the initial price to public less the underwriting discount.

The underwriters expect to deliver the shares in New York, New York on , 2002.

Goldman, Sachs & Co. **Morgan Stanley**

Credit Suisse First Boston

Deutsche Bank Securities
JPMorgan

Salomon Smith Barney

UBS Warburg

Banc of America Securities LLC

Lehman Brothers

ABN AMRO Rothschild LLC

SG Cowen

Wachovia Securities

Prospectus dated , 2002.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer to sell these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

The Bermuda Monetary Authority has classified us as non-resident of Bermuda for exchange control purposes. Accordingly, the Bermuda Monetary Authority does not restrict our ability to convert currency, other than Bermuda dollars, held for our account to any other currency, to transfer funds in and out of Bermuda or to pay dividends to non-Bermuda residents who are shareholders, other than in Bermuda dollars. The permission of the Bermuda Monetary Authority is required for the issue and transfer of our shares under the Exchange Control Act 1972 of Bermuda and regulations under it.

We have obtained the permission of the Bermuda Monetary Authority for the issue of the Accenture Ltd Class A common shares that we may sell and for the transfer of the Accenture Ltd Class A common shares which the selling shareholders may sell in the offering described in this prospectus. In addition, we have obtained the permission of the Bermuda Monetary Authority for the free issue and transferability of Accenture Ltd Class A common shares following the offering. Approvals or permissions received from the Bermuda Monetary Authority do not constitute a guaranty by the Bermuda Monetary Authority as to our performance or our creditworthiness. Accordingly, in giving those approvals or permissions, the Bermuda Monetary Authority will not be liable for our performance or default or for the correctness of any opinions or statements expressed in this document.

We have filed this document as a prospectus with the Registrar of Companies in Bermuda under Part III of the Companies Act 1981 of Bermuda. In accepting this document for filing, the Registrar of Companies accepts no responsibility for the financial soundness of any proposals or for the correctness of any opinions or statements expressed in this document.

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SUMMARY

This summary highlights some of the information contained elsewhere in this prospectus. We urge you to read the entire prospectus carefully, including the Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations sections and our historical financial statements and related notes included elsewhere in this prospectus, before making an investment decision.

Accenture

Accenture is the world s leading management consulting and technology services organization. We have more than 75,000 employees based in over 110 offices in 47 countries delivering to our clients a wide range of consulting, technology and outsourcing services. We operate globally with one common brand and business model. We work with clients of all sizes and have extensive relationships with the world s leading companies and governments. We serve 89 of the *Fortune* Global 100 and more than half of the *Fortune* Global 500. In total, we have served more than 4,000 clients on nearly 18,000 engagements over the past five fiscal years.

Our business consists of using our industry knowledge, our service offering expertise and our insight into and access to existing and emerging technologies to identify new business and technology trends and formulate and implement solutions for clients under demanding time constraints. We help clients around the world identify and enter new markets, increase revenues in existing markets and deliver their products and services more effectively and efficiently. We deliver our services and solutions through the following five operating groups, which together comprise 18 industry groups. Our industry focus enables our professionals to provide business and management consulting, technology and outsourcing services with an understanding of industry evolution, business issues and applicable technologies, and ultimately to deliver solutions tailored to each client s industry.

Communications & High Tech	**Financial Services**	**Products**	**Resources**	**Government**
Communications Electronics & High Tech Media & Entertainment	Banking Health Services Insurance	Automotive Consumer Goods & Services Industrial Equipment Pharmaceuticals & Medical Products Retail Transportation & Travel Services	Chemicals Energy Forest Products Metals & Mining Utilities	Government
Percent of revenues before reimbursements for the 12 months ended February 28, 2002				
26%	24%	21%	18%	11%

We develop and deliver a full spectrum of services and solutions that address business opportunities and challenges common across industries through eight service lines and several of our solution units. Our service lines are responsible for developing our knowledge capital, world-class skills and innovative capabilities for clients across all of the industries we serve. Our solution units develop asset-based scalable solutions that can be offered to multiple clients. We organize our service lines and the solution units that serve multiple industries into two capability groups, based on their applicability: Business Consulting and Technology & Outsourcing.

Business Consulting	Technology & Outsourcing
Strategy & Business Architecture Service Line	Technology Research & Innovation Service Line
Customer Relationship Management Service Line	Solutions Engineering Service Line
Supply Chain Management Service Line	Solutions Operations Service Line
Human Performance Service Line	Avanade Solution Unit
Finance & Performance Management Service Line	
e-peopleserve Solution Unit	
Accenture Learning Solution Unit	

Our affiliates and alliances enhance our management consulting and technology services business. If a capability that we do not already possess is of strategic importance and value to us but is in an area that is best developed in a business model outside our client service business, we may form a new business, sometimes with one or more third parties, to develop that capability. We call these businesses affiliates. In general, we expect the capabilities developed by these new businesses to be used by our own professionals as well as by other companies. We enter into alliances because today s business environment demands more speed, flexibility and resources than typically exist at any single company. We seek to form alliances with leading companies and organizations whose capabilities complement our own, whether by extending or deepening a service offering, delivering a new technology or business process or helping us extend our services to new geographies. Although we have not generated material revenues from our affiliates and alliances, we believe that our network of businesses approach through which we enhance the service offerings of our operating groups and service lines with the insight into and access to emerging business models, solutions and technologies provided by our affiliates and alliances provides us with a fundamental advantage in delivering value to our clients.

Revenues are driven by our partners and senior executives ability to secure contracts for new engagements and to deliver solutions and services that add value to our clients. We derive substantially all of our revenues from contracts for management consulting and technology service offerings and solutions that we develop, implement and manage for our clients. Substantially all of our contracts include time-and-materials or fixed-price terms.

Our leading position in the management consulting and technology services markets results from the fact that we have more consulting professionals than any other consulting firm, with nearly 54,000 professionals working within our operating groups, complemented by nearly 8,000 professionals dedicated full time to our service lines. In addition, we have deep industry knowledge in 18 distinct industry groups and broad service offering expertise through our service lines and solution units. In total, we have more than 75,000 employees, not including those of our affiliates, who provide global scale and reach through over 110 offices in 47 countries. Based on our knowledge of our business and the business of our competitors, we believe that no other consulting firm provides as broad a range of management consulting and technology services and solutions to as many industry groups in as many geographic markets as we do.

Our Corporate Information

Accenture Ltd is organized under the laws of Bermuda. We maintain a registered office in Bermuda at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda. Our telephone number in Bermuda is (441) 296-8262. We also have major offices in the world s leading business centers, including New York, Chicago, Dallas, Los Angeles, San Francisco, London, Frankfurt, Madrid, Milan, Paris, Sydney and Tokyo. In total, we have over 110 offices in 47 countries around the world. Our Internet address is www.accenture.com. Information contained on our Web site is not a part of this prospectus.

We use the term partner in this prospectus to refer to the partners and shareholders of the series of related partnerships and corporations through which we operated our business prior to our transition to a corporate structure in fiscal 2001. These individuals became our executive employees following our transition to a corporate structure but have the partner title. Where the context permits, the term also refers to our employees and others who have been or are in the future named as partners in this executive sense. In using the term partner, we do not mean to imply any intention of the parties to create a separate legal entity. We have more than 2,700 partners.

As a result of a restructuring in 1989, we and our member firms, which are now our subsidiaries, became legally separate and distinct from the Arthur Andersen firms. Thereafter, until August 7, 2000, we had contractual relationships with an administrative entity, Andersen Worldwide, and indirectly with the separate Arthur Andersen firms. Under these contracts, called member firm agreements, we and our member firms, on the one hand, and the Arthur Andersen firms, on the other hand, were two stand-alone business units linked through such agreements to Andersen Worldwide for administrative and other services. In addition, during this period our partners individually were members of the administrative entity, Andersen Worldwide. Following arbitration proceedings between us and Andersen Worldwide and the Arthur Andersen firms that were completed in August 2000, the tribunal terminated our contractual relationships with Andersen Worldwide and all the Arthur Andersen firms. On January 1, 2001, we began to conduct business under the name Accenture. See Certain Relationships and Transactions Relationship with Andersen Worldwide and Arthur Andersen Firms.

Organizational Structure

Accenture Ltd is a Bermuda holding company with no material assets other than an equity interest in our subsidiary, Accenture SCA, a Luxembourg partnership limited by shares. Accenture Ltd s only business is to hold this interest and to act as the sole general partner of Accenture SCA. As the general partner of Accenture SCA and as a result of Accenture Ltd s majority voting interest in Accenture SCA, Accenture Ltd controls Accenture SCA s management and operations and consolidates Accenture SCA s results in its financial statements. We operate our business through subsidiaries of Accenture SCA.

Some of our partners and former partners own shares in Accenture SCA or Accenture Canada Holdings Inc., an indirect subsidiary of Accenture SCA. Subject to contractual transfer restrictions, these partners have the option to redeem or exchange each of these shares for a Class A common share or, at our option, cash generally equal to the market value of a Class A common share. Generally, these partners and former partners also own a corresponding number of Accenture Ltd Class X common shares which entitle their holders to vote at Accenture Ltd shareholder meetings but do not carry any economic rights.

Immediately following the offering and the transactions related to the offering, our partners will own approximately 72% of the equity in our business, or approximately 71% if the underwriters exercise their overallotment options in full, and will own or control shares representing, in the aggregate, approximately 72% of the voting interest in Accenture Ltd or approximately 71% if the underwriters exercise their overallotment options in full. Information in this prospectus reflects our estimate of selling shareholder participation in the offering.

You should read Accenture Organizational Structure, Certain Transactions and Relationships and Description of Share Capital for additional information about our corporate structure.

Share Management Plan

We recognize the need to address three important objectives related to the ownership of our shares: increased public float, broader ownership of the Accenture Ltd Class A common shares and the orderly entry of our shares into the market. We also recognize the needs of our partners to diversify their portfolios and to achieve additional liquidity over time. To balance these objectives, and to effectively incentivize our current and future partners, we are undertaking the offering and the related transactions and expect to implement a number of arrangements which we refer to collectively as our Share Management Plan. These arrangements include:

- our agreement with 2,997 of our partners and former partners holding an aggregate of more than 787,972,151 Accenture Ltd Class A common shares, Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares (or 697,329,125 after the offering and the transactions related to the offering) to further restrict the transfer of their equity interests acquired from Accenture until July 24, 2005, except for transfers in Accenture-approved transactions such as the offering, as described in Certain Transactions and Relationships Share Management Plan Common Agreements ;

- our plan to allow our partners and former partners to transfer their equity interests to their heirs or charitable donees in connection with estate and/or tax planning strategies, provided these transferees agree to be bound by the restrictions on transfer described above;

- our plan to provide our partners and former partners with quarterly opportunities to sell or redeem, in Accenture-approved transactions with us or third parties, at or below market prices, equity interests as to which the transfer restrictions imposed prior to our initial public offering are no longer in effect; and

- our creation of a share employee compensation trust that will acquire Class A common shares to fund equity awards to our future partners to preserve Accenture s partnership culture and sense of stewardship.

In addition, our agreements and arrangements with partners and former partners described above are intended to allow us the flexibility to accommodate changes and additions to the Share Management Plan.

We expect that our partners and former partners will, any time they sell shares in Accenture-approved underwritten public offerings, including this offering, generally pay to us an amount equal to 3% of the gross proceeds from the sale of the shares, less the amount of any underwriting discount. Similarly, our partners and former partners participating in any quarterly share transactions will generally pay to us an amount equal to 3 $^{1}/_{2}$% of the gross proceeds, less any brokerage costs. We will apply these amounts to cover the expenses of these transactions, with the excess being applied to fund the share employee compensation trust.

For more information about our Share Management Plan, please see Certain Transactions and Relationships Share Management Plan.

The Offering

Class A common shares offered by Accenture Ltd(1)	62,418,047 Class A common shares. For local tax reasons in certain jurisdictions, we intend to use proceeds from the offering to acquire or redeem an aggregate of 62,418,047 Class A common shares, Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares from our partners and former partners in these jurisdictions.
Class A common shares offered by the selling shareholders	36,080,649 Class A common shares. To obtain the Accenture Ltd Class A common shares they will sell in the offering, some of the selling shareholders will redeem or exchange an aggregate of 13,589,540 Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares for Accenture Ltd Class A common shares on a one-for-one basis immediately prior to the offering.
Class A common shares outstanding immediately before the offering and transactions related to the offering(2)	406,226,861 Class A common shares (or 1,001,402,161 Class A common shares if all Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares not held by Accenture are redeemed or exchanged for newly issued Class A common shares on a one-for-one basis).
Class A common shares outstanding immediately after the offering and transactions related to the offering(2)	478,190,668 Class A common shares (or 1,001,402,161 Class A common shares if all Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares not held by Accenture are redeemed or exchanged for newly issued Class A common shares on a one-for-one basis).

(1) Unless otherwise indicated, all information in this prospectus is provided assuming no exercise of the underwriters option to purchase up to an aggregate of 14,774,804 additional Class A common shares from Accenture Ltd.

(2) Class A common shares outstanding and other information in this prospectus based thereon do not reflect:

6,300,506 Class A common shares underlying restricted share units that are not fully vested;
and
89,539,518 Class A common shares issuable pursuant to
options.

(footnote continued)

Class A common shares outstanding and other information in this prospectus based thereon reflect Class A common shares underlying fully vested restricted share units and assume the acquisition by Accenture Ltd of an equivalent amount of Accenture SCA common shares in connection with these restricted share units. We intend to accelerate the delivery of 9,889,765 Class A common shares underlying restricted share units to immediately prior to the offering to allow partners holding these restricted share units to participate in the offering as selling shareholders; 5,823,626 of these Class A common shares will be sold in the offering. Immediately before the offering and the transactions related to the offering, there are 67,554,897 Class A common shares underlying fully vested restricted share units, and immediately after the offering and the transactions related to the offering there will be 57,665,132 Class A common shares underlying fully vested restricted share units.

Use of proceeds	For local tax reasons in certain jurisdictions, we intend to use the net proceeds from Accenture Ltd s sale of 62,418,047 Class A common shares in the offering to acquire or redeem an aggregate of 62,418,047 Class A common shares, Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares from some of our partners and former partners in these jurisdictions at a price equal to the initial price to public less the underwriting discount. We intend to use any proceeds from an exercise of the underwriters overallotment option to fund the share employee compensation trust. The partners and certain former partners who are selling shareholders in the offering or from whom we intend to acquire or redeem shares as described above have each agreed to pay to us an amount equal to 3% of the gross proceeds from the disposition of their shares, less the amount of any underwriting discount. We will apply these amounts to cover all of the expenses of the offering, with the excess being applied to fund the share employee compensation trust.
Voting rights	Each Class A common share and each Class X common share entitles its holder to one vote per share on all matters submitted to a vote of shareholders of Accenture Ltd. Immediately following the offering and the transactions related to the offering, our partners will own or control Class A common shares and Class X common shares representing, in the aggregate, approximately 72% of the voting interest in Accenture Ltd, or approximately 71% if the underwriters exercise their overallotment option in full. All of our partners who hold Class A or Class X common shares have entered into a voting agreement that requires them to vote as a group with respect to all matters voted upon by shareholders of Accenture Ltd. For a discussion of the voting agreement, see Certain

	Transactions and Relationships Voting Agreement. Our partners will effectively control us for as long as they continue to hold a significant block of voting rights. Upon redemption or exchange of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares, Accenture Ltd will redeem a corresponding number of Accenture Ltd Class X common shares so that the aggregate number of Class X common shares outstanding at any time does not exceed the aggregate number of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares outstanding.
Dividend policy	We currently do not anticipate that Accenture Ltd or Accenture SCA will pay dividends.
Transfer restrictions	2,997 of our current and former partners, including all of our partners who will be participating in the offering and the transactions related to the offering, holding an aggregate of more than 787,972,151 Accenture Ltd Class A common shares, Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares (or 697,329,125 after the offering and the transactions related to the offering), have agreed not to transfer their equity interests acquired from Accenture until July 24, 2005, except for sales in underwritten public offerings, share repurchases, sales or redemptions or other transactions, in each case as approved by Accenture, or to estate and/or tax planning vehicles approved by Accenture. See Certain Transactions and Relationships Share Management Plan. The existing transfer restrictions in the voting agreement and the transfer rights agreement, which generally restrict sales until July 24, 2002 and then permit sales in increasing amounts over the subsequent seven years, will continue to apply. These transfer restrictions will be waived, however, to permit the Accenture-approved transactions described above, including the offering and the transactions related to the offering. See Certain Transactions and Relationships Voting Agreement and Accenture SCA Transfer Rights Agreement. See also Risk Factors Risks That Relate to Your Ownership of Our Class A Common Shares Our share price may decline due to the large number of Class A common shares eligible for future sale.
New York Stock Exchange symbol	ACN
Risk factors	For a discussion of some of the factors you should consider before buying our Class A common shares, see Risk Factors.

Summary Financial Data

The following unaudited summary historical and pro forma as adjusted financial information should be read in conjunction with Selected Financial Data, our historical financial statements and related notes included elsewhere in this prospectus and Management s Discussion and Analysis of Financial Condition and Results of Operations.

	Historical					Pro forma asadjusted	Historical	Pro forma as adjusted	Historical
	Year ended August 31,					Year ended August 31, 2001	Six months ended February 28, 2001	Six months ended February 28, 2001	Six months ended February 28, 2002
	1997	1998	1999	2000	2001				
	(in millions, except share and per share data)								
Income Statement Data:									
Revenues:									
Revenues before reimbursements	$ 6,275	$ 8,215	$ 9,550	$ 9,752	$ 11,444	$ 11,444	$ 5,713	$ 5,713	$ 5,902
Reimbursements	1,172	1,425	1,529	1,788	1,904	1,904	909	909	917
Revenues	7,447	9,640	11,079	11,540	13,348	13,348	6,622	6,622	6,819
Operating expenses:									
Cost of services:*									
Cost of services before reimbursable expenses*	3,470	4,700	5,457	5,486	6,200	6,925	2,943	3,502	3,514
Reimbursable expenses	1,172	1,425	1,529	1,788	1,904	1,904	909	909	917
Cost of services*	4,642	6,125	6,986	7,274	8,104	8,829	3,852	4,411	4,431
Sales and marketing*	611	696	790	883	1,217	1,507	453	672	759
General and administrative costs*	819	1,036	1,271	1,297	1,516	1,560	765	797	826
Reorganization and rebranding costs					848		189		
Restricted share unit-based compensation					967				
Total operating expenses*	6,072	7,857	9,047	9,454	12,652	11,896	5,259	5,880	6,016
Operating income*	1,375	1,783	2,032	2,086	696	1,452	1,363	742	803
Gain (loss) on investments, net			92	573	107	107	189	189	(306)
Interest income			60	67	80	80	42	42	24
Interest expense	(19)	(17)	(27)	(24)	(44)	(59)	(11)	(21)	(24)
Other income (expense)	4	(6)	(5)	51	17	17	24	24	2
Equity in losses of affiliates		(1)	(6)	(46)	(61)	(61)	(41)	(41)	(6)
Income before taxes*	1,360	1,759	2,146	2,707	795	1,536	1,566	935	493
Provision for taxes (1)	118	74	123	243	503	614	136	374	268
Income before minority interest and accounting change*	1,242	1,685	2,023	2,464	292	922	1,430	561	225
Minority interest					577	(545)		(332)	(133)
Income before accounting change*	1,242	1,685	2,023	2,464	869	377	1,430	229	92
Cumulative effect of accounting change					188		188		

Partnership income before partner distributions* (2)	$ 1,242	$ 1,685	$ 2,023	$ 2,464			$ 1,618		
Net income*					$ 1,057	$ 377		$ 229	$ 92

* Historical information excludes payments for partner distributions in respect of periods ended on or prior to May 31, 2001.

(1) For periods ended on or prior to May 31, 2001, we operated through partnerships in many countries. Therefore, we generally were not subject to income taxes in those countries. Taxes related to income earned by our partnerships were the responsibility of the individual partners. In other countries, we operated through corporations, and in these circumstances we were subject to income taxes.

(2) Partnership income before partner distributions is not comparable to net income of a corporation similarly determined. Partnership income in respect of periods ended on or prior to May 31, 2001 is not executive compensation in the customary sense because partnership income is comprised of distributions of current earnings. Accordingly, compensation and benefits for services rendered by partners have not been reflected as an expense in our historical financial statements.

	Historical					Pro forma as adjusted	Historical	Pro forma as adjusted	Historical
	Year ended August 31,					Year ended August 31, 2001	Six months ended February 28, 2001	Six months ended February 28, 2001	Six months ended February 28, 2002
	1997	1998	1999	2000	2001				
Earnings Per Share Data:									
Earnings per share:									
basic						$ 0.91		$ 0.56	$ 0.23
diluted						$ 0.91		$ 0.56	$ 0.22
Weighted average shares:									
basic						412,705,954		412,705,954	410,027,002
diluted						1,008,163,290		1,008,163,290	1,027,557,818

	As of August 31,					As of February 28, 2002
	1997	1998	1999	2000	2001	
	(in millions)					
Balance Sheet Data:						
Cash and cash equivalents	$ 325	$ 736	$ 1,111	$ 1,271	$ 1,880	$ 1,131
Working capital	175	531	913	1,015	401	852
Total assets	2,550	3,704	4,615	5,451	6,061	5,199
Long-term debt	192	157	127	99	1	4
Total partners capital	761	1,507	2,208	2,368		
Shareholders equity					282	262

Recent Developments

As a result of the difficult economic environment, some clients have reduced or deferred expenditures for consulting services and we have also experienced pricing pressure over the last year which has eroded our revenues somewhat. However, we have implemented cost-management programs such that operating margins have been maintained or improved over this period. Current and future cost-management initiatives may not be sufficient to maintain our margins if the current challenging economic environment continues for several quarters. We expect revenues before reimbursements for the third quarter ending May 31, 2002 to be at or about the level of revenues before reimbursements for the third quarter of fiscal 2001, which were $2,953 million. We expect diluted earnings per share for the third quarter to be approximately $0.26-$0.27 per share.

RISK FACTORS

You should carefully consider each of the risks described below and all of the other information in this prospectus before deciding to invest in our Class A common shares.

Risks That Relate to Our Business

A significant or prolonged economic downturn could have a material adverse effect on our results of operations.

Our results of operations are affected by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets that they serve. In addition, our business tends to lag behind economic cycles in an industry. A decline in the level of business activity of our clients could have a material adverse effect on our revenues and profit margin. Current economic conditions have caused some clients to reduce or defer their expenditures for consulting services. This has caused a reduction in our growth rate, particularly in the Americas and in our Communications & High Tech and Financial Services operating groups, in the first half of this fiscal year as compared with the first half of fiscal 2001. While total revenues before reimbursements for the first half of fiscal 2002 increased by 3% over the first half of fiscal 2001, revenues before reimbursements for the first half of fiscal 2002 for our Communications & High Tech and Financial Services operating groups declined by 11% and 6%, respectively, over the first half of fiscal 2001. Revenues before reimbursements for the first half of fiscal 2002 for our Americas geographic area decreased by 7% over the first half of fiscal 2001. We have implemented and will continue to implement cost-savings initiatives to manage our expenses as a percentage of revenues. However, current and future cost-management initiatives may not be sufficient to maintain our margins if the current challenging economic environment continues for several quarters.

Our business will be negatively affected if we are not able to anticipate and keep pace with rapid changes in technology or if growth in the use of technology in business is not as rapid as in the past.

Our success will depend, in part, on our ability to develop and implement management and technology services and solutions that anticipate and keep pace with rapid and continuing changes in technology, industry standards and client preferences. We may not be successful in anticipating or responding to these developments on a timely basis, and our offerings may not be successful in the marketplace. Also, services, solutions and technologies developed by our competitors may make our service or solution offerings uncompetitive or obsolete. Any one of these circumstances could have a material adverse effect on our ability to obtain and successfully complete client engagements.

Our business is also dependent, in part, upon continued growth in the use of technology in business by our clients and prospective clients and their customers and suppliers. The growth in the use of technology slows down in a challenging economic environment, such as the one we are experiencing now. Use of new technology for commerce generally requires the understanding and acceptance of a new way of conducting business and exchanging information. Companies that have already invested substantial resources in traditional means of conducting commerce and exchanging information may be particularly reluctant or slow to adopt a new approach that may make some of their existing personnel and infrastructure obsolete.

We may face damage to our professional reputation or legal liability if our clients are not satisfied with our services.

As a professional services firm, we depend to a large extent on our relationships with our clients and our reputation for high-caliber professional services and integrity to attract and retain clients. As a result, if a client is not satisfied with our services or solutions, including those of subcontractors we employ, it may be more damaging in our business than in other businesses. Moreover, if we fail to meet our contractual obligations or fail to disclose our financial or other arrangements with our alliance partners, we could be subject to legal liability or loss of client relationships. Our exposure to legal liability may be increased in the case of business transformation outsourcing contracts in which we become more involved in our clients operations. Our contracts typically include provisions to limit our exposure to legal claims relating to our services and the solutions we develop, but these provisions may not protect us or may not be enforceable in all cases.

Our services or solutions may infringe upon the intellectual property rights of others.

We cannot be sure that our services and solutions, or the solutions of others that we offer to our clients, do not infringe on the intellectual property rights of third parties, and we may have infringement claims asserted against us or against our clients. These claims may harm our reputation, cost us money and prevent us from offering some services or solutions. Historically in our contracts, we have generally agreed to indemnify our clients for any expenses or liabilities resulting from claimed infringements of the intellectual property rights of third parties. In some instances, the amount of these indemnities may be greater than the revenues we receive from the client. Any claims or litigation in this area, whether we ultimately win or lose, could be time-consuming and costly, injure our reputation or require us to enter into royalty or licensing arrangements. We may not be able to enter into these royalty or licensing arrangements on acceptable terms. Depending on the circumstances, we may be required to grant a specific client greater rights in intellectual property developed in connection with an engagement than we otherwise do, in which case we seek to cross license the use of the intellectual property. However, in very limited situations, we forego rights to the use of intellectual property we help create and in these cases, this limits our ability to reuse that intellectual property for other clients. Any limitation on our ability to provide a service or solution could cause us to lose revenue-generating opportunities and require us to incur additional expenses to develop new or modified solutions for future projects.

Our engagements with clients may not be profitable.

Unexpected costs or delays could make our contracts unprofitable. While we have many types of contracts, including time-and-materials contracts, fixed-price contracts and contracts with features of both of these contract types, the risks associated with all of these types of contracts are often similar. When making proposals for engagements, we estimate the costs and timing for completing the projects. These estimates reflect our best judgment regarding the efficiencies of our methodologies and professionals as we plan to deploy them on projects. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside our control, could make these contracts less profitable or unprofitable, which would have an adverse effect on our profit margin.

Under many of our contracts the payment of some or all of our fees is conditioned upon our performance. We have been moving away from contracts that are priced solely on a time-and-materials basis toward contracts that also include incentives related to costs incurred, benefits produced, goals attained and our adherence to schedule. For example, we are entering into an increasing number of business transformation outsourcing contracts under which payment of all or a portion of our fees is contingent upon our clients meeting cost-saving or other contractually-defined goals. We estimate that a majority of our contracts have some fixed-price, incentive-based or other pricing terms that condition some or all of our fees on our ability to deliver defined goals. Our failure to meet contractually-defined goals or a client s expectations in any type of contract may result in an unprofitable engagement.

Our contracts can be terminated by our clients with short notice. Our clients typically retain us on a non-exclusive, engagement-by-engagement basis, rather than under exclusive long-term contracts. Approximately 75% of our consulting engagements are less than twelve months in duration. While our accounting systems identify the duration of our engagements, these systems do not track whether contracts can be terminated upon short notice and without penalty. However, we estimate that the majority of our contracts can be terminated by our clients with short notice and without significant penalty. The advance notice of termination required for contracts of shorter duration and lower revenue is typically 30 days. Longer-term, larger and more complex contracts generally require a longer notice period for termination and may include an early termination charge to be paid to us. Additionally, large client projects involve multiple engagements or stages, and there is a risk that a client may choose not to retain us for additional stages of a project or that a client will cancel or delay additional planned engagements. These terminations, cancellations or delays could result from factors unrelated to our work product or the progress of the project, but could be related to business or financial conditions of the client or the economy generally. When contracts are terminated, we lose the associated revenues and we may not be able to eliminate associated costs in a timely manner.

We may fail to collect amounts extended to clients. In limited circumstances we extend financing to our clients, which we may fail to collect. A client must meet established criteria to receive financing, and any significant extension of credit requires approval by senior levels of our management. We have extended $177 million of financing as of February 28, 2002, which is in line with historical levels.

If our affiliates or alliances do not succeed, we may not be successful in implementing our growth strategy.

We have committed a substantial amount of time and financial resources to our affiliates and in our relationships with our alliance partners and we plan to commit substantial additional financial resources in the future. The benefits we anticipate from these relationships are an important component of our growth strategy. If these relationships do not succeed, we may fail to obtain the benefits we hope to derive or lose the financial resources we have committed. Similarly, we may be adversely affected by the failure of one or more of our affiliates or alliances, which could lead to reduced marketing exposure, diminished sales and a decreased ability to develop and gain access to solutions. Moreover, because most of our alliance relationships are nonexclusive, our alliance partners are able to form closer or preferred arrangements with our competitors. Poor performance or failures of our affiliates or alliances could have a material and adverse impact on our growth strategy, which, in turn, could adversely affect our financial condition and results of operations.

Our global operations pose complex management, foreign currency, legal, tax and economic risks, which we may not adequately address.

We have offices in 47 countries around the world. In fiscal 2001, approximately 54% of our revenues were attributable to activities in the Americas, 39% of our revenues were attributable to our activities in Europe, the Middle East and Africa, and 7% of our revenues were attributable to our activities in the Asia/Pacific region. As a result, we are subject to a number of risks, including:

- the absence in some jurisdictions of effective laws to protect our intellectual property rights;
- multiple and possibly overlapping and conflicting tax laws;
- restrictions on the movement of cash;
- the burdens of complying with a wide variety of national and local laws;
- political instability;
- currency fluctuations;

- longer payment cycles;
- restrictions on the import and export of certain technologies;
- price controls or restrictions on exchange of foreign currencies; and
- trade barriers.

The consulting, technology and outsourcing markets are highly competitive, and we may not be able to compete effectively.

The consulting, technology and outsourcing markets in which we operate include a large number of participants and are highly competitive. Our primary competitors include:

- large accounting, consulting and other professional service firms;
- information technology service providers;
- application service providers;
- service groups of packaged software vendors and resellers; and
- service groups of computer equipment companies.

In addition, a client may choose to use its own resources, rather than engage an outside firm for the types of services we provide.

Our marketplace is experiencing rapid changes in its competitive landscape. Some of our competitors have sought access to public and private capital and others have merged or consolidated with better-capitalized partners. These changes may create more or larger and better-capitalized competitors with enhanced abilities to compete for market share generally and our clients specifically, in some cases, through significant economic incentives to clients to secure contracts. These competitors may also be better able to compete for skilled professionals by offering them large compensation incentives. In addition, one or more of our competitors may develop and implement methodologies which result in superior productivity and price reductions without adversely affecting the competitors profit margins. Many of our competitors are taking greater advantage of the lower labor costs in certain countries to allow them to reduce prices. Any of these circumstances may impose additional pricing pressure on us, which would have an adverse effect on our revenues and profit margin.

If we are unable to attract and retain employees in appropriate numbers, we will not be able to compete effectively and will not be able to grow our business.

Our success and ability to grow are dependent, in part, on our ability to hire and retain large numbers of talented people. We hired approximately 17,000 new employees in fiscal year 2000 and more than 20,000 new employees in fiscal year 2001. The cumulative rate of turnover among our employees was approximately 22% for fiscal year 2000, 12% for fiscal year 2001 and 8% on an annualized basis for the six months ended February 28, 2002, excluding involuntary terminations. The inability to attract qualified employees in sufficient numbers to meet demand or the loss of a significant number of our employees could have a serious negative effect on us, including our ability to obtain and successfully complete important client engagements and thus maintain or increase our revenues.

We regularly benchmark our employee compensation to the marketplace in all countries in which we operate. We make annual adjustments to remain competitive based on the individual markets and the demand for top talent. We also adjust compensation levels within some of our larger countries, such as the United States and the United Kingdom, to reflect different labor pools. In some cases these increases are greater than the general rate of inflation due to other market forces, including the demand for technical talent. To attract and retain the number of employees we need to grow our business, we may have to increase our compensation levels in the future. This would adversely affect our operating margins.

Our transition to a corporate structure may adversely affect our ability to recruit, retain and motivate our partners and other key employees, which in turn could adversely affect our ability to compete effectively and to grow our business.

We face additional retention risk because of our transition to a corporate structure in fiscal 2001. Our partners received our equity in lieu of the interests in the partnerships and corporations that they previously held. Our partners, on average, received approximately 329,000 Accenture Ltd Class A common shares, Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares (with a value of approximately $7,310,380, based on the last reported sale price of the Class A common shares on the New York Stock Exchange on May 8, 2002 of $22.22 per share), and the median number of Accenture Ltd Class A common shares, Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares received by our partners was approximately 355,000 (with a value of approximately $7,888,100, based on the last reported sale price of the Class A common shares on the New York Stock Exchange on May 8, 2002 of $22.22 per share). Their ownership of this equity is not dependent upon their continued employment. In addition, in connection with our transition to a corporate structure, our partners accepted significant reductions in their cash compensation. The substitution of equity, equity-based incentives and other employee benefits in lieu of higher cash compensation may not be sufficient to retain and motivate these individuals in the near or long term. There is no guarantee that the non-competition agreements we have entered into with our partners are sufficiently broad to prevent them from leaving us for our competitors or other opportunities or that these agreements will be enforceable in all cases.

In connection with our initial public offering and our transition to a corporate structure in fiscal 2001, our non-partner employees also received equity-based incentives. These incentives to attract, retain and motivate employees may not be as effective as the opportunity, which existed prior to our transition to a corporate structure, to hold a partnership interest in Accenture. If these incentives and others adopted from time to time are not effective, our ability to hire, retain and motivate skilled professionals will suffer.

We have only a limited ability to protect our intellectual property rights, which are important to our success.

Our success depends, in part, upon our ability to protect our proprietary methodologies and other intellectual property. Existing laws of some countries in which we provide services or solutions may offer only limited protection of our intellectual property rights. We rely upon a combination of trade secrets, confidentiality policies, nondisclosure and other contractual arrangements, and patent, copyright and trademark laws to protect our intellectual property rights. The steps we take in this regard may not be adequate to prevent or deter infringement or other misappropriation of our intellectual property, and we may not be able to detect unauthorized use or take appropriate and timely steps to enforce our intellectual property rights.

Our profitability will suffer if we are not able to maintain our pricing and utilization rates and control our costs.

Our profit margin, and therefore our profitability, is largely a function of the rates we are able to recover for our services and the utilization rate, or chargeability, of our professionals. Accordingly, if we are not able to maintain the pricing for our services or an appropriate utilization rate for our professionals without corresponding cost reductions, we will not be able to sustain our profit margin and our profitability will suffer. For example, we are currently experiencing pressure on the pricing for our systems integration services. The rates we are able to recover for our services are affected by a number of factors, including:

- our clients perception of our ability to add value through our services;

- competition;
- introduction of new services or products by us or our competitors;
- pricing policies of our competitors; and
- general economic conditions.

Our utilization rates are also affected by a number of factors, including:

- seasonal trends, primarily as a result of our hiring cycle and holiday and summer vacations;
- our ability to transition employees from completed projects to new engagements;
- our ability to forecast demand for our services and thereby maintain an appropriate headcount in the appropriate areas of our workforce; and
- our ability to manage attrition.

Our profitability is also a function of our ability to control our costs and improve our efficiency. Current and future cost reduction initiatives may not be sufficient to maintain our margins if the current challenging economic environment continues for several quarters. Further, as we increase the number of our professionals and execute our strategy for growth, we may not be able to manage a significantly larger and more diverse workforce, control our costs or improve our efficiency.

Our quarterly revenues, operating results and profitability will vary from quarter to quarter, which may result in increased volatility of our share price.

Our quarterly revenues, operating results and profitability have varied in the past and are likely to vary significantly from quarter to quarter, making them difficult to predict. This may lead to volatility in our share price. The factors that are likely to cause these variations are:

- seasonality;
- the business decisions of our clients regarding the use of our services;
- the timing of projects and their termination;
- the timing and extent of gains and losses on our portfolio of investments;
- the timing of revenue or income or loss from affiliates;
- our ability to transition employees quickly from completed projects to new engagements;
- the introduction of new products or services by us or our competitors;
- changes in our pricing policies or those of our competitors;
- our ability to manage costs, including personnel costs and support services costs;

- costs related to possible acquisitions of other businesses; and
- global economic and political conditions and related risks, including acts of terrorism.

We may be named in lawsuits as a result of Arthur Andersen s current legal and financial situation based on misconceptions about the nature of our past relationship with Arthur Andersen firms.

We may be named as a defendant in lawsuits arising from audits or other services provided by Arthur Andersen firms for Enron Corporation or other companies as a result of concerns of the plaintiffs as to the current legal and financial situation of Arthur Andersen firms. Such actions would be based on misconceptions about the nature of our past relationship with Arthur Andersen LLP and the other Arthur Andersen firms. We may be more likely to be named in these lawsuits if Arthur Andersen firms are, or are perceived to be, unable to satisfy judgments against them for any reason. If commenced, litigation of this nature, particularly given the public and media attention focused on the Enron situation, could divert management time and attention, and we could incur defense costs that we might not be able to recover. See Business Legal Matters and Insurance and Certain Transactions and Relationships Relationship with Andersen Worldwide and Arthur Andersen Firms.

Negative publicity about Bermuda companies may lead to new tax legislation that could increase our tax burden and may affect our relationships with our clients.

Several members of the United States Congress have introduced legislation relating to the tax treatment of U.S. companies that have undertaken certain types of expatriation transactions. The application of this legislation to us, if enacted, is unclear at this time. It is possible that legislation enacted in this area could reduce the tax benefits of our structure and materially increase our future tax burden, or otherwise adversely affect our business. In addition, there have recently been negative comments regarding Bermuda companies in the media. This negative publicity could harm our reputation and impair our ability to generate new business if companies or government agencies decline to do business with us as a result of the negative public image of Bermuda companies or the possibility of our clients receiving negative media attention from doing business with a Bermuda company.

Risks That Relate to Your Ownership of Our Class A Common Shares

We will continue to be controlled by our partners, whose interests may differ from those of our other shareholders.

Upon completion of the offering and the transactions related to the offering, our partners will own or control shares representing, in the aggregate, a 72% voting interest in Accenture Ltd, or 71% if the underwriters exercise their overallotment option in full. These shares are subject to a voting agreement, which requires our partners to vote as a group with respect to all matters submitted to shareholders. Our partners voting interest in Accenture Ltd may increase to the extent additional employees we name as partners are required to become parties to the voting agreement. See Certain Transactions and Relationships Voting Agreement for a discussion of these voting arrangements.

As long as our partners continue to own or control a significant block of voting rights, they will control us. This enables them, without the consent of the public shareholders, to:

- elect the board of directors and remove directors;

- control our management and policies;

- determine the outcome of most corporate transactions or other matters submitted to the shareholders for approval, including mergers, amalgamations and the sale of all or substantially all of our assets; and

- act in their own interest as partners, which may conflict with or not be the same as the interests of shareholders who are not partners.

Furthermore, as a result of a partner matters agreement, our partners will continue to have influence with respect to a variety of matters over which neither shareholders nor employees of a public company typically have input. The partner matters agreement provides mechanisms for our partners to:

- select, for three to five years after our initial public offering, five partner nominees for election to membership on the board of directors of Accenture Ltd;

make a non-binding recommendation to the board of directors of Accenture Ltd through a committee of partners regarding the selection of a chief executive officer of Accenture Ltd in the event a new chief executive officer is appointed within the first four years after our initial public offering;

vote on new partner admissions;

approve the partners income plan as described below; and

hold a non-binding vote with respect to any decision to eliminate or materially change the current practice of allocating partner compensation on a relative, or unit, basis.

Under the terms of the partner matters agreement, a partners income committee, consisting of the chief executive officer and partners he or she appoints, reviews evaluations and recommendations concerning the performance of partners and determines relative levels of income participation, or unit allocation. Based on its review, the committee prepares a partners income plan, which then must be submitted to the partners in a partner matters vote. If the plan is approved by a 66 $^{2}/3$% partner matters vote, it is (1) binding with respect to the income participation or unit allocation of all partners other than the principal executive officers of Accenture Ltd (including the chief executive officer), subject to the impact on overall unit allocation of determinations by the board of directors or the compensation committee of the board of directors of the unit allocation for the executive officers, unless otherwise determined by the board of directors and (2) submitted to the compensation committee of the board of directors as a recommendation with respect to the income participation or unit allocation of the chief executive officer and the other principal executive officers of Accenture Ltd. See Certain Transactions and Relationships Partner Matters Agreement.

In addition, immediately after the offering and the transactions related to the offering, Accenture Ltd will own shares representing a 64% voting interest in Accenture SCA and certain of our partners and former partners will own shares representing a 36% voting interest in Accenture SCA. Accenture SCA is organized under Luxembourg law, and a 66 $^{2}/3$% shareholder vote is required to amend the articles of association of Accenture SCA, liquidate Accenture SCA, sell all or substantially all of the assets of Accenture SCA and to authorize the general partner to increase the issued share capital of Accenture SCA. Luxembourg law requires a unanimous shareholder vote for a migration of Accenture SCA to a different jurisdiction and for the levying of an assessment on the Accenture SCA shares. Accordingly, there is the possibility that our partners holding an equity interest in Accenture SCA could block Accenture Ltd from causing Accenture SCA to take any of these actions. See Accenture Organizational Structure for a discussion of our organizational structure.

Our share price may decline due to the large number of Class A common shares eligible for future sale.

Sales of substantial amounts of Accenture Ltd Class A common shares, or the perception of these sales, may adversely affect the price of the Class A common shares and impede our ability to raise capital through the issuance of equity securities in the future. A substantial number of Class A common shares are eligible for future sale as described below:

802,598,610 Class A common shares (or 711,955,584 after the offering and the transactions related to the offering) held by our partners and former partners or issuable upon redemption or exchange of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares held by our partners and former partners are subject to contractual transfer restrictions. 2,997 of our current and former partners, including all of the partners who will be participating in the offering and the transactions related to the offering, holding an aggregate of more than 787,972,151 Accenture Ltd Class A common shares, Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares (or 697,329,125 after the offering and the transactions related to the offering), have agreed not to transfer their equity interests acquired from Accenture until July 24, 2005, except for sales in underwritten public offerings, share repurchases, sales or redemptions or other transactions, in each case as approved by Accenture, or to estate and/or tax planning vehicles approved by Accenture. See Certain Transactions and Relationships Share Management Plan Common Agreements. The existing transfer restrictions in the voting agreement and the transfer rights agreement, which generally restrict sales until July 24, 2002 and then permit sales in increasing amounts over the subsequent seven years, will continue to apply. These transfer restrictions will be waived, however, to permit the Accenture-approved transactions described above. These contractual restrictions on transfer may not be enforceable in all cases. See Certain Transactions and Relationships Voting Agreement and Accenture SCA Transfer Rights Agreement. Accenture will approve the transfer by its partners and former partners of Class A common shares in connection with the offering and expects to approve additional transfers from time to time prior to 2005. All of these Class A common shares will also be subject to the underwriters lock-up described under Underwriting.

In addition, 68,847,156 Class A common shares underlying restricted share units granted in connection with our initial public offering generally are scheduled to be delivered as follows:

Number of Shares	Scheduled Delivery Date
10,028,372	July 19, 2002
17,311,162	January 19, 2003
8,186,143	July 19, 2003
19,368,821	July 19, 2004
2,236,788	July 19, 2005
2,219,986	July 19, 2006
2,108,616	July 19, 2007
2,002,219	July 19, 2008
4,768,940	July 19, 2009
616,109	After July 19, 2009

Of the 10,028,372 Class A common shares scheduled to be delivered on July 19, 2002, we intend to accelerate the delivery of 9,889,765 of these Class A common shares to immediately prior to the offering to allow partners and former partners holding these restricted share units to participate in the offering as selling shareholders; 5,823,626 of these Class A common shares will be sold in the offering.

In addition, 4,988,897 Class A common shares underlying restricted share units granted since our initial public offering generally are scheduled to be delivered over a period of eight years, beginning on July 19, 2002 and 19,350 Class A common shares underlying restricted share units granted to certain directors generally are scheduled to be delivered 12 months after the grant date.

24,306,656 of all of these Class A common shares underlie restricted share units granted to current partners, and we expect that, when delivered, these Class A common shares will be subject to contractual restrictions on transfer. See Certain Transactions and Relationships Share Management Plan. Class A common shares held by our non-partner employees are not subject to contractual restrictions on transfer.

In addition, 87,995,157 Class A common shares are issuable pursuant to options granted in connection with our initial public offering, of which:

options to purchase an aggregate of 14,205,000 Class A common shares generally will become exercisable in five equal annual installments beginning on July 19, 2002, options to purchase an aggregate of 73,490,157 Class A common shares generally will become exercisable in four equal annual installments beginning on July 19, 2002 and

options to purchase an aggregate of 300,000 Class A common shares generally will become exercisable on January 19, 2004.

In addition, 1,175,000 Class A common shares are issuable pursuant to options granted since our initial public offering. These options generally will become exercisable in five equal annual installments beginning on the first anniversary of their grant dates.

15,555,000 of all of these Class A common shares are issuable pursuant to options which have been granted to current partners, and we expect that, when purchased, these Class A common shares will be subject to contractual restrictions on transfer. See Certain Transactions and Relationships Share Management Plan. Class A common shares held by our non-partner employees are not subject to contractual restrictions on transfer.

See Shares Eligible for Future Sale for a discussion of the Class A common shares that may be sold in the public market in the future.

We may need additional capital in the future, which may not be available to us. The raising of additional capital may dilute your ownership in us.

We may need to raise additional funds through public or private debt or equity financings in order to:

take advantage of opportunities, including more rapid expansion;

acquire complementary businesses or technologies;

develop new services and solutions; or

respond to competitive pressures.

Any additional capital raised through the sale of equity may dilute your ownership percentage in us. Furthermore, any additional financing we may need may not be available on terms favorable to us, or at all. Also, in connection with the offering, we have agreed, among other things, not to offer or sell Class A common shares in a firm commitment underwritten public offering for one year from the date of this prospectus without the prior consent of Goldman Sachs & Co. and Morgan Stanley & Co. Incorporated.

We are registered in Bermuda, and a significant portion of our assets are located outside the United States. As a result, it may not be possible for shareholders to enforce civil liability provisions of the federal or state securities laws of the United States.

We are organized under the laws of Bermuda, and a significant portion of our assets are located outside the United States. It may not be possible to enforce court judgments obtained in the United States against us in Bermuda or in countries, other than the United States, where we have assets based on the civil liability provisions of the federal or state securities laws of the United States. In addition, there is some doubt as to whether the courts of Bermuda and other countries would recognize or enforce judgments of United States courts obtained against us or our directors or officers based on the civil liabilities provisions of the federal or state securities laws of the United States or would hear actions against us or those persons based on those laws. We have been advised by our legal advisors in Bermuda that the United States and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not based solely on United States federal or state securities laws, would not automatically be enforceable in Bermuda. Similarly, those judgments may not be enforceable in countries, other than the United States, where we have assets.

Bermuda law differs from the laws in effect in the United States and may afford less protection to shareholders.

Our shareholders may have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction of the United States. As a Bermuda company, we are governed by the Companies Act 1981 of Bermuda. The Companies Act differs in some material respects from laws generally applicable to United States corporations and shareholders, including the provisions relating to interested directors, mergers and acquisitions, takeovers, shareholder lawsuits and indemnification of directors. See Description of Share Capital.

Under Bermuda law, the duties of directors and officers of a company are generally owed to the company only. Shareholders of Bermuda companies do not generally have rights to take action against directors or officers of the company, and may only do so in limited circumstances. Officers of a Bermuda company must, in exercising their powers and performing their duties, act honestly and in good faith with a view to the best interests of the company and must exercise the care and skill that a reasonably prudent person would exercise in comparable circumstances. Directors have a duty not to put themselves in a position in which their duties to the company and their personal interests may conflict and also are under a duty to disclose any personal interest in any contract or arrangement with the company or any of its subsidiaries. If a director or officer of a Bermuda company is found to have breached his duties to that company, he may be held personally liable to the company in respect of that breach of duty. A director may be liable jointly and severally with other directors if it is shown that the director knowingly engaged in fraud or dishonesty. In cases not involving fraud or dishonesty, the liability of the director will be determined by the Bermuda courts on the basis of their estimation of the percentage of responsibility of the director for the matter in question, in light of the nature of the conduct of the director and the extent of the causal relationship between his conduct and the loss suffered.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act relating to our operations that are based on our current expectations, estimates and projections. Words such as expects, intends, plans, projects, believes, estimates and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements. The reasons for this include changes in general economic and political conditions, including fluctuations in exchange rates, and the factors discussed under the section entitled Risk Factors.

ACCENTURE ORGANIZATIONAL STRUCTURE

Accenture Ltd is a Bermuda holding company with no material assets other than Class I and Class II common shares in our subsidiary, Accenture SCA, a Luxembourg partnership limited by shares. Accenture Ltd s only business is to hold these shares and to act as the sole general partner of Accenture SCA. As the general partner of Accenture SCA and as a result of Accenture Ltd s majority voting interest in Accenture SCA, Accenture Ltd controls Accenture SCA s management and operations and consolidates Accenture SCA s results in its financial statements. We operate our business through subsidiaries of Accenture SCA. Accenture SCA reimburses Accenture Ltd for its expenses but does not pay Accenture Ltd any fees.

Prior to our transition to a corporate structure in fiscal 2001, we operated as a series of related partnerships and corporations under the control of our partners. In connection with our transition to a corporate structure, our partners generally exchanged all of their interests in these partnerships and corporations for Accenture Ltd Class A common shares or, in the case of partners in certain countries, Accenture SCA Class I common shares or exchangeable shares issued by Accenture Canada Holdings Inc., an indirect subsidiary of Accenture SCA. Generally, partners who received Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares also received a corresponding number of Accenture Ltd Class X common shares which entitle their holders to vote at Accenture Ltd shareholders meetings but do not carry any economic rights.

Immediately after the offering and the transactions related to the offering, our partners will own approximately 72% of the equity in our business, or approximately 71% if the underwriters exercise their overallotment option in full, and will own or control shares representing, in the aggregate, approximately 72% of the voting interest in Accenture Ltd, or approximately 71% if the underwriters exercise their overallotment option in full.

You should read Certain Transactions and Relationships and Description of Share Capital for additional information about our corporate structure.

Our organizational structure is as shown in the diagram below. The percentage interests give effect to the offering and the transactions related to the offering. The diagram does not display the subsidiaries of Accenture SCA and does not reflect exercise of the underwriters overallotment option.

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(1) Includes non-partner employees and former partners.

(2) Generally consists of our partners in countries other than Australia, Canada, Denmark, France, Italy, New Zealand, Norway, Spain, Sweden and the United States.

(3) Generally consists of our partners or former partners in Australia, Canada, Denmark, France, Italy, New Zealand, Norway, Spain, Sweden and the United States; certain of these Accenture partners did not receive Accenture Ltd Class X common shares and two Dutch foundations, Stichting Naritaweg I and Stichting Naritaweg II, hold these shares. Accenture partners in Canada and New Zealand do not hold Accenture Ltd Class A common shares or Accenture SCA Class I common shares, but instead hold Accenture Canada Holdings exchangeable shares. Each of these exchangeable shares is exchangeable at the option of the holder for an Accenture Ltd Class A common share on a one-for-one basis and entitles its holder to receive distributions equal to any distributions to which an Accenture Ltd Class A common share entitles its holder.

Each Class A common share and each Class X common share of Accenture Ltd entitles its holder to one vote on all matters submitted to a vote of shareholders of Accenture Ltd. The holder of a Class X common share is not, however, entitled to receive dividends or to receive payments upon a liquidation of Accenture Ltd.

Each Class I common share and each Class II common share of Accenture SCA entitles its holder to one vote on all matters submitted to a vote of shareholders of Accenture SCA. Each Accenture SCA Class II common share entitles Accenture Ltd to receive a dividend or liquidation payment equal to 10% of any dividend or liquidation payment to which an Accenture SCA Class I common share entitles its holder.

Accenture Ltd holds all of the Class II common shares of Accenture SCA. In the opinion of our counsel, under Accenture SCA s articles of association, shares in Accenture SCA held by Accenture Ltd are *actions de commandité*, or general partnership interests, and shares in Accenture SCA held by our partners are *actions de commanditaires*, or limited partnership interests. Accenture Ltd, as general partner of Accenture SCA, has unlimited liability for the liabilities of Accenture SCA.

Subject to contractual transfer restrictions, Accenture SCA is obligated, at the option of the holder, to redeem any outstanding Accenture SCA Class I common share at any time at a redemption price per share generally equal to the market price of an Accenture Ltd Class A common share at the time of the redemption. Accenture SCA may, at its option, pay this redemption price with cash or by delivering Accenture Ltd Class A common shares on a one-for-one basis. In addition, each of our partners in the United States, Australia and Norway has agreed that we may cause that partner to exchange that partner s Accenture SCA Class I common shares for Accenture Ltd Class A common shares on a one-for-one basis if Accenture Ltd holds more than 40% of the issued share capital of Accenture SCA and we receive a satisfactory opinion from counsel or a professional tax advisor that such exchange should be without tax cost to that partner. This one-for-one redemption price and exchange ratio will be adjusted if Accenture Ltd holds more than a de minimis amount of assets (other than its interest in Accenture SCA and assets it holds only transiently prior to contributing them to Accenture SCA) or incurs more than a de minimis amount of liabilities (other than liabilities for which Accenture SCA has a corresponding liability to Accenture Ltd). Accenture Ltd does not intend to hold any material assets other than its interest in Accenture SCA or to incur any material liabilities such that this one-for-one redemption price and exchange ratio would require adjustment. In order to maintain Accenture Ltd s economic interest in Accenture SCA, Accenture Ltd will acquire additional Accenture SCA common shares each time it issues additional Accenture Ltd Class A common shares.

Holders of Accenture Canada Holdings exchangeable shares may exchange their shares for Accenture Ltd Class A common shares at any time on a one-for-one basis. Accenture may, at its option, satisfy this exchange with cash at a price per share generally equal to the market price of an Accenture Ltd Class A common share at the time of the exchange. Each exchangeable share of Accenture Canada Holdings entitles its holder to receive distributions equal to any distributions to which an Accenture Ltd Class A common share entitles its holder.

Accenture Ltd may, at its option, redeem any Class X common share for a redemption price equal to the par value of the Class X common share, or $0.0000225 per share. Accenture Ltd may not, however, redeem any Class X common share of a holder if such redemption would reduce the number of Class X common shares held by that holder to a number that is less than the number of Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares held by that holder, as the case may be. Accenture Ltd will redeem Accenture Ltd Class X common shares upon redemption or exchange of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares so that the aggregate number of Class X common shares outstanding at any time does not exceed the aggregate number of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares outstanding.

To obtain the Accenture Ltd Class A common shares that they will sell in the offering, certain selling shareholders will redeem or exchange Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares for Accenture Ltd Class A common shares on a one-for-one basis immediately prior to the offering. Accenture Ltd will redeem a corresponding number of Accenture Ltd Class X common shares at that time.

USE OF PROCEEDS

The net proceeds to Accenture Ltd from the offering, based on a price of $22.22 per share (the last reported sale price of the Class A common shares on the New York Stock Exchange on May 8, 2002), after deducting estimated underwriting discounts, will be approximately $1,387 million, or $1,707 million if the underwriters fully exercise the overallotment option we have granted to them.

For local tax reasons in certain jurisdictions, we intend to use the net proceeds from Accenture Ltd s sale of 62,418,047 Class A common shares in the offering to acquire or redeem an aggregate of 62,418,047 Class A common shares, Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares from some of our partners and former partners in these jurisdictions at a price equal to the initial price to public less the underwriting discount. We intend to use any proceeds from an exercise of the underwriters overallotment option to fund the share employee compensation trust.

The partners and certain of the former partners who are selling shareholders in the offering or from whom we intend to acquire or redeem shares as described above have each agreed to pay to us an amount equal to 3% of the gross proceeds from the disposition of their shares, less the amount of any underwriting discount. We will apply these amounts to cover all of the expenses of the offering, with the excess being applied to fund the share employee compensation trust.

Pending specific application of the net proceeds, we intend to invest them in short-term marketable securities.

DIVIDEND POLICY

We currently do not anticipate that Accenture Ltd or Accenture SCA will pay dividends.

We may from time to time enter into financing agreements that contain financial covenants and restrictions, some of which may limit the ability of Accenture Ltd and Accenture SCA to pay dividends.

Future dividends on the Class A common shares of Accenture Ltd, if any, will be at the discretion of its board of directors and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

PRICE RANGE OF THE CLASS A COMMON SHARES

Trading in the Accenture Ltd Class A common shares commenced on the New York Stock Exchange on July 19, 2001 under the symbol ACN. The table below sets forth, on a per share basis for the periods indicated, the high and low sale prices for the Class A common shares as reported by the New York Stock Exchange.

	Price Range	
	High	**Low**
Calendar Year 2001		
Third Quarter (commencing July 19, 2001)	$ 15.65	$ 11.61
Fourth Quarter	$ 28.00	$ 12.12
Calendar Year 2002		
First Quarter	$ 30.50	$ 23.13
Second Quarter (through May 8, 2002)	$ 26.70	$ 19.75

The closing sale price of Class A common shares as reported by the New York Stock Exchange on May 8, 2002 was $22.22. As of April 30, 2002, there were 862 holders of record of the Class A common shares.

There is no trading market for the Accenture Ltd Class X common shares. As of April 30, 2002, there were 1,472 holders of record of the Class X common shares.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of February 28, 2002:

on a historical basis;
and

as adjusted to reflect the offering at an assumed initial price to public of $22.22 per share (the last reported sale price of the Class A common shares on the New York Stock Exchange on May 8, 2002) and the transactions related to the offering.

This table should be read in conjunction with our historical financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere in this prospectus.

	As of February 28, 2002	
	Historical	As adjusted
	(in millions, except share amounts)	
Cash and cash equivalents	$ 1,131	$ 1,131
Short-term bank borrowings	$ 158	$ 158
Current portion of long-term debt	3	3
Long-term debt	4	4
Minority interest	568	499
Shareholders equity:		
Preferred shares, 2,000,000,000 shares authorized; 0 shares issued and outstanding, actual and as adjusted		
Class A common shares, par value $0.0000225 per share, 20,000,000,000 shares authorized; 344,745,157 shares issued, actual; 431,183,294 shares issued, as adjusted		
Class X common shares, par value $0.0000225 per share, 1,000,000,000 shares authorized; 591,161,472 shares issued and outstanding, actual; 520,617,719 shares issued and outstanding, as adjusted		
Restricted share units (related to Class A common shares), 68,112,102 units issued and outstanding, actual; 57,681,552 units issued and outstanding, as adjusted	987	836
Additional paid-in capital	860	2,467
Treasury shares, at cost, 5,929,587 shares, actual; 68,347,634 shares, as adjusted	(124)	(1,511)
Retained deficit	(1,343)	(1,343)
Accumulated other comprehensive loss	(118)	(118)
Total shareholders equity	262	331
Total capitalization	$ 995	$ 995

SELECTED FINANCIAL DATA

The following selected financial data have been presented on a historical cost basis for all periods presented. The data as of August 31, 2000 and 2001 and for the years ended August 31, 1999, 2000 and 2001 are derived from the audited historical financial statements and related notes which are included elsewhere in this prospectus. The data as of February 28, 2002 and for the six months ended February 28, 2001 and 2002 are derived from the historical unaudited financial statements and related notes which are included elsewhere in this prospectus. The data as of August 31, 1999 and for the year ended August 31, 1998 are derived from audited historical financial statements and related notes which are not included in this prospectus. The data as of August 31, 1997 and 1998 and for the year ended August 31, 1997 are derived from unaudited historical financial statements and related notes which are not included in this prospectus. The selected financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and related notes included elsewhere in this prospectus.

	Year ended August 31,					Six months ended February 28,	
	1997	1998	1999	2000	2001	2001	2002
	(in millions, except share and per share data)						
Income Statement Data:							
Revenues:							
Revenues before reimbursements	$ 6,275	$ 8,215	$ 9,550	$ 9,752	$ 11,444	$ 5,713	$ 5,902
Reimbursements	1,172	1,425	1,529	1,788	1,904	909	917
Revenues	7,447	9,640	11,079	11,540	13,348	6,622	6,819
Operating expenses:							
Cost of services:*							
Cost of services before reimbursable expenses*	3,470	4,700	5,457	5,486	6,200	2,943	3,514
Reimbursable expenses	1,172	1,425	1,529	1,788	1,904	909	917
Cost of services*	4,642	6,125	6,986	7,274	8,104	3,852	4,431
Sales and marketing*	611	696	790	883	1,217	453	759
General and administrative costs*	819	1,036	1,271	1,297	1,516	765	826
Reorganization and rebranding costs					848	189	
Restricted share unit-based compensation					967		
Total operating expenses*	6,072	7,857	9,047	9,454	12,652	5,259	6,016
Operating income*	1,375	1,783	2,032	2,086	696	1,363	803
Gain (loss) on investments, net			92	573	107	189	(306)
Interest income			60	67	80	42	24
Interest expense	(19)	(17)	(27)	(24)	(44)	(11)	(24)
Other income (expense)	4	(6)	(5)	51	17	24	2
Equity in losses of affiliates		(1)	(6)	(46)	(61)	(41)	(6)
Income before taxes*	1,360	1,759	2,146	2,707	795	1,566	493
Provision for taxes (1)	118	74	123	243	503	136	268
Income before minority interest and accounting change*	1,242	1,685	2,023	2,464	292	1,430	225
Minority interest					577		(133)
Income before accounting change*	1,242	1,685	2,023	2,464	869	1,430	92
Cumulative effect of accounting change					188	188	
Partnership income before partner distributions* (2)	$ 1,242	$ 1,685	$ 2,023	$ 2,464		$ 1,618	
Net income*					$ 1,057		$ 92

* Excludes payments for partner distributions in respect of periods ended on or prior to May 31, 2001.

(1) For periods ended on or prior to May 31, 2001, we operated through partnerships in many countries. Therefore, we generally were not subject to income taxes in those countries. Taxes related to income earned by our partnerships were the responsibility of the individual partners. In other countries, we operated through corporations, and in these circumstances we were subject to income taxes.

(2) Partnership income before partner distributions is not comparable to net income of a corporation similarly determined. Partnership income in respect of periods ended on or prior to May 31, 2001 is not executive compensation in the customary sense because partnership income is comprised of distributions of current earnings. Accordingly, compensation and benefits for services rendered by partners have not been reflected as an expense in our historical financial statements for periods prior to May 31, 2001.

	Year ended August 31,					Six months ended February 28,	
	1997	1998	1999	2000	2001	2001	2002
Earnings Per Share Data:							
Earnings per share:							
basic							$ 0.23
diluted							$ 0.22
Weighted average shares:							
basic							410,027,002
diluted							1,027,557,818

	As of August 31,					As of February 28, 2002
	1997	1998	1999	2000	2001	
				(in millions)		
Balance Sheet Data:						
Cash and cash equivalents	$ 325	$ 736	$ 1,111	$ 1,271	$ 1,880	$ 1,131
Working capital	175	531	913	1,015	401	852
Total assets	2,550	3,704	4,615	5,451	6,061	5,199
Long-term debt	192	157	127	99	1	4
Total partners capital	761	1,507	2,208	2,368		
Shareholders equity					282	262

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our historical financial statements and related notes included elsewhere in this prospectus.

All references to years, unless otherwise noted, refer to our fiscal year, which ends on August 31. For example, a reference to 2001 or fiscal year 2001 means the 12-month period that ended on August 31, 2001. All references to quarters, unless otherwise noted, refer to the quarters of our fiscal year.

Overview

The results of our operations are affected by the level of economic activity and change in the industries we serve. Our business is also driven, in part, by the pace of technological change and the type and level of technology spending by our clients. The ability to identify and capitalize on these technological and market changes early in their cycles is a key driver of our performance. Our cost management strategy is to anticipate changes in demand for our services and to identify cost-management initiatives in order to manage costs as a percentage of revenues.

Prior to May 31, 2001, we operated as a series of related partnerships and corporations under the control of our partners. We now operate in a corporate structure. As a business, whether in partnership form or in a corporate structure, our profitability is driven by many of the same factors. Revenues are driven by our partners and senior executives ability to secure contracts for new engagements and to deliver solutions and services that add value to our clients. Our ability to add value to clients and therefore drive revenues depends in part on our ability to offer market-leading service offerings and to deploy skilled teams of professionals quickly and on a global basis. While current economic conditions have caused some clients to reduce or defer their expenditures for consulting services, we are positioning ourselves to achieve revenue growth through our business transformation outsourcing solutions, among other areas. While new contract bookings were strong in the first half of fiscal 2002, such bookings include an increasing proportion of business transformation outsourcing contracts which have slower impacts on short-term revenue growth. We are unable to predict the level of impact that the current economic environment will have on our ability to secure contracts for new engagements.

Cost of services is primarily driven by the cost of client service personnel, which consists primarily of compensation and other personnel costs. Cost of services as a percentage of revenues is driven by the productivity of our client service workforce. Chargeability, or utilization, represents the percentage of our professionals time spent on billable work. We plan and manage our headcount to meet the anticipated demand for our services. For example, in 2001, we announced initiatives to reduce our staff in certain parts of the world, in certain skill groups and in some support positions. Selling and marketing expense is driven primarily by development of new service offerings, the level of concentration of clients in a particular industry or market, client targeting, image development and brand-recognition activities. General and administrative costs generally correlate with changes in headcount and activity levels in our business.

Presentation

As a result of a restructuring in 1989, we and our member firms, which are now our subsidiaries, became legally separate and distinct from the Arthur Andersen firms. Thereafter, until August 7, 2000, we had contractual relationships with an administrative entity, Andersen Worldwide, and indirectly with the separate Arthur Andersen firms. Under these contracts, called member firm agreements, we and our member firms, on the one hand, and the Arthur Andersen firms, on the other hand, were two stand-alone business units linked through such agreements to Andersen Worldwide for administrative and other services. In addition, during this period our partners individually were members of the administrative entity, Andersen Worldwide. Following arbitration proceedings between us and Andersen Worldwide and the Arthur Andersen firms that were completed in August 2000, the tribunal terminated our contractual relationships with Andersen Worldwide and all the Arthur Andersen firms. On January 1, 2001, we began to conduct business under the name Accenture. See Certain Relationships and Transactions Relationship with Andersen Worldwide and Arthur Andersen Firms.

Because we have historically operated as a series of related partnerships and corporations under the control of our partners, our partners generally participated in profits, rather than received salaries. Therefore, our historical financial statements in respect of periods ended on or prior to May 31, 2001 do not reflect any compensation or benefit costs for services rendered by them. Following our transition to a corporate structure, operating expenses include partner compensation, which consists of salary, variable compensation and benefits. Similarly, in periods when we operated primarily in the form of partnerships, our partners paid income tax on their shares of the partnerships income. Therefore, our historical financial statements in respect of periods ended on or prior to May 31, 2001 do not reflect the income tax liability that we would have paid as a corporation. Following our transition to a corporate structure, we are subject to corporate tax on our income. For purposes of comparing our results for 2000 with our results for 2001, we have included pro forma financial information below.

Segments

Our five reportable operating segments are our operating groups (formerly referred to as global market units), which are Communications & High Tech, Financial Services, Government, Products and Resources. Operating groups are managed on the basis of revenues before reimbursements because our management believes it is a better indicator of operating group performance than revenues. Generally, operating expenses for each operating group have similar characteristics and are subject to the same drivers, pressures and challenges. While most operating expenses apply to all segments, some sales and marketing expenses are typically lower as a percentage of revenues in industry groups whose client base is concentrated and higher in industry groups whose client base is more fragmented. The discussion and analysis related to each operational expense category applies to all segments, unless otherwise indicated.

In the first quarter of fiscal 2002 we made certain changes in the format of information presented to the chief executive officer. The most significant of these changes was the elimination of interest expense from the five operating groups operating income and the elimination of interest credit from Other s operating income. Also, the consolidated affiliated companies revenue and operating income (loss) results are included in the five operating groups results rather than being reported in Other. Segment results for all periods presented have been revised to reflect these changes.

Revenues

Revenues include all amounts that are billable to clients. Revenues are recognized on a time-and-materials basis, or on a percentage-of-completion basis, depending on the contract, as services are provided by employees and subcontractors. In fiscal 2001, approximately 54% of our revenues were attributable to activities in the Americas, 39% of our revenues were attributable to our activities in Europe, the Middle East and Africa, and 7% of our revenues were attributable to our activities in the Asia/Pacific region.

Revenues before reimbursements include the margin earned on computer hardware and software resale contracts, as well as revenues from alliance agreements, neither of which is material to us. Reimbursements, including those relating to travel and out-of-pocket expenses, and other similar third-party costs, such as the cost of hardware and software resales, are included in revenues, and an equivalent amount of reimbursable expenses is included in cost of services.

Client prepayments (even if nonrefundable) are deferred, i.e., classified as a liability, and recognized over future periods as services are delivered or performed.

Generally, our contracts are terminable by the client on short notice or without notice. Accordingly, we do not believe it is appropriate to characterize these contracts as backlog. Normally if a client terminates a project, the client remains obligated to pay for commitments we have made to third parties in connection with the project, services performed and reimbursable expenses incurred by us through the date of termination.

While we have many types of contracts, including time-and-materials contracts, fixed-price contracts and contracts with features of both of these contract types, we have been moving away from contracts that are priced solely on a time-and-materials basis toward contracts that also include incentives related to costs incurred, benefits produced and our adherence to schedule. We estimate that a majority of our contracts have some fixed-price, incentive-based or other pricing terms that condition our fee on our ability to deliver defined goals. The trend to include greater incentives in our contracts related to costs incurred, benefits produced or adherence to schedule may increase the variability in revenues and margins earned on such contracts. We conduct rigorous reviews prior to signing such contracts to evaluate whether these incentives are reasonably achievable.

As a result of the difficult economic environment, some clients have reduced or deferred expenditures for consulting services and we have also experienced pricing pressure over the last year which has eroded our revenues somewhat. However, we have implemented cost-management programs such that operating margins have been maintained or improved over this period. Current and future cost-management initiatives may not be sufficient to maintain our margins if the current challenging economic environment continues for several quarters. We expect revenues before reimbursements for the third quarter ending May 31, 2002 to be at or about the level of revenues before reimbursements for the third quarter of fiscal 2001, which were $2,953 million. We expect diluted earnings per share for the third quarter to be approximately $0.26-$0.27 per share.

Operating Expenses

Operating expenses include variable and fixed direct and indirect costs that are incurred in the delivery of our solutions and services to clients. The primary categories of operating expenses include cost of services, sales and marketing, and general and administrative costs.

We record bonuses to our partners and other senior employees based on our quarterly and annual results as compared to our budgets and taking into account other factors, including industry-wide results and the general economic environment. These costs are reflected in cost of services, sales and marketing, and general and administrative costs in relation to the activities performed by our partners and other senior employees.

Cost of Services

Cost of services includes the direct costs to provide services to our clients. Such costs generally consist of compensation for client service personnel, the cost of subcontractors hired as part of client service teams, costs directly associated with the provision of client service, such as facilities for outsourcing contracts and the recruiting, training, personnel development and scheduling costs of our client service personnel. Reimbursements, including those relating to travel and other out-of-pocket expenses, and other similar third-party costs, such as the cost of hardware and software resales, are included in revenues, and an equivalent amount of reimbursable expenses is included in cost of services.

Sales and Marketing

Sales and marketing expense consists of expenses related to promotional activities, market development, including costs to develop new service offerings, and image development, including advertising and market research.

General and Administrative Costs

General and administrative costs primarily include costs for non-client service personnel, information systems and office space. Through various cost-management initiatives, we seek to manage general and administrative costs proportionately in line with or below anticipated changes in revenues.

Reorganization and Rebranding Costs

Reorganization and rebranding costs include one-time costs to rename our organization Accenture and other costs to transition to a corporate structure. Substantially all of these costs were incurred in fiscal year 2001 and no material costs are expected in fiscal year 2002.

Restricted Share Unit-based Compensation

Restricted share unit-based compensation reflects restricted share unit awards that were granted at the time of the initial public offering of the Accenture Ltd Class A common shares on July 19, 2001, and vested prior to August 31, 2001. These restricted share units were granted to some of our partners, former partners, employees and former employees pursuant to a formula adopted by the board of directors of Accenture Ltd.

Gain (Loss) on Investments

Gain (loss) on investments primarily represents gains and losses on the sales of marketable securities and writedowns on investments in securities. These fluctuate over time, are not predictable and may not recur. Beginning on September 1, 2000, they also include changes in the fair market value of equity holdings considered to be derivatives in accordance with Statement of Financial Accounting Standard (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities.

Interest Income

Interest income represents interest earned on cash and cash equivalents. Interest income also includes interest earned on a limited number of client engagement receivables when we agree in advance to finance those receivables for our clients beyond the normal billing and collection period.

Interest Expense

Interest expense reflects interest incurred on borrowings and retirement obligations and other non-current liabilities.

Other Income (Expense)

Other income (expense) consists of currency exchange gains (losses) and the recognition of income from the vesting of options for services by our representatives on the boards of directors of some of those companies in which we have invested. In general, we earn revenues and incur related costs in the same currency. We hedge significant planned movements of funds between countries, which potentially give rise to currency exchange gains (losses).

Equity in Gains (Losses) of Affiliates

Equity in gains (losses) of affiliates represents our share of the operating results of non-consolidated companies over which we have significant influence.

Provision for Taxes

Prior to our transition to a corporate structure, we were generally not subject to income taxes in most countries because we operated in partnership form in those countries. Since taxes related to income earned by the partnerships were the responsibility of the individual partners, our partners reported and paid taxes on their share of the partnerships income on their individual tax returns. In other countries, however, we operated in the form of a corporation or were otherwise subject to entity-level taxes on income and withholding taxes. As a result, prior to our transition to a corporate structure, we paid some entity-level taxes, with the amount varying from year to year depending on the mix of earnings among the countries. Where applicable, we accounted for these taxes under the asset and liability method. Therefore, our historical financial statements in respect of periods ended on or prior to May 31, 2001 do not reflect the income tax liability that we would have paid as a corporation. Following our transition to a corporate structure, we are subject to corporate tax on our income.

Minority Interest

Minority interest eliminates the income earned or expense incurred attributable to the equity interest that some of our partners have in our subsidiary Accenture SCA and the equity interest that some of our partners have in our subsidiary Accenture Canada Holdings Inc. See Accenture Organizational Structure. The resulting net income of Accenture Ltd represents the income attributable to the shareholders of Accenture Ltd. Effective January 2002, minority interest also includes immaterial amounts attributable to minority shareholders in our subsidiary, Avanade, Inc.

Partnership Income Before Partner Distributions

Our historical financial statements in respect of periods ended on or prior to May 31, 2001 reflect our organization as a series of related partnerships and corporations under the control of our partners. The income of our partners in historical periods is not executive compensation in the customary sense because in those periods partner compensation was comprised of distributions of current earnings, out of which our partners were responsible for their payroll taxes and benefits.

Net Income

Net income reflects the earnings of our organization under a corporate structure. We have provided pro forma financial results that include adjustments to exclude one-time items and other adjustments to include partner compensation and income taxes necessary to present our historical financial statements in respect of periods ended on or prior to May 31, 2001 in corporate structure as if the transition had occurred on September 1, 2000.

Critical Accounting Policies and Estimates

Revenue Recognition

We derive substantially all our revenues from contracts for management consulting and technology service offerings and solutions that we develop, implement and manage for our clients. Depending on the terms of the contract, revenues are recognized on a time-and-materials basis or on a percentage-of-completion basis as services are provided by our employees, and to a lesser extent, subcontractors. Revenues from time-and-materials service contracts are recognized as the services are provided. Revenues from long-term system integration contracts are recognized based on the percentage of services provided during the period compared to the total estimated services to be provided over the duration of the contract. This method is followed where reasonably dependable estimates of the revenues and costs applicable to various elements of a contract can be made. Estimates of total contract revenues and costs are continuously monitored during the term of the contract, and recorded revenues and costs are subject to revision as the contract progresses. Such revisions, which may result in increases or decreases to revenues and income, are reflected in the financial statements in the period in which they are first identified.

Each contract has different terms based on the scope, deliverables and complexity of the engagement, the terms of which frequently require us to make judgments and estimates about recognizing revenue. While we have many types of contracts, including time-and-materials contracts, fixed-price contracts and contracts with features of both of these contract types, we have been moving away from contracts that are priced solely on a time-and-materials basis toward contracts that also include incentives related to costs incurred, benefits produced, goals attained and our adherence to schedule. We estimate that a majority of our contracts have some fixed-price, incentive-based or other pricing terms that condition some or all of our fees on our ability to deliver defined goals. For systems integration contracts, estimated revenues for applying the percentage-of-completion method include estimated incentives for which achievement of defined goals is deemed probable. Incentives relating to non-systems integration projects are not recorded until the contingency is achieved.

In recent years, our outsourcing business has increased significantly. Determining revenue and margins on outsourcing contracts requires judgment. Typically the terms of these contracts span several years. In a number of these arrangements we hire client employees and become responsible for client obligations. Revenues are recognized as services are performed or as transactions are processed in accordance with contractual standards, and costs on outsourcing contracts are generally charged to expense as incurred. This typically results in a relatively stable margin percentage over the life of the contract. Outsourcing contracts can also include incentive payments for benefits delivered to clients. Revenues relating to such incentive payments are not recorded until the contingency is satisfied.

Income Taxes

Determining the consolidated provision for income tax expense, deferred tax assets and liabilities and related valuation allowance involves judgment. As a global company with offices in 47 countries, we are required to calculate and provide for income taxes in each of the tax jurisdictions where we operate. This involves estimating current tax exposures in each jurisdiction as well as making judgments regarding the recoverability of deferred tax assets. To determine the quarterly tax rate we are required to estimate full-year income and the related income tax expense in each jurisdiction. The estimated effective tax rate, so determined, is adjusted for the tax related to significant unusual items such as the one-time charge of $212 million recorded in the first half of fiscal 2002 related to investment writedowns for which tax benefits are not expected to be realized. Tax exposures can involve complex issues and may require an extended period to resolve. Changes in the geographic mix or estimated level of annual pre-tax income can affect the overall effective tax rate.

Valuation of Investments

Gains and losses on investments are not predictable and can cause fluctuations in net income. Management conducts periodic impairment reviews of each investment in our portfolio, including historical and projected financial performance, expected cash needs and recent funding events. Other-than-temporary impairments are recognized in the income statement if the market value of the investment is below its cost basis for an extended period or the issuer has experienced significant financial declines or difficulties in raising capital to continue operations. Judgment is required to first determine the market value of each investment and then to assess whether impairments are temporary or other-than-temporary. Changes in the market value of equity derivatives are reflected in the income statement in the current period. Adverse changes in the financial condition of our investments could result in impairment charges.

After exploring a number of alternatives, we have decided to sell substantially all of our minority ownership interests in our venture and investment portfolio that could cause volatility in our future earnings. We have engaged an investment bank and are currently in discussions with potential purchasers. We expect to receive offers that allow us to retain a modest percentage of ownership in the venture and investment portfolio through an ongoing alliance with the buyer. We believe the transaction will be completed by the end of the calendar year. Related to this decision, our loss on investments in the six months ended February 28, 2002 included a charge of $212 million, before and after tax, related to investment writedowns of our venture and investment portfolio and the loss we expect to incur on this sale transaction. As of February 28, 2002, after giving effect to the charge, our venture and investment portfolio has a net book value of $109 million, $58 million of which is hedged.

We will continue to make investments and will accept equity and equity-linked securities using guidelines intended to eliminate volatility, but we will discontinue venture capital investing.

Historical Results of Operations

The following table sets forth the unaudited percentage of revenues represented by items in our Combined and Consolidated Income Statements for the periods presented.

	Year ended August 31,			Six months ended February 28,	
	1999	**2000**	**2001**	**2001**	**2002**
Revenues:					
Revenues before reimbursements	86%	85%	86%	86%	87%
Reimbursements	14	15	14	14	13
Revenues	100	100	100	100	100
Operating expenses:					
Cost of services:*					
Cost of services before reimbursable expenses*	49	48	47	44	52
Reimbursable expenses	14	15	14	14	13
Cost of services*	63	63	61	58	65
Sales and marketing*	7	8	9	7	11
General and administrative costs*	12	11	11	12	12
Reorganization and rebranding costs			7	2	
Restricted share unit-based compensation			7		
Total operating expenses*	82	82	95	79	88
Operating income*(1)	18	18	5	21	12
Gain (loss) on investments, net	1	5	1	3	(5)
Interest income	n/m	n/m	n/m	1	n/m
Interest expense	n/m	n/m	n/m	n/m	n/m
Other income (expense)	n/m	n/m	n/m	n/m	n/m
Equity in losses of affiliates	n/m	n/m	n/m	(1)	n/m
Income before taxes*	19	23	6	24	7
Provision for taxes	1	2	4	2	4
Income before minority interest and accounting change*	18	21	2	22	3
Minority interest			4		(2)
Income before accounting change*	18	21	6	22	1
Cumulative effect of accounting change			2	3	
Partnership income before partner distributions*	18%	21%		25%	
Net income*			8%		1%

n/m = not meaningful

* Excludes payments for partner distributions in respect of periods ended on or prior to May 31, 2001.

(1) Operating income as a percentage of revenues before reimbursements was 21%, 21% and 6% for 1999, 2000 and 2001, respectively. Operating income as a percentage of revenues before reimbursements was 24% and 14% for the six months ended February 28, 2001 and 2002, respectively.

We provide services through five operating groups. The following table provides unaudited financial information for each of these operating groups.

	Year ended August 31,			Six months ended February 28,	
	1999	2000	2001	2001	2002
	(in millions, except percentages)				
Revenues:					
Communications & High Tech	$ 2,499	$ 2,806	$ 3,238	$ 1,674	$ 1,495
Financial Services	2,736	2,542	2,894	1,465	1,379
Government	777	797	1,003	451	660
Products	1,699	1,932	2,357	1,175	1,297
Resources	1,812	1,661	1,933	935	1,066
Other	27	14	19	13	5
Total revenues before reimbursements	9,550	9,752	11,444	5,713	5,902
Reimbursements	1,529	1,788	1,904	909	917
Total	$ 11,079	$ 11,540	$ 13,348	$ 6,622	$ 6,819
Revenues as a percentage of total:					
Communications & High Tech	23%	24%	24%	25%	22%
Financial Services	25	22	22	22	20
Government	7	7	8	7	10
Products	15	17	18	18	19
Resources	16	15	14	14	16
Other	n/m	n/m	n/m	n/m	n/m
Total revenues before reimbursements	86	85	86	86	87
Reimbursements	14	15	14	14	13
Total	100%	100%	100%	100%	100%
Operating Income (Loss):					
Communications & High Tech	$ 557	$ 671	$ 449	$ 413	$ 130
Financial Services	824	666	537	435	157
Government	103	80	75	45	114
Products	263	416	363	270	259
Resources	285	264	235	196	144
Other	0	(11)	(963)	3	(1)
Total	$ 2,032	$ 2,086	$ 696	$ 1,362	$ 803
Operating Income (Loss) as a percentage of total:					
Communications & High Tech	27%	32%	64%	30%	16%
Financial Services	41	32	77	32	20
Government	5	4	11	3	14
Products	13	20	52	20	32
Resources	14	13	34	15	18
Other	n/m	(1)	(138)	n/m	n/m
Total	100%	100%	100%	100%	100%

Operating Income as a percentage of total revenues before reimbursements by operating group:					
Communications & High Tech	22%	24%	14%	25%	9%
Financial Services	30	26	19	30	11
Government	13	10	7	10	17
Products	15	22	15	23	20
Resources	16	16	12	21	14
Other	n/m	n/m	n/m	n/m	n/m
Operating Income as a percentage of revenues before reimbursements	21%	21%	6%	24%	14%
Operating Income as a percentage of revenues	18%	18%	5%	21%	12%

n/m = not meaningful

Pro Forma Financial Information

The following pro forma consolidated income statements for the year ended August 31, 2001 and for the six months ended February 28, 2001 are based on our historical financial statements included elsewhere in this prospectus.

The pro forma consolidated income statements give effect to the following as if they occurred on September 1, 2000:

- the transactions related to our transition to a corporate structure described under Certain Transactions and Relationships Reorganization and Related Transactions ;
- compensation payments to employees who were partners prior to our transition to a corporate structure;
- provision for corporate income taxes; and
- Accenture Ltd s initial public offering in July 2001.

The pro forma as adjusted consolidated income statements give effect to the pro forma adjustments described above and also to the exclusion of one-time rebranding costs of $304 million incurred in connection with our name change to Accenture. Management believes that this pro forma as adjusted information provides useful supplemental information in understanding its results of operations.

The pro forma and pro forma as adjusted consolidated income statements for the year ended August 31, 2001 and for the six months ended February 28, 2001 exclude one-time events directly attributable to Accenture Ltd s initial public offering because of their nonrecurring nature. These one-time events include:

- net compensation cost of approximately $967 million resulting from the grant of restricted share units in connection with Accenture Ltd s initial public offering; and
- approximately $544 million for costs associated with our transition to a corporate structure.

The pro forma and pro forma as adjusted consolidated income statement for the year ended August 31, 2001 excludes the effect of a cumulative change in accounting principle to implement SFAS 133.

The pro forma adjustments are based upon available information and assumptions that management believes are reasonable.

This information and the accompanying notes should be read in conjunction with our historical financial statements and the related notes included elsewhere in this prospectus. The information presented is not necessarily indicative of the results of operations or financial position that might have occurred had the events described above actually taken place as of the dates specified or that may be expected to occur in the future.

Pro Forma Consolidated Income Statement For the Year Ended August 31, 2001
(Unaudited)

	As reported	Adjustments	Pro forma	As adjusted adjustments	Pro forma as adjusted	% of revenues
			(in millions, except percentages and share and per share data)			
Revenues:						
Revenues before reimbursements	$ 11,444	$	$ 11,444	$	$ 11,444	86%
Reimbursements	1,904		1,904		1,904	14
Revenues	13,348		13,348		13,348	100
Operating expenses:						
Cost of services:*						
Cost of services before reimbursable expenses*	6,200	725(a)	6,925		6,925	52
Reimbursable expenses	1,904		1,904		1,904	14
Cost of services*	8,104	725	8,829		8,829	66
Sales and marketing*	1,217	290(a)	1,507		1,507	11
General and administrative costs*	1,516	44(a)	1,560		1,560	12
Reorganization and rebranding costs	848	(544)(b)	304	(304)(h)		n/m
Restricted share unit-based compensation	967	(967)(c)				n/m
Total operating expenses*	12,652	(452)	12,200	(304)	11,896	89
Operating income*	696	452	1,148	304	1,452	11
Gain on investments, net	107		107		107	1
Interest income	80		80		80	n/m
Interest expense	(44)	(15)(d)	(59)		(59)	n/m
Other income (expense)	17		17		17	n/m
Equity in losses of affiliates	(61)		(61)		(61)	n/m
Income before taxes*	795	437	1,232	304	1,536	12
Provision for taxes	503	(10)(e)	493	121(e)	614	5
Income before minority interest and accounting change*	292	447	739	183	922	7
Minority interest	577	(1,013)(f)	(436)	(109)(f)	(545)	(4)
Income before accounting change*	$ 869	$ (566)	$ 303	$ 74	$ 377	3%
Earnings per share:						
basic			$ 0.73		$ 0.91	
diluted			$ 0.73		$ 0.91	
Outstanding shares at August 31, 2001:						
basic			412,705,954(g)		412,705,954(g)	
diluted			1,008,163,290(g)		1,008,163,290(g)	

n/m = not meaningful

* Historical information excludes payments for partner distributions in respect of periods ended on or prior to May 31, 2001.

Pro Forma Consolidated Income Statement for the Six Months Ended February 28, 2001
(Unaudited)

	As reported	Adjustments	Pro forma	As adjusted adjustments	Pro forma as adjusted	% of revenues
	(in millions, except percentages and share and per share data)					
Revenues:						
Revenues before reimbursements	$ 5,713	$	$ 5,713	$	$ 5,713	86%
Reimbursements	909		909		909	14
Revenues	6,622		6,622		6,622	100
Operating expenses:						
Cost of services:*						
Cost of services before reimbursable expenses*	2,943	559(a)	3,502		3,502	53
Reimbursable expenses	909		909		909	14
Cost of services*	3,852	559	4,411		4,411	67
Sales and marketing*	453	219(a)	672		672	10
General and administrative costs*	765	32(a)	797		797	12
Reorganization and rebranding costs	189	(13)(b)	176	(176)(h)		
Total operating expenses*	5,259	797	6,056	(176)	5,880	89
Operating income*	1,363	(797)	566	176	742	11
Gain on investments, net	189		189		189	3
Interest income	42		42		42	1
Interest expense	(11)	(10)(d)	(21)		(21)	n/m
Other income (expense)	24		24		24	n/m
Equity in losses of affiliates	(41)		(41)		(41)	(1)
Income before taxes*	1,566	(807)	759	176	935	14
Provision for taxes	136	168(e)	304	70(e)	374	6
Income before minority interest and accounting change*	1,430	(975)	455	106	561	8
Minority interest		(269)(f)	(269)	(63)(f)	(332)	(5)
Income before accounting change*	$ 1,430	$ (1,244)	$ 186	$ 43	$ 229	3%
Earnings per share:						
basic			$ 0.45		$ 0.56	
diluted			$ 0.45		$ 0.56	
Outstanding shares at August 31, 2001:						
basic			412,705,954(g)		412,705,954(g)	
diluted			1,008,163,290(g)		1,008,163,290(g)	

n/m = not meaningful

* Historical information excludes payments for partner distributions in respect of periods ended on or prior to May 31, 2001.

Notes to Pro Forma Financial Information
(Unaudited)
(in millions, except percentages and share and per share data)

(a) Adjustments totaling $1,059 and $810 for the year ended August 31, 2001 and for the six months ended February 28, 2001, respectively, reflect the effects of partner compensation and benefit costs as if our transition to a corporate structure had occurred on September 1, 2000. Prior to our transition to a corporate structure, payments to our partners were generally accounted for as distributions of partners income, rather than compensation expense. For the year ended August 31, 2001 and for the six months ended February 28, 2001, compensation and benefit costs of partners have been allocated 69% to cost of services, 27% to sales and marketing, and 4% to general and administrative costs based on an estimate of the time spent on each activity at the appropriate cost rates.

The compensation plan adopted upon our transition to a corporate structure includes a fixed salary, benefits and performance-based bonuses. All elements of the new compensation plan, including bonuses, have been reflected in the pro forma adjustments because our partners would have earned the bonuses based on our results of operations for the historical periods. Benefit costs are medical, dental and payroll taxes, all of which are based on estimated costs that would have been incurred had these benefits been in place during the historical periods.

(b) One-time reorganization costs were incurred during the year ended August 31, 2001. Reorganization costs for the year ended August 31, 2001 include $89 of restructuring costs relating to our transition to a corporate structure and $455 of indirect taxes, such as capital and stamp duty imposed on transfers of assets to the new corporate holding company structure. Reorganization costs for the six months ended February 28, 2001 include $13 of restructuring costs relating to our transition to a corporate structure.

(c) In connection with Accenture Ltd s initial public offering, 68,481,815 fully vested restricted share units at $14.50 per share were granted in July 2001 to certain partners, former partners and employees. The $967 expense represents the fair value of fully vested restricted share units less $26 relating to canceled liabilities for a deferred bonus plan for employees. Each restricted share unit represents an unfunded, unsecured right, which is nontransferable except in the event of death, of a participant to receive an Accenture Ltd Class A common share on the date specified in the participant s award agreement.

(d) Reflects adjustments of $15 and $10 for the year ended August 31, 2001 and for the six months ended February 28, 2001, respectively, representing estimated interest expense on early-retirement benefits payable to partners.

(e) Reflects adjustments for an estimated income tax provision as if we had operated in a corporate structure at a pro forma tax rate of 40%. The adjustment for the year ended August 31, 2001 is net of $222 relating to the revaluation of deferred tax liabilities upon change in tax status, including income taxes relating to mandatory changes in tax accounting methods, from a partnership to a corporate structure. As a series of related partnerships and corporations under the control of our partners, we generally were not subject to income taxes. However, some of the corporations were subject to income taxes in their local jurisdictions.

(f) Minority interests for the year ended August 31, 2001 and for the six months ended February 28, 2001 are based on the assumption that minority interests as of August 31, 2001 existed throughout the fiscal year and do not give effect to the offering. As of August 31, 2001 partners owned a 59% minority interest in Accenture SCA and Accenture Canada Holdings Inc. Since Accenture Ltd is the sole general partner of Accenture SCA and owns the majority of the voting shares, Accenture Ltd consolidates Accenture SCA and its subsidiaries. Although the other shareholders of Accenture SCA hold more than 50% of the economic interest in Accenture SCA, they do not have voting control and therefore are considered to be a minority interest.

(g) Earnings per share calculations for the year ended August 31, 2001 and for the six months ended February 28, 2001 are based on the assumption that shares and share equivalents outstanding as of August 31, 2001 were outstanding throughout the year and do not give effect to the offering. For the purposes of the pro forma earnings per share calculation, diluted outstanding shares include Accenture Class A common shares issuable or exchangeable upon redemption or exchange of shares held by SCA Class I common shareholders and Accenture Canada Holdings Inc. shareholders. The weighted average shares outstanding, basic and diluted, were calculated based on:

Share issuances	**Basic**	**Diluted**
Accenture Ltd Class A common shares	343,307,238	343,307,238
Accenture SCA Class I common shares		587,296,594
Accenture Canada Holdings Inc. exchangeable shares		8,160,742
Restricted share units	69,398,716	69,398,716
Weighted average shares outstanding	412,705,954	1,008,163,290

(h) One-time rebranding costs were incurred during the year ended August 31, 2001 and during the six months ended February 28, 2001. Rebranding costs for the year ended August 31, 2001 and for the six months ended February 28, 2001 include $157 and $66, respectively, for the amortization of intangible assets relating to the final resolution of arbitration with Andersen Worldwide and Arthur Andersen as well as $147 and $110, respectively, from changing our name to Accenture. These amounts are considered pro forma as adjusted adjustments due to their nonrecurring nature.

Six Months Ended February 28, 2002 Compared to Six Months Ended February 28, 2001

Our results of operations in respect of periods ended on or prior to May 31, 2001 reflect the fact that we operated as a series of related partnerships and corporations prior to that date, and our results of operations in respect of periods ending after May 31, 2001 reflect that we commenced operations in corporate structure on that date. Accordingly, in order to provide a more meaningful comparison of our results for the six months ended February 28, 2002 as compared to the six months ended February 28, 2001, we comment below on our results for those periods both on a historical basis and a pro forma as adjusted basis.

Revenues

Revenues for the six months ended February 28, 2002 were $6,819 million, an increase of $197 million, or 3%, over the six months ended February 28, 2001. Revenues before reimbursements for the six months ended February 28, 2002 were $5,902 million, an increase of $189 million, or 3%, over the six months ended February 28, 2001 in U.S. dollars. In local currency terms, revenues before reimbursements in the six months ended February 28, 2002 grew by 5% over the six months ended February 28, 2001. Our revenues before reimbursements in Europe, the Middle East and Africa grew by 19% in both U.S. dollars and local currency terms, revenues before reimbursements in the Americas declined by 7% in U.S. dollars and 5% in local currency terms and revenues before reimbursements in Asia/Pacific declined by 4% in U.S. dollars, while increasing 3% in local currency terms. Growth in business transformation outsourcing revenues offset lower consulting revenues.

As a result of the difficult economic environment, some clients have reduced or deferred expenditures for consulting services and we have also experienced pricing pressure over the last year which has eroded our revenues by approximately 1% in local currency terms. However, we have implemented cost-management programs such that operating margins have been maintained or improved over this period. Current and future cost-management initiatives may not be sufficient to maintain our margins if the current challenging economic environment continues for several quarters. We expect revenues before reimbursements for the third quarter ending May 31, 2002 to be at or about the level of revenues before reimbursements for the third quarter of fiscal 2001, which were $2,953 million. We expect diluted earnings per share for the third quarter to be approximately $0.26-$0.27 per share.

Our Communications & High Tech operating group achieved revenues before reimbursements of $1,495 million in the six months ended February 28, 2002, a decrease of 11% from the six months ended February 28, 2001, primarily due to global economic weakening in the industries which this operating group serves. Our Financial Services operating group achieved revenues before reimbursements of $1,379 million in the six months ended February 28, 2002, a decrease of 6% from the six months ended February 28, 2001, primarily due to the impact of the economic downturn on the capital markets industry. The weakening in our Banking industry group in North America and Europe was partially offset by growth in our Health Services industry group in North America. Our Government operating group achieved revenues before reimbursements of $660 million in the six months ended February 28, 2002, an increase of 46% over the six months ended February 28, 2001, primarily driven by strong growth in North America and Europe. Our Products operating group achieved revenues before reimbursements of $1,297 million in the six months ended February 28, 2002, an increase of 10% over the six months ended February 28, 2001, as a result of strong growth in our Retail industry group in Europe. Our Resources operating group achieved revenues before reimbursements of $1,066 million in the six months ended February 28, 2002, an increase of 14% over the six months ended February 28, 2001, as a result of strong growth in our Chemicals industry group in North America, strong growth in our Energy industry group in Europe and Asia/Pacific and strong growth in our Utilities industry group in North America and Europe.

Operating Expenses

Operating expenses in the six months ended February 28, 2002 were $6,016 million, an increase of $756 million, or 14%, over the six months ended February 28, 2001 and an increase as a percentage of revenues from 79% in the six months ended February 28, 2001 to 88% in the six months ended February 28, 2002. These increases primarily resulted from higher employee compensation costs following our transition to a corporate structure.

Operating expenses for the six months ended February 28, 2002 increased $136 million, or 2%, over the pro forma as adjusted operating expenses for the six months ended February 28, 2001, and decreased as a percentage of revenues from 89% for the six months ended February 28, 2001 to 88% for the six months ended February 28, 2002.

Cost of Services

Cost of services was $4,431 million in the six months ended February 28, 2002, an increase of $579 million, or 15%, over the six months ended February 28, 2001 and an increase as a percentage of revenues from 58% in the six months ended February 28, 2001 to 65% in the six months ended February 28, 2002. Cost of services before reimbursable expenses was $3,514 million in the six months ended February 28, 2002, an increase of $571 million, or 19%, over the six months ended February 28, 2001 and an increase as a percentage of revenues before reimbursements from 52% in the six months ended February 28, 2001 to 60% in the six months ended February 28, 2002. These increases were primarily attributable to the exclusion of partner compensation from the prior period results.

Cost of services before reimbursements for the six months ended February 28, 2002 increased $12 million, or 0%, over the pro forma as adjusted cost of services before reimbursements for the six months ended February 28, 2001 and decreased as a percentage of revenues from 53% for the six months ended February 28, 2001 to 52% for the six months ended February 28, 2002. This decrease as a percentage of revenues reflects lower recruiting and training delivery costs partially offset by higher employee compensation costs and severance costs. The slowdown in the global economy in the second half of fiscal year 2001 led us to redirect some of our resources to selling and marketing efforts in order to promote our business.

Sales and Marketing

Sales and marketing expense was $759 million in the six months ended February 28, 2002, an increase of $306 million, or 68%, over the six months ended February 28, 2001 and an increase as a percentage of revenues from 7% in the six months ended February 28, 2001 to 11% in the six months ended February 28, 2002. These increases were primarily due to the higher compensation expense following our transition to a corporate structure.

Sales and marketing expense for the six months ended February 28, 2002 increased $87 million, or 13%, over the pro forma as adjusted sales and marketing expense for the six months ended February 28, 2001, and increased as a percentage of revenues from 10% in the six months ended February 28, 2001 to 11% in the six months ended February 28, 2002. The slowdown in the global economy which began in the second half of fiscal year 2001 led us to increase our selling and marketing efforts in order to promote our business.

General and Administrative Costs

General and administrative costs were $826 million in the six months ended February 28, 2002, an increase of $61 million, or 8%, over the six months ended February 28, 2001, and remained constant as a percentage of revenues at 12%.

General and administrative costs for the six months ended February 28, 2002 increased $29 million, or 4%, over the pro forma as adjusted general and administrative costs for the six months ended February 28, 2001, and remained constant as a percentage of revenues at 12%.

Reorganization and Rebranding Costs

We incurred no reorganization and rebranding costs for the six months ended February 28, 2002. Reorganization and rebranding costs were $189 million, or 3% of revenues for the six months ended February 28, 2001. Reorganization costs for the six months ended February 28, 2001 included $13 million of restructuring costs relating to our transition to a corporate structure, and rebranding costs for the six months ended February 28, 2001 included $176 million resulting from changing our name to Accenture. These costs are excluded from our pro forma as adjusted financial results as they are considered to be one-time items.

Operating Income

Operating income was $803 million in the six months ended February 28, 2002, a decrease of $559 million, or 41%, from the six months ended February 28, 2001 and a decrease as a percentage of revenues from 21% in the six months ended February 28, 2001 to 12% in the six months ended February 28, 2002. Operating income decreased as a percentage of revenues before reimbursements from 24% in the six months ended February 28, 2001 to 14% in the six months ended February 28, 2002.

Operating income for the six months ended February 28, 2002 increased $61 million, or 8%, over the pro forma as adjusted operating income for the six months ended February 28, 2001 and increased as a percentage of revenues from 11% for the six months ended February 28, 2001 to 12% for the six months ended February 28, 2002. Operating income increased as a percentage of revenues before reimbursements from 13% in the pro forma as adjusted results of operations for the six months ended February 28, 2001 to 14% in the six months ended February 28, 2002.

Gain (Loss) on Investments

Loss on investments totaled $306 million for the six months ended February 28, 2002. This loss includes $212 million for the anticipated loss on the planned disposal of substantially all of our minority ownership interests in our venture and investment portfolio.

Gain on investments totaled $189 million for the six months ended February 28, 2001. This gain represents the sale of $357 million of a marketable security purchased in 1995, net of other-than-temporary impairment investment writedowns of $41 million and unrealized investment losses of $127 million.

Equity in Gains (Losses) of Affiliates

Equity in losses of affiliates totaled $6 million in the six months ended February 28, 2002, compared to losses of $42 million in the six months ended February 28, 2001. Amortization of a negative basis difference arising on the formation of a joint venture was $18 million in the six months ended February 28, 2002, compared to $12 million in the six months ended February 28, 2001.

Provision for Taxes

Including the one-time charge of $212 million related to investment writedowns for which tax benefits are not expected to be realized, the effective tax rate for the six months ended February 28, 2002 was 54%. Excluding the one-time charge of $212 million to write down investments, the effective tax rate for the six months ended February 28, 2002 was 38%. On a pro forma as adjusted basis, the effective tax rate for the six months ended February 28, 2001 was 40%. The actual effective tax rate for the six months ended February 28, 2001 is not comparable to the effective tax rate for the six months ended February 28, 2002 because, prior to May 31, 2001, we operated as a series of related partnerships and corporations and, therefore, generally did not pay income taxes as a corporation.

Minority Interest

Minority interest was $133 million in the six months ended February 28, 2002. Minority interest for the six months ended February 28, 2002 decreased $199 million, or 60%, over the pro forma as adjusted minority interest for the six months ended February 28, 2001, and remained constant as a percentage of income at 59%.

Cumulative Effect of Accounting Change

The adoption of SFAS 133 resulted in cumulative income of $188 million on September 1, 2000, which represents the cumulative unrealized gains resulting from changes in the fair market value of equity holdings considered to be derivatives.

Year Ended August 31, 2001 Compared to Year Ended August 31, 2000

Our results of operations in respect of periods ended on or prior to May 31, 2001 reflect the fact that we operated as a series of related partnerships and corporations prior to that date, and our results of operations in respect of periods ending after May 31, 2001 reflect that we commenced operations in corporate structure on that date. Accordingly, in order to provide a more meaningful comparison of our results for fiscal year 2001 as compared to fiscal year 2000, we comment below on our results for those periods both on a historical basis and a pro forma as adjusted basis.

Revenues

Revenues for 2001 were $13,348 million, an increase of $1,808 million, or 16%, over 2000. Revenues before reimbursements for 2001 were $11,444 million, an increase of $1,692 million, or 17%, over 2000 in U.S. dollars. In local currency terms, revenues before reimbursements grew by 23% in 2001 over 2000.

In 2001, our revenues grew significantly, continuing a trend that began in the second half of 2000 as our clients began to focus on new transformation and implementation initiatives after Year 2000 disruptions proved to be minimal. In addition, demand for our services grew as clients began to explore Web-enablement and electronic commerce strategies and solutions both in the business-to-business and business-to-consumer areas. We believe that this strong revenue growth was the result of our rapid response to changes in the marketplace and our creation and refinement of relevant service offerings. In addition, by focusing on the retraining of our client service personnel during the Year 2000-related slowdown, we positioned ourselves to take advantage of the growth opportunities in these new markets. We achieved this strong revenue growth in 2001 despite the difficult economic conditions that many of our clients industries experienced. We experienced continued growth in revenues in the fourth quarter of 2001, though at a slower rate of growth than in the third quarter of 2001.

Our Communications & High Tech operating group achieved revenues before reimbursements of $3,238 million in 2001, an increase of 15% over 2000, primarily due to strong growth in our Communications and Electronics & High Tech industry groups in North America. Operations in Europe and Latin America also experienced significant growth. Our Financial Services operating group achieved revenues before reimbursements of $2,894 million in 2001, an increase of 14% over 2000, primarily due to strong growth in our Banking industry group in Europe and North America and our Health industry group in North America. Our Government operating group achieved revenues before reimbursements of $1,003 million in 2001, an increase of 26% over 2000, primarily driven by strong growth in North America and the United Kingdom. Our Products operating group achieved revenues before reimbursements of $2,357 million in 2001, an increase of 22% over 2000, as a result of strong growth in our Retail and Consumer Goods & Services industry groups in Europe. Our Resources operating group achieved revenues before reimbursements of $1,933 million in 2001, an increase of 16% over 2000, as a result of strong growth in the Chemicals, Forest Products, Metals & Mining and Utilities industry groups in North America.

Operating Expenses

Operating expenses in 2001 were $12,652 million, an increase of $3,198 million, or 34%, over 2000 and an increase as a percentage of revenues from 82% in 2000 to 95% in 2001.

Pro forma as adjusted operating expenses were $11,896 million for 2001, an increase of $1,356 million, or 13%, over pro forma operating expenses of $10,540 million for 2000 (which reflects $1,086 million of partner compensation and benefit costs as if our transition to a corporate structure had occurred on September 1, 1999; prior to having a corporate structure, payments to our partners were generally accounted for as distributions of partners income, rather than compensation expense) and a decrease as a percentage of revenues from 91% in 2000 to 89% in 2001.

We continue to implement long-term and short-term cost management initiatives aimed at keeping overall growth in operating expenses less than the growth in revenues. The long-term initiatives focus on global reductions in infrastructure costs. Such infrastructure costs primarily include occupancy costs, administrative expenses and information technology operating and development costs. In addition, the costs of delivering training have been reduced by moving toward Web-enabled and other lower cost distribution methods. The short-term initiatives focus on reducing variable costs, such as headcount in select administrative areas, and limiting travel and meeting costs.

Cost of Services

Cost of services was $8,104 million in 2001, an increase of $830 million, or 11%, over 2000 and a decrease as a percentage of revenues from 63% in 2000 to 61% in 2001. Cost of services before reimbursable expenses was $6,200 million in 2001, an increase of $714 million, or 13%, over 2000 and a decrease as a percentage of revenues before reimbursements from 56% in 2000 to 54% in 2001. This decrease as a percentage of revenues and revenues before reimbursements resulted from increased demand for our services and lower employee compensation costs resulting from the promotion of 1,286 employees to partner effective September 1, 2000. The increase in partner admissions was designed to incentivize our professionals at an earlier stage in their careers with us.

Pro forma as adjusted cost of services before reimbursable expenses was $6,925 million in 2001, an increase of $798 million, or 13%, over pro forma cost of services before reimbursable expenses of $6,127 million for 2000 (which reflects $641 million of partner compensation and benefit costs as if our transition to a corporate structure had occurred on September 1, 1999) and a decrease as a percentage of revenues from 53% in 2000 to 52% in 2001. This decrease as a percentage of revenues can be attributed primarily to a favorable mix in the composition of our workforce, reduced costs related to recruiting and training and redirected efforts to sales and marketing in the second half of 2001. Lower attrition enabled us to retain a more experienced workforce, which commands a higher margin. While overall employee chargeability declined in 2001 versus 2000, chargeable hours for our experienced employees as a percentage of total chargeable hours increased. Lower attrition enabled us to reduce our expenditures in recruiting, and the move to Web-enabled and other lower cost distribution methods reduced our costs of delivering training.

Sales and Marketing

Sales and marketing expense was $1,217 million in 2001, an increase of $334 million, or 38%, over 2000 and an increase as a percentage of revenues from 8% in 2000 to 9% in 2001.

Pro forma as adjusted sales and marketing expense was $1,507 million in 2001, an increase of $320 million, or 27%, over pro forma sales and marketing expense of $1,187 million in 2000 (which reflects $304 million of partner compensation and benefit costs as if our transition to a corporate structure had occurred on September 1, 1999) and an increase as a percentage of revenues from 10% in 2000 to 11% in 2001.

The increase as a percentage of revenues in 2001 is due to higher than normal business development and market development activities during the second half of the year, as the slowdown in the global economy in the second half of the year led us to increase our selling and marketing efforts in order to generate revenue opportunities.

General and Administrative Costs

General and administrative costs were $1,516 million in 2001, an increase of $219 million, or 17%, over 2000 and remained constant as a percentage of revenues at 11% in years 2000 and 2001.

Pro forma as adjusted general and administrative expenses were $1,560 million in 2001, an increase of $122 million, or 8%, over pro forma general and administrative expenses of $1,438 million in 2000 (which reflects $141 million of partner compensation and benefit costs as if our transition to a corporate structure had occurred on September 1, 1999) and a decrease as a percentage of revenues from 13% in 2000 to 12% in 2001.

Our short-term cost management initiatives in this period of significant growth in revenues enabled us to reduce general and administrative expenses as a percentage of revenues.

Reorganization and Rebranding Costs

Reorganization and rebranding costs were $848 million, or 7% of revenues for 2001. Reorganization costs included $89 million of restructuring costs relating to our transition to a corporate structure and $455 million of indirect taxes and other costs imposed on transfers of assets to the new corporate holding company structure. Rebranding costs included $157 million for the amortization of intangible assets related to the final resolution of the arbitration with Andersen Worldwide and Arthur Andersen and $147 million resulting from changing our name to Accenture. These costs are excluded from our pro forma as adjusted financial results as they are considered to be one-time items.

Restricted Share Unit-based Compensation

Grants of Accenture Ltd s restricted share units to partners, former partners and employees resulted in compensation cost of $967 million in the quarter ended August 31, 2001. These costs are excluded from our pro forma as adjusted financial results as they are considered to be one-time items.

Operating Income

Operating income was $696 million in 2001, a decrease of $1,390 million, or 67%, from 2000 and a decrease as a percentage of revenues from 18% in 2000 to 5% in 2001. Operating income decreased as a percentage of revenues before reimbursements from 21% in 2000 to 6% in 2001.

Pro forma as adjusted operating income was $1,452 million in 2001, an increase of $452 million, or 45%, over pro forma operating income of $1,000 million in 2000 (which reflects the effects of $1,086 million of partner compensation and benefit costs as if our transition to a corporate structure had occurred on September 1, 1999) and an increase as a percentage of revenues from 9% in 2000 to 11% in 2001. Pro forma as adjusted operating income increased as a percentage of revenues before reimbursements from 10% in 2000 to 13% in 2001.

Gain on Investments

Gain on investments totaled $107 million in 2001, compared to a gain of $573 million in 2000. The gain in 2001 was comprised of $382 million from the sale of a marketable security purchased in 1995 and $11 million from the sale of other securities, net of other-than-temporary impairment investment writedowns of $94 million and unrealized investment losses recognized according to SFAS 133 of $192 million. Other-than-temporary impairment writedowns consisted of $19 million in publicly traded equity securities and $75 million in privately traded equity securities. The writedowns relate to investments in companies where the market value has been less than our cost for an extended time period, or the issuer has experienced significant financial declines or difficulties in raising capital to continue operations.

Interest Income

Interest income was $80 million in 2001, an increase of $13 million, or 19%, over 2000. The increase resulted primarily from the investment of the proceeds of the sale of a portion of a marketable security purchased in 1995 and the investment of cash proceeds received from Accenture Ltd s initial public offering.

Interest Expense

Interest expense was $44 million in 2001, an increase of $20 million, or 83%, over 2000. Interest expense on a pro forma as adjusted basis was $59 million for 2001, an increase of $24 million, or 69% over interest expense on a pro forma basis of $35 million in 2000 (which reflects an adjustment of $11 million representing estimated interest expense on early-retirement benefits payable to partners). The increase resulted primarily from the increase in short-term bank borrowings during the third and fourth quarters of 2001.

Other Income (Expense)

Other income was $17 million in 2001, a decrease of $34 million from 2000, primarily resulting from foreign exchange translations.

Equity in Losses of Affiliates

Equity in losses of affiliates was a $61 million loss in 2001, compared to a $46 million loss in 2000. In 2001, amortization of a negative basis difference arising on the formation of a joint venture of $32 million was reflected as a component of equity in losses of affiliates, compared to $1 million in 2000.

Provision for Taxes

Taxes were $503 million in 2001, an increase of $260 million over 2000. Pro forma as adjusted taxes were $614 million in 2001, a decrease of $30 million, or 5%, over pro forma taxes of $644 million in 2000 (which reflects an adjustment of $401 million for an estimated income tax provision as if we had operated in a corporate structure at a pro forma tax rate of 40%). This decrease was due to lower pro forma as adjusted income before taxes for 2001 as compared to 2000. Net deferred tax assets totaling $300 million at August 31, 2001 have been recognized following our transition to a corporate structure. These net deferred tax assets include a valuation allowance of $76 million, relating to our ability to recognize the tax benefits associated with capital losses on certain U.S. investments and with specific tax net operating loss carryforwards and tax credit carryforwards of certain non-U.S. operations. Management has concluded that the realizability of the remaining net deferred tax assets is more likely than not.

Minority Interest

Minority interest was a credit of $577 million in 2001, which represents minority interest since our transition to a corporate structure as of May 31, 2001. Minority interest on a pro forma as adjusted basis was an expense of $545 million for 2001, or a 5% decrease over a pro forma minority interest expense of $571 million for 2000 (which is based on the assumption that minority interests as of August 31, 2001 existed throughout 2000).

Cumulative Effect of Accounting Change

The adoption of SFAS 133 resulted in cumulative income of $188 million on September 1, 2000, which represents the cumulative unrealized gains resulting from changes in the fair market value of equity holdings considered to be derivatives by that statement.

Year Ended August 31, 2000 Compared to Year Ended August 31, 1999

Because we operated as a series of related partnerships and corporations in both 2000 and 1999, our results of operations for those periods are comparable.

Revenues

Revenues for 2000 were $11,540 million, an increase of $461 million, or 4%, over 1999. Revenues before reimbursements for 2000 were $9,752 million, an increase of $202 million, or 2%, over 1999. Exchange rate fluctuations, specifically with respect to the euro, negatively affected revenue growth as measured in U.S. dollars. In local currency terms, revenues before reimbursements grew by 6% over 1999. Our revenue growth was achieved in the face of a challenging economic environment, which began in the second half of 1999 and was primarily related to Year 2000 events. Specifically, we experienced a slowdown in information technology spending by large companies as they completed large enterprise business systems installations in anticipation of the Year 2000. In addition, there was reluctance by large companies to commit to major new transformation and implementation projects until the impact of Year 2000 concerns was fully understood. However, at the same time, we experienced an increase in demand in the electronic commerce area. Accordingly, we focused on developing capabilities and new service offerings to meet the growing opportunities in these new areas. We retrained our workforce to maintain market relevance to meet the demands of our clients in the emerging new economy. During the second half of 2000, following the realization by our clients that Year 2000 disruptions were minimal, we experienced increased demand for our services, which led to stronger revenue growth beginning in the third quarter. Specifically, revenue growth was (1%), 0%, 7% and 11% in the first through fourth quarters of the year over the corresponding quarters in the previous year.

Our Communications & High Tech operating group achieved revenues before reimbursements of $2,806 million in 2000, an increase of 12% over 1999, primarily due to growth in Europe and Asia, which was partially offset by slower growth in our North American operations because of the Year 2000-related slowdown. Our Financial Services operating group achieved revenues before reimbursements of $2,542 million in 2000, a decrease of 7% from 1999, primarily driven by decreasing levels of business activity in North America as a result of clients focusing on Year 2000 concerns, as well as the effects of an unfavorable interest rate environment and reduced client merger activity. Our Government operating group achieved revenues before reimbursements of $797 million in 2000, an increase of 3% over 1999. The 2000 increase was lower than in 1999, primarily as a result of government clients postponing large implementation projects until Year 2000 concerns were resolved. Our Products operating group achieved revenues before reimbursements of $1,932 million in 2000, an increase of 14% over 1999, primarily driven by growth in North America from the Retail and Transportation & Travel Services industry groups, as well as additional growth in the Retail industry group in Europe. Our Resources operating group achieved revenues before reimbursements of $1,661 million in 2000, a decrease of 8% from 1999, primarily as the result of delayed merger activity as several proposed mergers were delayed by regulatory concerns, and the completion of a number of large enterprise resource planning implementation projects before Year 2000.

Operating Expenses

Operating expenses in 2000 were $9,454 million, an increase of $407 million, or 4%, over 1999 and remained constant as a percentage of revenues at 82% in 1999 and 2000. In anticipation of slower growth, we formed a special task force in the second half of 1999 to identify cost drivers, raise cost consciousness and reduce non-payroll cost structures, the results of which were reflected in cost savings during 2000. In 2000, we began a training initiative that focused on building electronic commerce skills and knowledge quickly. The advent of electronic commerce also facilitated a move from traditional classroom training toward Web-enabled distributed training that is designed to deliver the same or better quality training in fewer hours at lower cost. We expect this move toward Web-enabled and other distributed training to continue.

Cost of Services

Cost of services was $7,274 million in 2000, an increase of $288 million, or 4%, over 1999 and remained constant as a percentage of revenues at 63% in 1999 and 2000. Cost of services before reimbursable expenses was $5,486 million in 2000, an increase of $29 million, or 1%, over 1999 and a decrease as a percentage of revenues before reimbursements from 57% in 1999 to 56% in 2000. We were able to maintain overall cost of services as a percentage of revenues and revenues before reimbursements at relatively constant levels through periods of slow growth in the first half of 2000, followed by periods of accelerated growth in the second half of 2000.

Sales and Marketing

Sales and marketing expense was $883 million in 2000, an increase of $93 million, or 12%, over 1999 and an increase as a percentage of revenues from 7% in 1999 to 8% in 2000. The increase was primarily related to our employees spending larger portions of their time on business development and market development activities coupled with an increase in advertising to communicate our electronic commerce capabilities to existing and potential clients. The increased business development and market development activities were directed toward increasing demand for our services and solutions after the Year 2000-related slowdown.

General and Administrative Costs

General and administrative costs were $1,297 million in 2000, an increase of $26 million, or 2%, from 1999 and a decrease as a percentage of revenues from 12% in 1999 to 11% in 2000. As signs of slowing demand became apparent in the first half of 2000, we launched initiatives to better manage our general and administrative costs, including controlling facilities, services, and support costs. This reduction as a percentage of revenues was due in part to the elimination of temporary duplicate costs incurred in 1999 associated with the transition to us of internal support systems and other functions previously shared with Andersen Worldwide.

Operating Income

Operating income was $2,086 million in 2000, an increase of $54 million, or 3%, over 1999 and remained constant as a percentage of revenues at 18% in 1999 and 2000. Operating income remained constant as a percentage of revenues before reimbursements at 21% in 1999 and 2000.

Gain on Investments

Gain on investments totaled $573 million for 2000, compared to a gain of $93 million in 1999. In 2000, $569 million of gain on investments was related to the sale of a portion of our investment in a marketable security purchased in 1995, compared to $93 million in 1999.

Interest Income

Interest income was $67 million in 2000, an increase of $7 million, or 12%, over 1999. The increase in interest income in 2000 resulted primarily from an increase in our cash balance, which was generated by the sale of a portion of our investment in a marketable security purchased in 1995.

Other Income (Expense)

Other income was $51 million in 2000, an increase of $56 million over 1999. This increase was primarily attributable to the recognition of income from vesting of options for services by our representatives on boards of directors of those companies in which we invest, coupled with income resulting from foreign exchange translations.

Equity in Losses of Affiliates

Equity in losses of affiliates was a loss of $46 million in 2000 compared to a loss of $6 million in 1999.

Provision for Taxes

Taxes were $243 million in 2000, an increase of $120 million over 1999. This increase was due to increased taxable income in some of our entities that were subject to entity-level tax.

Quarterly Results

The following tables present unaudited quarterly financial information for each of our last ten fiscal quarters on a historical basis. We believe the quarterly information contains all adjustments, consisting only of normal recurring adjustments, necessary to fairly present this information. As a professional services organization, we anticipate and respond to demand from our clients. Accordingly, we have limited control over the timing and circumstances under which our services are provided. Typically, we show slight increases in our first-quarter revenues as a result of billing rate increases and the addition of new hires. We typically experience minor declines in revenues for the second and fourth quarters because of an increase in vacation and holiday hours in those quarters. For these and other reasons, we can experience variability in our operating results from quarter to quarter. The operating results for any quarter are not necessarily indicative of the results for any future period.

	Three months ended									
	November 30, 1999	**February 29, 2000**	**May 31, 2000**	**August 31, 2000**	**November 30, 2000**	**February 28, 2001**	**May 31, 2001**	**August 31, 2001**	**November 30, 2001**	**February 28, 2002**
	(in millions, except per share data)									
Revenues:										
Revenues before reimbursements	$ 2,412	$ 2,272	$ 2,561	$ 2,507	$ 2,831	$ 2,882	$ 2,953	$ 2,778	$ 2,989	$ 2,913
Reimbursements	364	436	501	487	407	502	566	429	420	497
Revenues	2,776	2,708	3,062	2,994	3,238	3,384	3,519	3,207	3,409	3,410
Operating expenses:										
Cost of services:*										
Cost of services before reimbursable expenses*	1,356	1,304	1,340	1,487	1,384	1,560	1,566	1,690	1,806	1,708
Reimbursable expenses	364	436	501	487	407	502	566	429	420	497
Cost of services*	1,720	1,740	1,841	1,974	1,791	2,062	2,132	2,119	2,226	2,205
Sales and marketing*	199	222	230	232	202	251	318	446	361	399
General and administrative costs*	318	322	296	360	376	389	365	386	408	418
Reorganization and rebranding costs					30	159	588	71		
Restricted share unit-based compensation								967		
Total operating expenses*	2,237	2,284	2,367	2,566	2,399	2,861	3,403	3,989	2,995	3,022
Operating income (loss)*	539	424	695	428	839	523	116	(782)	414	388
Gain (loss) on investments, net	68	200	266	39	219	(30)	(9)	(73)	(95)	(211)
Interest income	14	13	18	22	23	20	17	20	15	10
Interest expense	(7)	(5)	(6)	(6)	(5)	(6)	(16)	(17)	(9)	(14)
Other income (expense)	6	14	12	19	7	17	(3)	(4)	(8)	10
Equity in gains (losses) of affiliates	(4)	(3)	(2)	(37)	(20)	(21)	(11)	(9)	6	(13)
Income (loss) before taxes*	616	643	983	465	1,063	503	94	(865)	323	170
Provision for taxes	42	71	81	49	53	83	285	82	123	145

Income (loss) before minority interest and accounting change	574	572	902	416	1,010	420	(191)	(947)	200	25
Minority interest								577	(118)	(14)
Income (loss) before accounting change*	574	572	902	416	1,010	420	(191)	(370)	82	11
Cumulative effect of accounting change					188					
Partnership income (loss) before partner distributions*	$ 574	$ 572	$ 902	$ 416	$ 1,198	$ 420	$ (191)			
Net income (loss)								$ (370)	$ 82	$ 11
Earnings (loss) per share										
basic								$ (1.25)	$ 0.20	$ 0.03
diluted								$ (1.25)	$ 0.20	$ 0.02

* Excludes payments for partner distributions in respect of periods ended on or prior to May 31, 2001.

Liquidity and Capital Resources

We have historically relied on cash flow from operations, partner capital contributions and bank credit facilities to satisfy our liquidity and capital requirements. However, each year a portion of the distributions we made to our partners was made on a deferred basis, which significantly strengthened our working capital and enabled us to limit our external borrowings. Since May 2001, our liquidity needs on a short-term and long-term basis have been satisfied by cash flows from operations, debt capacity under existing and/or new credit facilities and the net proceeds of Accenture Ltd s initial public offering in July 2001. We believe our short-term and long-term liquidity needs will be met through cash flows from operations and debt capacity. In addition, we may need to raise additional funds through public or private debt or equity financings in order to:

- take advantage of opportunities, including more rapid expansion;
- acquire complementary businesses or technologies;
- develop new services and solutions; or
- respond to competitive pressures.

Our balance of cash and cash equivalents was $1,131 million at February 28, 2002 and $1,880 million at August 31, 2001, a decrease of $749 million, or 40%. The decrease is largely attributable to distributions to partners of partnership income earned for periods prior to our transition to a corporate structure and taxes paid in the U.S., partially offset by earnings. Our balance of cash and cash equivalents at August 31, 2001 increased $609 million, or 48%, from $1,271 million at August 31, 2000. The increase is largely attributable to proceeds from the initial public offering of the Accenture Ltd Class A common shares, earnings and the sale of marketable securities, which were partially offset by distributions to partners, return of capital to partners and purchases of equity investments.

Net cash provided by operating activities was $256 million in the six months ended February 28, 2002, a decrease of $1,137 million from the six months ended February 28, 2001, primarily due to lower net income for the six months ended February 28, 2002 as compared with partnership income before partner distributions in the prior years. As a result of our transition to a corporate structure, net income includes partner compensation and income taxes not included in partnership income before partner distributions. Net cash used in investing activities was $61 million in the six months ended February 28, 2002, compared to net cash provided by investing activities of $31 million in the six months ended February 28, 2001, primarily due to reduced proceeds from the sale of investments. Net cash used in financing activities was $925 million in the six months ended February 28, 2002, a decrease of $414 million from the six months ended February 28, 2001, primarily due to reduced pre-incorporation earnings distributions to our partners. Net cash provided by operating activities was $2,281 million for fiscal 2001, an increase of $150 million from fiscal 2000. Net cash used by investing activities was $411 million for fiscal 2001, an increase of $518 million from fiscal 2000, as proceeds from the sale of investments of $428 million were offset by purchases of new investments and by capital expenditures. Net cash used by financing activities was $1,167 million for fiscal 2001, a decrease of $867 million from fiscal 2000. This included net proceeds of $1,791 million from the initial public offering and sale of the Accenture Ltd Class A common shares in the fourth quarter of fiscal 2001, offset by earnings distributions to partners of $2,282 million, repayment of partners capital totaling $524 million, and a payment of $314 million to Andersen Worldwide and Arthur Andersen of amounts due related to the final resolution of the arbitration.

Because we have historically deferred the distribution of a portion of our partners current year earnings into the subsequent fiscal year, these earnings have been available for a period of time to meet liquidity and working capital requirements. These distributable earnings, temporarily retained and distributed in the subsequent fiscal year, totaled $1,130 million and $819 million at August 31, 2000 and 2001, respectively. At May 31, 2001, we reclassified the final distributable earnings from the capital accounts to current liabilities. Distribution to our partners of pre-incorporation earnings, net of partner receivables owed to Accenture, during the six months ended February 28, 2002 was $764 million.

We have two syndicated credit facilities providing $450 million and $420 million, respectively, of unsecured, revolving borrowing capacity for general working capital purposes. Committed financing is provided at the prime rate or at the London Interbank Offered Rate plus a spread, and bid option financing is available. These facilities mature in August 2003 and June 2002, respectively. We expect to renew our syndicated credit facilities in June 2002 on comparable terms. The facilities require us to (1) limit liens placed on our assets to (a) liens incurred in the ordinary course of business (subject to certain limitations) and (b) other liens securing aggregate amounts not in excess of 30% of our total assets and (2) maintain a maximum debt to cash flow ratio of one to one. We are in compliance with these terms. As of February 28, 2002, we had no borrowings and $19 million in letters of credit outstanding under these facilities.

We also maintain four separate bilateral, uncommitted, unsecured multicurrency revolving credit facilities. As of February 28, 2002, these facilities provided for up to $370 million of local currency financing in countries that cannot readily access our syndicated facilities. We also maintain local guaranteed and non-guaranteed lines of credit. As of February 28, 2002, amounts available under these lines of credit facilities totaled $218 million. At February 28, 2002, we had $158 million outstanding under these various facilities. Interest rate terms on the bilateral revolving facilities and local lines of credit are at market rates prevailing in the relevant local markets.

During the six months ended February 28, 2001 and 2002, we made $180 million and $91 million in capital expenditures, respectively, and $315 million and $378 million for fiscal 2000 and 2001, respectively, primarily for technology assets, furniture and equipment and leasehold improvements to support our operations. We expect that our capital expenditures in the current fiscal year will be less than our capital expenditures in each of the last two fiscal years. In January 2002 we sold our technology center in Northbrook, Illinois for $65 million.

During November 1999, we formed Accenture Technology Ventures to select, structure and manage a portfolio of equity investments. We made equity investments of $145 million and $48 million during the six months ended February 28, 2001 and 2002, respectively, and $153 million and $326 million during fiscal 2000 and 2001, respectively. See Overview Critical Accounting Policies and Estimates Valuation of Investments for a discussion of our plans with respect to our investment portfolio.

We also received $54 million and $1 million in the six months ended February 28, 2001 and 2002, respectively, and $111 million and $118 million in fiscal 2000 and 2001, respectively, in equity from our clients as compensation for current and future services. Amounts ultimately realized from these equity securities may be higher or lower than amounts recorded on the measurement dates. At February 28, 2002, we had authorization to repurchase up to an additional $126 million of Accenture Ltd s Class A common shares. The cost of shares repurchased during the six months ended February 28, 2002 was $124 million. In addition to our ongoing open-market share repurchases, we expect to repurchase shares pursuant to our Share Management Plan. In certain countries we must use treasury shares, rather than newly issued shares, to satisfy our obligations upon the maturity of a restricted share unit or the exercise of an option in order for the transaction to receive the available tax deductability. We expect to use 6.4 million, 10.0 million and 7.5 million treasury shares for these purposes in fiscal 2002, 2003 and 2004, respectively.

In limited circumstances, we agree to extend financing to clients. The terms vary by engagement, but generally we contractually link payment for services to the achievement of specified performance milestones. We finance these client obligations primarily with existing working capital and bank financing in the country of origin. As of August 31, 2000, August 31, 2001 and February 28, 2002, $223 million, $182 million and $177 million were outstanding for 14, 17 and 19 clients, respectively. These outstanding amounts are included in unbilled services and other non-current assets on our historical balance sheets.

Obligations and Commitments

As of February 28, 2002, we had the following obligations and commitments to make future payments under contracts, contractual obligations and commercial commitments:

	Payments due by period				
Contractual Cash Obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
			(in thousands)		
Long-term debt	$ 7,058	$ 2,795	$ 4,263	$	$
Operating leases	2,722,869	201,635	381,741	361,034	1,778,459
Andersen Worldwide (1)	548,000	128,000	240,000	180,000	
Retirement obligations	424,301	55,209	92,316	95,340	181,436

(1) The contractual obligations are with Andersen Worldwide and/or its affiliates. In addition, we are obligated to provide up to $22,500 per year of services valued at then current retail billing rates for five years from 2001.

Market Risk

Foreign Currency Risk

We are exposed to foreign currency risk in the ordinary course of business. We hedge cash flow exposures for our major countries using a combination of forward and option contracts. We do not hold or issue derivative financial instruments for trading purposes. These instruments are generally short-term in nature, with typical maturities of less than one year. From time to time, we enter into forward or option contracts of a long-term nature.

For purposes of specific risk analysis, we use sensitivity analysis to determine the effects that market risk exposures may have on the fair value of our hedge portfolio. The foreign currency exchange risk is computed based on the market value of future cash flows as affected by the changes in the rates attributable to the market risk being measured. The sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the opposite gain or loss on the underlying transaction. As of August 31, 2000, a 10% decrease in the levels of foreign currency exchange rates against the U.S. dollar with all other variables held constant would result in an increase in the fair value of our financial instruments of $6 million, while a 10% increase in the levels of foreign currency exchange rates against the U.S. dollar would have almost no effect on the fair value of our financial instruments due to the fact that our long and short forward positions almost completely offset each other. As of August 31, 2001, a 10% decrease in the levels of foreign currency exchange rates against the U.S. dollar with all other variables held constant would result in a decrease in the fair value of our financial instruments of $4 million, while a 10% increase in the levels of foreign currency exchange rates against the U.S. dollar would result in an increase in the fair value of our financial instruments of $4 million. As of February 28, 2002, a 10% decrease in the levels of foreign currency exchange rates against the U.S. dollar with all other variables held constant would result in a decrease in the fair value of our financial instruments of $9 million, while a 10% increase in the levels of foreign currency exchange rates against the U.S. dollar would result in an increase in the fair value of our financial instruments of $9 million.

Twelve of the fifteen member countries of the European Union have established fixed conversion rates between their existing currencies (legacy currencies) and one common currency, the Euro. Beginning in January 2002, the new Euro-denominated currency was issued, and legacy currencies are being withdrawn from circulation. We have addressed the systems and business issues raised by the Euro currency conversion. These issues include, among others: (1) the need to adapt computer and other business systems and equipment to accommodate Euro-denominated transactions; and (2) the competitive impact of cross-border price transparency. The Euro conversion has not had, and we currently anticipate that it will not have, a material adverse impact to our consolidated financial position, results of operations or cash flows.

Interest Rate Risk

During the last three years, the majority of our debt obligations have been short-term in nature and the associated interest obligations have floated relative to major interest rate benchmarks, such as the London Interbank Offered Rate. While we have not entered into any derivative contracts to hedge interest rate risks during this period, we may do so in the future.

The interest rate risk associated with our borrowing and investing activities at August 31, 2000, August 31, 2001 and February 28, 2002 is not material in relation to our consolidated financial position, results of operations or cash flows. We have not used derivative financial instruments to alter the interest rate characteristics of our investment holdings or debt instruments.

Equity Price Risk

We have marketable equity securities that are subject to market price volatility. Marketable equity securities include common stock, warrants and options. Our investment portfolio includes warrants and options in both publicly traded and privately held companies. Warrants in public companies and those that can be net share settled in private companies are deemed derivative financial instruments and are recorded on the Consolidated Balance Sheet at fair value. The privately held investments are inherently risky because the markets for the technologies or products developed by these companies are less established than those of most publicly traded companies and we may be unable to liquidate our investments if desired. Beginning September 1, 2000, warrants are deemed derivative financial instruments by SFAS 133. As such, they are recorded on the balance sheet at fair value with unrealized gains or losses recorded on the income statement. As of February 28, 2002, we owned marketable equity securities totaling $83 million. We have entered into a forward contract to offset the equity price risk associated with $58 million of options included in our publicly traded marketable equity securities portfolio at February 28, 2002. Gains and losses associated with changes in the fair value of that forward contract offset changes in the fair value of the underlying options. As of February 28, 2002 the fair value of the underlying options was $58 million while the forward contract had a negative fair value of $15 million. The forward contract allows net cash settlement and is being accounted for as a derivative. Pursuant to SFAS 133, changes in the fair value of the forward contract are recorded on the income statement in the periods they arise and unrealized gains or losses are included in other assets or liabilities.

The following analysis presents the hypothetical change in the fair value of our marketable equity securities at August 31, 2000, August 31, 2001 and February 28, 2002, assuming the same hypothetical price fluctuations of plus or minus 10%, 20% and 30%.

	Valuation of investments assuming indicated decrease			August 31, 2000 fair value	Valuation of investments assuming indicated increase		
	-30%	-20%	-10%		+10%	+20%	+30%
				(in thousands)			
Marketable Equity Securities	$ 528,016	$ 603,446	$ 678,877	$ 754,308	$ 829,739	$ 905,170	$ 980,600

	Valuation of investments assuming indicated decrease			August 31, 2001 fair value	Valuation of investments assuming indicated increase		
	-30%	-20%	-10%		+10%	+20%	+30%
				(in thousands)			
Marketable Equity Securities and Warrants Deemed Derivatives by SFAS 133	$ 60,618	$ 69,278	$ 77,937	$ 86,597	$ 95,257	$ 103,916	$ 112,576

	Valuation of investments assuming indicated decrease			February 28, 2002 fair value	Valuation of investments assuming indicated increase		
	-30%	-20%	-10%		+10%	+20%	+30%
				(in thousands)			
Marketable Equity Securities and Warrants Deemed Derivatives by SFAS 133	$ 58,367	$ 66,705	$ 75,043	$ 83,381	$ 91,719	$ 100,057	$ 108,395

See Overview Critical Accounting Policies and Estimates Valuation of Investments for a discussion of our plans with respect to our investment portfolio.

Newly Issued Accounting Standards

In June 2001, the Financial Accounting Standards Board approved SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS 141 requires that the purchase method of accounting must be used for all business combinations initiated after June 30, 2001. Under the transition provisions of SFAS 142, goodwill acquired in business combinations for which the acquisition date is after June 30, 2001 are not to be amortized and are to be reviewed for impairment under existing standards. The entire goodwill balance of $153 million at February 28, 2002 related to acquisitions subsequent to June 30, 2001. We will be required to perform an initial impairment review of goodwill as of September 1, 2002, and an annual impairment review thereafter. We do not expect adoption of SFAS 142 to materially affect our results of operations.

BUSINESS

Overview

Accenture is the world s leading management consulting and technology services organization. We had approximately $11.6 billion of revenues before reimbursements for the 12 months ended February 28, 2002. We have more than 75,000 employees based in over 110 offices in 47 countries delivering to our clients a wide range of consulting, technology and outsourcing services. We operate globally with one common brand and business model designed to enable us to serve our clients on a consistent basis around the world. We work with clients of all sizes and have extensive relationships with the world s leading companies and governments. We serve 89 of the *Fortune* Global 100 and more than half of the *Fortune* Global 500. In total, we have served more than 4,000 clients on nearly 18,000 engagements over the past five fiscal years.

Industry Background

The global business environment is changing at an accelerating pace, presenting opportunities and challenges for companies around the world. A heightened focus on productivity, increased competition and the commercialization of the Internet and other emerging technologies are among the forces driving this change. To succeed, businesses must identify and respond rapidly to market trends; develop new products, services, skills and capabilities; use technology effectively; and, in some cases, restructure or reinvent specific business functions and processes, or even entire organizations. In this dynamic, competitive environment, decisions with respect to technology have become increasingly important and complex. This has created a growing need for professionals with experience in using technology to help drive business strategy.

In the 1980s and early 1990s, businesses worldwide used technology to improve their internal operational efficiency, automating functions such as accounting, human resources management and manufacturing planning. Today, enterprises seek to deploy a more far-reaching set of technological initiatives across business functions, organizations, customers, business partners and suppliers. For example, businesses are increasingly using relationship-management tools and technologies such as data mining, which searches large databases to extract relevant information and synthesize data, to gain insight into and improve interactions with customers and alliance partners; virtual research and development to accelerate new product development efforts; business exchanges to manage demand; collaborative software tools to facilitate product design and development among geographically dispersed teams; and the strategic outsourcing of business functions to transform and efficiently manage entire business processes.

The challenge today is for companies across all industry sectors to bring products and services to market quickly, predictably and in ways that are adaptable to dynamic market conditions. Emerging business-to-business technologies such as collaborative product development use the Internet to link entire product development cycles to customers, supply chain partners and manufacturing systems. Continued advancements in fixed broadband and wireless networks, enterprise application integration and security are likely to fundamentally change the customer experience for businesses and individual customers alike, allowing geographically scattered parties to collaboratively create, develop and manufacture products more quickly and efficiently than ever before.

In this environment, information technology services projects are becoming more complex in scale and scope. At the same time, successful implementation of major new enabling technologies has become crucial to organizations seeking to achieve growth or improvements in efficiency and productivity. As a result, management and information technology services providers have an increasingly important role in helping business leaders create value. Businesses and governments are increasingly turning to these services providers for access to specialized expertise and services that are either not readily available from internal resources or not in their core competency. According to International Data Corporation, or IDC, the worldwide business consulting and information technology services market, excluding hardware support and installation, is expected to grow from $400.6 billion in 2001 to $613.2 billion in 2005, a compound annual growth rate of 11.2%. Key drivers of this market growth are expected to include demand for supply chain management and customer relationship management services, which IDC has estimated will grow at compound annual rates of 14.9% and 18.7%, respectively, from 2001 to 2005.

Further, as business executives come under greater pressure to improve corporate performance, they are increasingly looking to outsource certain business functions and processes to technology services organizations. As a result, the worldwide market for information technology outsourcing is expected to grow from $174.3 billion in 2000 to $317.1 billion in 2005, a compound annual growth rate of 12.7%, and the worldwide market for business process outsourcing is expected to grow from $119.4 billion to $234 billion over the same period, a compound annual growth rate of 14.4%, according to Gartner Dataquest.

Clients increasingly demand that comprehensive solutions to their business challenges be delivered on an accelerated basis because of increasingly complex and competitive market conditions. The management consulting and information technology services providers who will succeed in this environment will be those who undertake the research and development necessary to identify key trends, invest significant human and financial capital in the development of market-ready solutions at the beginning of major industry and technological cycles, and create innovative, cost-effective means to deliver services in a predictable manner. To deliver value to clients, these services providers must continuously develop and expand their expertise in new technologies, maintain a global presence and offer a full range of expertise and services. They must also have access to capital to fund technology research and development and to create market-ready solutions.

Our Solution and Competitive Strengths

As the world s leading management consulting and technology services organization, we believe that we are well positioned for continued growth in a marketplace characterized by an increasing pace of technological change and complex business challenges. Our approach is to create value for clients through our network of businesses by leveraging our industry knowledge, service offering expertise and insight into and access to emerging technologies to help clients accelerate innovation and bring ideas to realization more quickly. With this comprehensive approach, we are able to move clients forward in every part of their business, from strategic planning to day-to-day operations. This often includes helping clients identify and enter new markets, increase revenues in existing markets, and deliver their products and services more effectively and efficiently. We believe that our approach, together with the following competitive strengths, distinguishes us in this marketplace.

> ***Seamless Execution on a Global Scale.*** We operate globally with one common brand and business model designed to allow us to serve our clients on a consistent basis around the world. We believe that our global network of more than 75,000 employees in 47 countries provides us with a significant advantage in developing and delivering solutions for the most complex strategic, technological and operational opportunities and challenges that our clients face. Our professionals around the world share skills, insight, knowledge of local markets and service line expertise and receive a common base of extensive training to ensure the same high-quality services and solutions for clients globally.

Deep Industry Expertise. We have developed specialized expertise and experience in the 18 industry groups in which our professionals work. Our industry focus enables our professionals to provide services with a thorough understanding of industry evolution, business issues and applicable technologies, and ultimately to deliver solutions tailored to each client s industry.

Broad and Evolving Capabilities. We offer our clients what we believe to be the broadest and deepest service offering expertise in the industry. Our eight service lines, which span our industry-focused operating groups, are Customer Relationship Management; Supply Chain Management; Human Performance; Strategy & Business Architecture; Finance & Performance Management; Solutions Engineering; Technology Research & Innovation; and Solutions Operations. More than 8,000 Accenture professionals are dedicated full time to specific service lines, helping to develop knowledge, assets and innovative solutions for clients across all of the industries we serve. These subject matter experts complement the nearly 54,000 professionals working within our operating groups who apply their knowledge of specific service lines to clients within specific industries. In addition, we have solution units that create, acquire and manage key assets, such as software and business architectures and methodologies for business processes, which are used to develop scalable solutions that can be offered to multiple clients. Some solution units serve clients across multiple industries, while others focus on specific industries.

Innovation in Outsourcing. Using our knowledge of consulting, business processes, technology and outsourcing, we have developed business transformation outsourcing, an approach that combines outsourcing with many other elements of our client-service business to help clients achieve rapid, sustainable improvements in their business performance. Through this approach, which can be structured to be less capital-intensive to us than traditional outsourcing, we bring significant value-creating opportunities to our clients and share long-term responsibility with them for the most difficult aspects of developing and implementing new business models and operating crucial business and technology functions. Our approach has been recognized as a competitive differentiator for us, and we believe that we are well positioned to benefit from the growth opportunities in business transformation outsourcing.

Enduring Relationships with the World s Leading Corporations and Governments. We work with chief executive officers and other senior executives at many of the world s largest and most successful organizations, including the top companies in virtually every industry sector, and governments worldwide. We serve 89 of the *Fortune* Global 100 and more than half of the *Fortune* Global 500. Our partners and other senior professionals are responsible for both winning client engagements and delivering service to clients, ensuring continuity between what we promise to our clients and what we deliver. We believe that our commitment to client satisfaction serves to strengthen and extend our relationships. For example, 86 of our top 100 clients in fiscal year 2001, ranked by revenues, have been our clients for at least each of the last five years, and more than 50 have been clients for at least each of the last 10 years. Our clients typically retain us on a non-exclusive basis.

Technology Innovation and Implementation. Technology is part of our heritage and is fundamental to our service offerings. We are a leader in the development and implementation of technology-based business solutions that create value for our clients. We leverage our affiliate companies and our more than 100 alliances with leading technology providers in addition to our own innovative tools, methodologies, software and other intellectual property to enhance our ability to develop and deploy technical solutions, particularly across large-scale, global platforms.

Distinctive People and Culture. Our most important asset is our people. We are deeply committed to the long-term development of our employees, whom we recruit from universities and industry. Each professional receives extensive and focused technical and managerial skills development training throughout his or her career with us, including 750 hours of training for our entry-level professionals in their first five years. In fiscal year 2001, we spent $692 million, or 6% of our revenues before reimbursements, on training. We seek to reinforce our employees commitment to our clients, culture and values through a comprehensive performance review system and a competitive compensation philosophy that reward individual performance and teamwork.

Proven, Tenured and Highly Motivated Management Team. Our more than 2,700 partners manage our day-to-day activities and client relationships and have an average of nearly 14 years of experience with us. In addition to establishing and supporting enduring client relationships, our partners focus on mentoring our professionals at all levels to develop the next generation of leadership. Immediately following the offering and the transactions related to the offering, our partners will own approximately 72% of the equity in our business, or 71% if the underwriters exercise their overallotment option in full.

Highly Diversified Business by Industry, Geography and Technology. Our global business is highly diverse. We operate across virtually every industry and geography, delivering a wide range of business and technology solutions and services to address the strategic and functional business challenges that organizations face. As a result, we can deploy our professionals anywhere in the world in response to evolving marketplace opportunities or challenges. Not only does our diversification enable us to take advantage of changing business, technological and economic conditions worldwide, it also allows us to manage through geographic and industry market cycles.

History of Staying Ahead of Industry Trends. Throughout our history, we have reinvented ourselves to capitalize on evolving management trends and technologies for the benefit of our clients. We pioneered systems integration and business integration; we led the deployment of enterprise resource planning, customer relationship management and electronic services; and we have established ourselves as a leader in today s marketplace, including in the business transformation outsourcing arena. We constantly adapt our service offerings in anticipation of future industry trends.

Our Strategy for Growth

We intend to help create new markets, design new business models and deliver business and technology solutions that provide value to our clients. Our strategy is to work closely with client executives to implement value-generating solutions that contribute to superior financial performance and enhance productivity on an accelerated basis.

We believe that our network of businesses approach provides us with a fundamental advantage in executing our strategic plans. Our operating groups and capability groups develop offerings and provide expertise to clients. Our affiliate companies and alliances provide us with insight into and access to emerging business models, products and technologies, enhancing the ability of our operating groups and capability groups to deliver value to clients.

To serve our clients and grow our business, we aggressively pursue the following strategic imperatives:

Leverage Our Expertise in Business Transformation Outsourcing. We are helping our clients create value by leveraging information technology to reinvent and transform fundamental business operations. Using our knowledge of consulting, business processes, technology and outsourcing, we believe we are well positioned to develop and implement new business models and operate critical business and technology functions for clients around the world. We pursue opportunities in business transformation outsourcing, which is the approach we developed that combines outsourcing with many elements of our consulting business to help our clients achieve rapid sustainable improvements in their business performance. We bring significant value-creating opportunities to our clients senior executives and share long-term responsibility with them for the most difficult aspects of the program. The percentage of our revenues derived from business transformation outsourcing has increased significantly over the past year, and we expect that business transformation outsourcing will continue to be an increasing part of our business.

Enhance Our Strategic Delivery Model. Delivering services efficiently to our clients is crucial to our performance as well as theirs. Through our strategic delivery model, we target significant cost improvement in large-scale client delivery. Our strategic delivery model has three components: (1) our client teams working at client sites, who understand a client s business environment and bring deep industry skills; (2) our global network of more than 40 delivery centers, with repeatable assets and architectures; and (3) our aggressive use of offshore resources, including our development facilities in the Philippines, Spain, the Czech Republic and India. Our client teams leverage our delivery centers and offshore development facilities to create tailored solutions for clients quickly and efficiently, ensuring that clients receive the highest-value solutions at lower cost.

Create Asset-Based Solutions to Drive Superior Results. Through our solution units and other parts of our organization we create assets, such as software and business architectures and methodologies for business processes, that enable us to rapidly implement market-ready solutions for our clients. One example is Navitaire Inc., an Accenture affiliate that provides airlines with reservations, ticketing and revenue management services. Another is Indeliq, also an Accenture affiliate and part of our Accenture Learning solution unit, which develops performance simulation electronic learning applications based on patents and technology that we contributed to the company. We recognize the value of intellectual property in the new marketplace and vigorously create, harvest and protect our intellectual property. We have filed more than 1,000 patent applications in the United States and other jurisdictions to date and have been issued more than 50 U.S. patents.

Aggressively Grow in Attractive Geographic Markets. Demand for the services we provide is growing rapidly in both established and emerging economies. We have offices in 47 countries around the world and, while we are a leader in the majority of markets in which we operate, we believe there are significant opportunities for us to grow in multiple geographies, including by way of investment. Given the fragmented nature of the worldwide business consulting and information technology services market, and based on our knowledge of the markets in each of the 47 countries in which we operate, we believe there is room for us to increase our market share on a global basis.

Accelerate and Ride the Waves of Change. Industry today is characterized by ongoing waves of technological and business change that present our clients with significant value-creation opportunities. We leverage our network of businesses to help organizations apply business and technology solutions that create value by realizing the opportunities presented by these waves of change. We believe that our significant scale and access to capital will continue to enable us to make the investments in research and development, tools and methodologies and intellectual property necessary to anticipate these waves and rapidly develop and deliver business and technology solutions based on them.

Enhance Our Operational Efficiency. As experts in operational efficiency, we provide value to our clients as well as our shareholders by maintaining our organization as a cost-effective, technology-enabled company with strong financial discipline. This includes continuous improvement in our client delivery capabilities and cost structure. We intend to continue to electronically enable our own business processes in areas such as human resources, training, recruiting, performance management and finance and operations management. For instance, we now deliver more than 60% of our training virtually by leveraging the Internet and other technologies. We are also increasing the use of shared-services models in our finance and marketing organizations, among others, to increase efficiencies and drive lower-cost solutions. Our continued focus on efficiency is intended to optimize the performance of our organization as we increase our scale and scope.

Foster a Great Place to Work. Our ability to hire, train, develop, motivate and retain our professionals is critical to our success. To attract and retain these professionals, we have a great place to work program, which includes performance metrics to hold our leadership accountable for employee satisfaction and retention. Our goal is to create an environment in which we can:

- develop inspiring leaders;
- cultivate a diverse workforce;
- create interesting work;
- provide continuous learning;
- support flexible workstyles; and
- provide competitive rewards.

The marketplace for high-caliber professionals has become very competitive in many parts of the world, and we are committed to providing attractive current compensation and significant long-term incentives for our employees. We constantly seek ways to enhance our great place to work program. One example is the innovative FlexLeave sabbatical program, which we introduced last year in several countries. While on leaves of absence typically ranging from six to 12 months during which time they are free to pursue almost any activity they choose participants continue to receive Accenture benefits and a percentage of their salaries. The FlexLeave program not only serves as an innovative way to achieve an appropriate balance between our available resources and market demand for our services, it also provides our people with time to take advantage of personal opportunities while maintaining their employment with us.

Management Consulting and Technology Services and Solutions

Our management consulting and technology services and solutions business is structured around five operating groups (formerly referred to as global market units), which together comprise 18 industry groups. Two capability groups, each comprising service lines and solution units, support the operating groups and provide access to the full spectrum of business and information technology solutions. In addition, we have solution units that are dedicated to specific industries; these solution units reside within the respective operating groups.

Client engagement teams typically consist of industry experts, service line specialists and consultants with local market knowledge. Our client teams are complemented by our delivery centers, part of our strategic delivery capability, which allow us to capture replicable components of methodologies and technologies and use these to create tailored solutions for clients quickly and cost-effectively.

Operating Groups

The following table shows the organization of our five operating groups and their 18 industry groups.

Communications & High Tech

We are a leading provider of management and technology consulting, business transformation outsourcing and market-making services and solutions to the communications, high technology and media and entertainment industries. We offer services that help our clients exploit and stay ahead of major technology and industry trends, including mobile technology, advanced communications networks, digital content services, customer care, and learning services, and we help our clients exploit the opportunities presented by the convergence of new technologies. In addition, we have established mobile commerce labs in Europe and the United States. At these research and development facilities we demonstrate how new mobile technologies can be integrated with existing legacy and Internet systems and applied in new and innovative ways.

The table below sets forth information about our Communications & High Tech operating group, including information about revenues before reimbursements and number of employees, as well as a partial list of some of our largest clients for this operating group:

Our Communications & High Tech operating group comprises the following industry groups:

Communications. Our Communications industry group serves many of the world s leading wireline, wireless, cable and satellite communications companies. In fiscal year 2001, we served 19 of the 24 telecommunications companies in the *Fortune* Global 500. We provide a wide range of services designed to help our communications clients increase margins and market share, improve customer retention, increase revenues, reduce overall costs and accelerate sales cycles. For instance, communications companies have extremely complex billing systems, and we believe that our industry knowledge and experience have made us the industry leader in developing, implementing and operating billing systems tailored to our clients needs. We have expertise in advanced networks, including third-generation wireless and interactive TV networks, as demonstrated by our numerous patent applications in areas such as high-speed networks, system architectures and bandwidth trading. Over the last decade, we have worked with many of the world s leading communications companies on a number of strategic, operational and systems consulting projects. For example, since 1998 we have been managing many of BellSouth s applications as part of one of the largest information technology outsourcing arrangements in the telecommunications industry. BellSouth recently extended our contract to 2007 and expanded the scope of applications and projects that we are managing. We also recently teamed with Verizon Wireless to provide an integrated mobile services bureau to major corporations, enabling them to take advantage of the growing demand for wireless services.

Electronics & High Tech. Our Electronics & High Tech industry group serves the aerospace, defense, electronics, high technology and network communications industries. In fiscal year 2001, we worked with 43 of the 54 aerospace and defense; computers and office equipment; electronics and electrical equipment; Net software and services; network and other communications equipment; scientific, photo and control equipment; and semiconductor and other electronic components companies in the *Fortune* Global 500. This industry group provides services in areas such as electronic commerce and strategy and supply chain management. For instance, we helped Dell Computer upgrade its already world-class manufacturing infrastructure as part of an accelerated supply chain solution. A key element was a rigorous process-reengineering program that enables Dell to keep no more than a few hours of inventory of parts and supplies on hand, substantially reducing inventory and carrying costs at its manufacturing facilities. We also helped EMC, a leading enterprise data storage company, implement a global information infrastructure and enhance business processes to give the company the flexibility and scalability needed to keep pace with future growth. One of the program s key benefits was a significant reduction in the amount of time it takes to make changes in product design and manufacturing.

Media & Entertainment. Our Media & Entertainment industry group serves entertainment, print and publishing companies, as well as innovative new ventures and Internet companies. In fiscal year 2001, we worked with five of the eight entertainment, printing and publishing companies in the *Fortune* Global 500. Our Media & Entertainment industry group provides an array of services ranging from customer relationship management to digital content infrastructure and electronic business solutions. We recently helped Sony build a high-volume, direct-to-consumer channel to enhance its ability to distribute PlayStation games across Europe. We designed, built and implemented PlayStation.com in one integrated project and on a short timeline, helping transform Sony s European operation from a wholesale conduit for Sony products into a multi-channel enterprise with a direct relationship to consumers. We have also helped our media and entertainment clients use digital content services and exploit mobile and broadband commerce. For instance, teaming with Avanade and Microsoft, we helped EMI Recorded Music implement a storage and retrieval solution for more than 135,000 digitized music assets, which can be distributed almost anywhere, anytime and in any digital format.

Financial Services

Our Financial Services operating group focuses on the growth opportunities created by our clients need to adapt to changing market conditions, including increased cost pressures, industry consolidation, regulatory changes, the creation of common industry standards and protocols, and the move to a more seamless and interconnected industry model. We help clients meet these challenges through a variety of offerings, including outsourcing strategies to increase cost efficiency and transform businesses, and customer-relationship-management initiatives that enable them to acquire new customers, retain profitable customers and improve their cross-selling capabilities.

The table below sets forth information about our Financial Services operating group, including information about revenues before reimbursements and number of employees, as well as a partial list of some of our largest clients for this operating group:

Our Financial Services operating group comprises the following industry groups:

Banking. In fiscal year 2001, our Banking industry group worked with 50 of the 67 commercial and savings banks, diversified financials and securities companies in the *Fortune* Global 500. We also work with a variety of new entrants and innovators, such as online banks and brokerages. We help these organizations develop and execute strategies to target, acquire and retain customers more effectively, expand product and service offerings, and leverage new technologies and distribution channels. For instance, Alnova, an Accenture solution unit within our Financial Services operating group, developed a multi-channel transaction processing software asset for the banking industry, which has been installed in 94 financial institutions in 18 countries. We helped Visa USA, one of the world s largest consumer payment systems, transform its information systems infrastructure to handle the volume growth and complexity of the company s vision of universal commerce, in which payment transactions can take place in virtually any location, anytime and in any manner. This solution, called Visa Direct Exchange, is a secure, scalable, open-system technology platform designed to serve as the network and messaging backbone of Visa s universal commerce initiatives for years to come. The new system, one of the largest of its kind in the world, is able to grow to support more than 40 billion transactions annually, with near-term capabilities of 20,000 transactions per second.

Health Services. Our Health Services industry group serves integrated health care providers, health insurers, managed care organizations, biotech and life sciences companies and policy-making authorities. In fiscal year 2001, our Health Services industry group served seven of the 12 health care companies and health care wholesalers in the *Fortune* Global 500. We are helping our clients in the health plan and health insurance area in North America accelerate their business by connecting consumers, physicians and other stakeholders through electronic commerce. For example, we helped Highmark Blue Cross Blue Shield develop and execute an electronic consumer health management strategy, including separate portals for consumers, providers, groups and agents. In Europe, we are helping create new connections between governments, physicians and insurers.

Insurance. Our Insurance industry group helps property and casualty insurers, life insurers, reinsurance firms and insurance brokers improve business processes, develop Internet insurance businesses and improve the quality and consistency of risk selection decisions. In fiscal year 2001, we served 33 of the 48 insurance companies in the *Fortune* Global 500. We have been helping Pacific Life design and implement an innovative service capability for its agent network. Components of the solution include automated document management and workflow and a knowledge management application. These components, coupled with a new technology infrastructure, are designed to enable Pacific Life to continue its high-end product and services strategy while enhancing the capabilities of its employees to service Pacific Life s multiple distribution systems and complex product suite. We are also working with AXA France on a project to help the insurer become more customer-centric; the initiative aims to increase AXA s cross-selling ratio significantly and help grow its asset-accumulation business. Our Insurance industry group has also developed a claims management capability that enables insurers to provide better customer service while optimizing claims costs. The implementation of this solution at the Chubb Group of Insurance Companies should enable the insurer to retire its core legacy systems and realize significant reductions in unallocated expenses and claims overpayments.

Products

Our Products operating group comprises six industry groups: Automotive, Consumer Goods & Services, Industrial Equipment, Pharmaceuticals & Medical Products, Retail, and Transportation & Travel Services.

The table below sets forth information about our Products operating group, including information about revenues before reimbursements and number of employees, as well as a partial list of some of our largest clients for this operating group:

Automotive. Our Automotive industry group works with auto manufacturers, suppliers, dealers, retailers and service providers. In fiscal year 2001, we served 16 of the 30 motor vehicles and parts and rubber and plastic products companies in the *Fortune* Global 500. Our automotive industry professionals work with clients to develop and implement solutions focused on customer service and retention, channel strategy and management, branding, buyer-driven business models, cost reduction, customer relationship management and integrated supplier partnerships. For example, we are helping Peugeot increase sales and improve customer service by working with them in multiple countries to design, develop and deploy Web sites that better meet the needs of Peugeot s customers and prospects. The project features innovative business-to-consumer sites offering Peugeot s customers a range of services, including an advanced showroom, used car searches, car configuration, dealer contact integration and personalized owner services. We are also collaborating with Microsoft to accelerate the auto industry s ability to cost-effectively implement and maintain advanced automotive telematics solutions. Together we offer automakers, suppliers and telematics service providers a seamless integration process for in-vehicle consumer services.

Consumer Goods & Services. Our Consumer Goods & Services industry group helps food, beverage, tobacco, household products, cosmetics and apparel companies move beyond incremental cost cutting to establish bolder innovation and growth agendas. In fiscal year 2001, we worked with 15 of the 17 beverage, consumer food products, soap, cosmetics and tobacco companies in the *Fortune* Global 500. This industry group adds value to companies through innovative service offerings that address, among other things, new ways of reaching the retail trade and consumers through precision consumer marketing, maximizing brand synergies and cost reductions in mergers and acquisitions, improving supply chain efficiencies through collaborative commerce business models, and enhancing the efficiency of their internal operations. For instance, we helped Coca-Cola Bottlers Philippines develop a shared-services strategy for reducing the cost and improving the service of the company s finance organization.

Industrial Equipment. Our Industrial Equipment industry group serves the industrial and electrical equipment, construction, consumer durable and heavy equipment industries. In fiscal year 2001, we served seven of the nine building materials, glass, and industrial and farm equipment companies in the *Fortune* Global 500. We help our clients increase operating and supply chain efficiency by improving processes and leveraging technology. For example, we implemented a sophisticated enterprise-wide technology solution for Komatsu to help the company increase the efficiency of its back- and front-office functions in the United States. We also work with clients to generate value from strategic mergers and acquisitions. As part of the merger of BTR and Siebe to create Invensys, an automation and controls company, we helped manage the integration of more than 200 workstreams covering human resources, finance, procurement and supply chain management. Our Industrial Equipment industry group also develops and deploys innovative solutions in the areas of channel management, collaborative product design, remote field maintenance, enterprise application integration and outsourcing.

Pharmaceuticals & Medical Products. Our Pharmaceuticals & Medical Products industry group serves pharmaceuticals, biotechnology, medical products and other industry-related companies. In fiscal year 2001, we served all 13 of the pharmaceuticals companies in the *Fortune* Global 500. With knowledge in discovery, development, manufacturing, supply chain, and sales and marketing issues, we help companies identify and exploit opportunities for value creation, such as reducing the time it takes to develop and deliver new drugs to market through process improvements and implementation of technology. For example, we helped the Medicines Control Agency in the United Kingdom use electronic commerce technologies to improve its efficiency in submitting and processing regulatory applications. We are also working with Wyeth-Ayerst Laboratories, the pharmaceutical division of Wyeth, to implement a customer management system anchored by Siebel ePharma Sales. This initiative is designed to help Wyeth s 5,000-member sales force enhance the quality and productivity of visits with medical professionals and customers, while minimizing corresponding administrative tasks. Our Pharmaceuticals & Medical Products industry group also helps clients integrate new discovery technologies, realize the potential of genomics and biotechnology, become more patient-centric and create new business models that deliver medical breakthroughs more rapidly.

Retail. Our Retail industry group serves a wide spectrum of retailers ranging from convenience stores to destination stores, including supermarkets, specialty premium retailers and large mass-merchandise discounters. In fiscal year 2001, we served 23 of the 53 food and drug stores, food services companies, general merchandisers and specialty retailers, as well as three of the trading companies, in the *Fortune* Global 500. Our Retail industry group professionals work with retailers worldwide to create sustainable value measured by improved profitability and customer satisfaction, revenue growth, decreased costs and, where relevant, shareholder value. Our approach applies innovative business processes and breakthrough analytical tools to all areas of the business, including merchandising, marketing, supply chain, store operations and customers. We recently formed an alliance with Retek to help retailers increase revenue and profit growth through a combination of our intellectual property and industry experience and Retek s suite of retail-specific applications. We also help our clients develop and execute strategies for outsourcing, mergers and acquisitions, global expansion, and electronic and mobile commerce. For example, Best Buy engaged us for a two-year program, called Process to Profits, designed to drive shareholder value and enhance the retailer s capabilities through improved assortment planning, pricing, inventory management, product sourcing and advertising effectiveness. The program s success led Best Buy to publicly credit Accenture with playing a strong role in the company s return to profitability. Through a long-term contract, we are also working with J Sainsbury plc to help the company transform its business and technology to improve its customers shopping experiences. As part of this arrangement we have assumed responsibility for all aspects of the food retailer s information technology infrastructure. Working with Sainsbury s management, we have also laid the groundwork for a total business transformation, which will include modernizing the company, its store layouts and operations.

Transportation & Travel Services. Our Transportation & Travel Services industry group serves clients in the airline, freight transportation, third-party logistics, hospitality, gaming, car rental, passenger rail and travel distribution industries. In fiscal year 2001, we served 16 of the 24 airline, railroad, mail, package and freight delivery companies and postal services in the *Fortune* Global 500. We help clients develop and implement strategies and solutions to improve customer relationship management capabilities, operate more-efficient networks, integrate supply chains, develop procurement and electronic business marketplace strategies and more effectively manage maintenance, repair and overhaul processes and expenses. For example, through a co-sourcing arrangement with KLM we are helping the airline develop and maintain Web-enabled information systems designed to reduce the cost and time of applications development as well as enhance the quality of information systems. We are also working with Marriott International, a longtime client, to build and implement a shared services capability to improve the billing process at the company s network of hotels. Through a transformation of systems, culture and organizational processes, the shared services model has delivered significant benefits for hotel guests and vendors, improving invoicing and payment. From a corporate perspective, the net cost savings have contributed to Marriott s profitability objectives.

Resources

Our Resources operating group serves the energy, chemicals, utilities, metals, mining, forest products and related industries. With market conditions driving energy companies to seek new ways of creating value for shareholders, deregulation fundamentally reforming the utilities industry and yielding cross-border opportunities, and an intensive focus on productivity and portfolio management in the chemicals industry, we are working with clients to create innovative solutions that are designed to help them differentiate themselves in the marketplace and gain competitive advantage.

The table below sets forth information about our Resources operating group, including information about revenues before reimbursements and number of employees, as well as a partial list of some of our largest clients for this operating group:

Our Resources operating group comprises the following industry groups:

Chemicals. Our Chemicals industry group has significant resources in Europe, Asia, Japan and the Americas and works with a wide cross-section of industry segments, including specialty chemicals, industrial chemicals, polymers and plastics, gases and life science companies. In fiscal year 2001 we worked with nine of the 10 chemicals companies, as well as several of the petroleum refining companies, in the *Fortune* Global 500. We also have long-term operations contracts with many of the industry leaders. For instance, our innovative outsourcing arrangement with The Dow Chemical Company for information technology application development is designed to improve Dow s return on its information technology investment. Additionally, in an extension of our information technology outsourcing arrangement with DuPont, we are engaged in a global initiative to enhance the company s collaboration with its customers, reduce supply chain costs and increase efficiencies across the company s worldwide operations. Under the agreement, which deepens the decade-long relationship between our two companies, we will design and build a global enterprise resource planning solution for much of DuPont s operations. DuPont will also outsource maintenance and support for this solution to us for a six-year term. We believe that our strategic delivery model, which leverages skilled resources at our global delivery centers, enabled us to provide DuPont with an innovative and cost-effective solution.

Energy. Our Energy industry group serves a wide range of companies in the oil and gas industry, including upstream, downstream and oil services companies. In fiscal year 2001, we served 29 of the 42 energy and petroleum refining companies in the *Fortune* Global 500. Our clients include BP, Shell and Exxon Mobil, among others. We help clients create cross-industry synergies and operational efficiencies through our multi-client outsourcing centers, forge alliances to advance integrated industry solutions, build and enhance trading and risk management operations, and exploit new business technologies. For instance, we recently expanded our longstanding relationship with Halliburton by signing an alliance with Halliburton s

Landmark Graphics Corporation, the world s leading supplier of software and services for the upstream oil and gas industry. The pairing combines industry-focused skills in consulting, data management, applications hosting and outsourcing and spans more than 100 countries. With alliance partner AspenTech, we announced an expansion of our strategic relationship to develop and implement new manufacturing and supply chain solutions to improve the performance of chemical and petroleum manufacturers. We are also working with Magyar Olaj-es Gazipari Reszvenytarsasag (MOL) to outsource its finance and accounting functions. The agreement, one of the largest outsourcing arrangements in Hungary and among the first business processing outsourcing agreements in Central Europe, is designed to significantly improve MOL s business efficiency by simultaneously enabling the company to focus on its core activities and save costs on support functions.

Forest Products. In fiscal year 2001, we served five of the six forest and paper products companies in the *Fortune* Global 500. The Forest Products industry group helps our clients in the pulp and paper business achieve improvements in business performance. For instance, we helped Pennsylvania-based Glatfelter, a specialty paper manufacturer, redefine its mission and strategy, shifting from commodity forest products to higher-margin market segments. We also help our Forest Products clients use electronic commerce and the Internet to drive incremental value.

Metals & Mining. Our Metals & Mining industry group serves metals industry clients located in the world s key mining regions, including North America, Latin America, South Africa, Australia and South East Asia. In fiscal year 2001, we served nine of the 17 metals, mining and crude-oil production companies in the *Fortune* Global 500. The Metals & Mining industry group works with clients in areas such as electronic commerce, including procurement, supply-chain management and customer service. For example, we are working with Quadrem to design, build and support an electronic marketplace founded by 20 of the world s largest mining, metals and mineral companies.

Utilities. Our Utilities industry group works with electric, gas and water utilities around the world to respond to an evolving and highly competitive marketplace. In fiscal year 2001, we served 14 of the 18 gas and electric utilities, as well as several of the energy companies, in the *Fortune* Global 500. Our work includes helping utilities transform themselves from state-owned, regulated local entities to global deregulated corporations, as well as developing diverse products and service offerings to help our clients deliver higher levels of convenience and service to their customers. These offerings include trading and risk management, supply chain optimization and customer relationship management. We are also working with new electricity power exchanges to bring producers together with the goal of improving service to consumers and reducing rates.

Government

As the world s largest employers, governments face the challenge of improving the efficiency of their service delivery by creating new citizen-centric business models that harness the power of new technologies. Our Government operating group works with government agencies in 23 countries, helping them transform to meet the demands of citizens and businesses. We typically work with defense, revenue, human services, justice, postal, education and electoral authorities, whose budgets often account for a substantial majority of a country s overall government expenditures.

The table below sets forth information about our Government operating group, including information about revenues before reimbursements and number of employees, as well as a partial list of some of our largest clients for this operating group:

Our Government clients typically are national, provincial or state-level government organizations, and to a lesser extent, cities and other local governments. We have a significant presence in the U.S. federal marketplace, including strong relationships with the U.S. Department of Education Office of Student Financial Assistance, U.S. Department of Housing and Urban Development, U.S. Defense Logistics Agency, U.S. Department of Commerce and U.S. Department of State.

We advise on, implement and in some cases operate government services, enabling our clients to use their resources more efficiently and to deliver citizen-centric services. We are also working with clients to transform their back-office operations, build Web interfaces and enable services to be delivered over the Internet. And, as governments are pressed to do more with less, Accenture is introducing innovative contract models from the private sector that are becoming increasingly popular with governments. For instance, under a five-year modernization partnership with the U.S. Department of Education, we are helping the Office of Student Financial Assistance modernize administrative processes and introduce private-sector financial services industry practices that provide demonstrable results. The contracts underlying this work are value-based, tying compensation to benefits delivered. In one year alone we helped the U.S. Department of Education reduce the cost of serving students while increasing both customer and employee satisfaction. We also recently signed two additional performance-based contracts with the Office of Student Financial Assistance, and in another performance-based contract we are helping the U.S. Defense Logistics Agency create a comprehensive supply-chain strategy that embraces the best practices employed in the private sector.

We are also helping revenue agencies create Internet portals that maintain customer accounts and enable taxpayers to review what they owe, maintain payment records and monitor refunds similar to the way individuals can monitor credit card accounts online. For instance, we are helping the Australian

Taxation Office develop and launch what we believe to be one of the world s most sophisticated government portals, which will enable businesses in Australia to handle all of their local, state and national tax filings through one electronic channel that also maintains individual account records and provides a library of tax laws.

In Europe we have worked with the United Kingdom Inland Revenue to design, build and run one of the world s largest information technology systems, which maintains national insurance records on 60 million citizens. In Canada, we operate software systems and provide application development, management and support services to Canada Post Corporation under a long-term contract, helping them process more than 9 billion pieces of mail each year.

In the human services sector we are working with a consortium of four California counties under a 13.5-year contract to design, build, deploy and operate a fully automated and integrated human services information system. Among other things, the system will support the determination of eligibility of more than 350,000 families for a variety of government-assistance programs; enable thousands of county employees to manage and administer service delivery to needy families and those seeking employment services; and allow the public to access directories of service providers. This past year, we also helped the New Mexico Human Services Department launch one of the nation s first eChild Support solutions, empowering parents to participate in the management of their child-support accounts.

In Asia we recently helped launch the Singapore Learning Exchange, an electronic learning offering that we developed jointly with the Civil Service College of Singapore. An innovative life-long education and training program for Singapore civil servants that is also available to Singapore citizens, the Exchange provides Internet-based and traditional education and training to improve government service and make continuous learning available to all of the country s citizens.

Capability Groups

Our two capability groups, Business Consulting and Technology & Outsourcing, are the innovation engines through which we develop and deliver a full spectrum of services and solutions that address business opportunities and challenges common across industries. Together, our two capability groups comprise eight service lines and three solution units.

Our service lines are responsible for developing our knowledge capital, world-class skills and innovative capabilities. More than 8,000 Accenture professionals are dedicated full time to specific service lines, helping to develop knowledge and assets for clients across all of the industries we serve. These subject matter experts complement the nearly 54,000 professionals working within our operating groups who apply their knowledge of specific service lines to clients within specific industry groups.

Through our solution units we develop asset-based scalable solutions that can be offered to multiple clients, often incorporating the capabilities of our service lines, alliance partners and affiliates. Our solution units, which are either Accenture affiliate companies or separate groups within Accenture, are responsible for creating, acquiring and managing key assets that are central to our delivery of innovative solutions to clients. The three solution units within the capability groups serve clients across multiple industries. We also have solution units that are dedicated to specific industries; these are managed through the respective operating groups.

Business Consulting Capability Group

Our Business Consulting capability group comprises five service lines and two solution units. The five Business Consulting service lines are Strategy & Business Architecture, Customer Relationship Management, Supply Chain Management, Human Performance and Finance & Performance Management. Our two Business Consulting solution units are e-peopleserve and Accenture Learning.

Strategy & Business Architecture Service Line

Companies in every industry and geography seek advice and support on issues related to achieving and maintaining a competitive advantage. The professionals within our Strategy & Business Architecture service line work with individuals at the highest levels of our clients organizations on their most crucial strategy and information technology issues. To help clients unlock new sources of value, we provide a wide array of strategic planning and design services and advise clients on significant decisions relating to corporate governance, post-merger and acquisition integration, information technology organization and governance, marketing strategy and other transformational issues. In addition, our professionals analyze current and emerging market trends to help clients identify new business opportunities.

A key strength is our ability to integrate strategic thought leadership and innovative concepts with process, industry and technology expertise. Unlike strategy consulting firms that provide advice but often do not deliver and execute solutions, we develop and implement practical solutions that leverage the knowledge, best practices and experience we have gained from working on complex engagements for our clients in our 18 different industry groups.

Customer Relationship Management Service Line

Maintaining strong relationships with customers is an essential component of creating sustainable top-line growth. Professionals in our Customer Relationship Management service line help companies increase the value of their customer relationships and enhance the economic value of their brands to acquire new customers and retain existing ones. We offer a full range of capabilities that have positioned us as a pioneer in the reinvention of marketing and customer relationship management. These include proprietary approaches to improving the return on marketing investments, innovative methods for uncovering insight into customers purchasing preferences and habits and tailoring products and services based on that insight, and sophisticated techniques for integrating information so that it is available to customers at any point of interaction. Together with our alliance partners, we bring in-depth skills to our clients, helping them create superior customer experiences and enhance the value of their customer relationships. For example, we built a customer relationship management system to help Germany s Dresdner Bank link its service centers and branches to maximize sales, productivity and profits. We were also recently engaged by AT&T Consumer to transform its long-distance sales and customer care operation. As part of this five-year program we are responsible for providing new technologies, business process enhancements and management direction for the operation, which serves AT&T s nearly 60 million domestic long-distance customers in the United States.

Supply Chain Management Service Line

We help clients gain competitive advantage by working with them to optimize their supply chains and build networks to facilitate collaboration with suppliers and business partners. Professionals in our Supply Chain Management service line are dedicated to developing innovative approaches to solve supply chain problems across a broad range of industries. This includes designing more-efficient procurement processes, optimizing product planning, strengthening supplier relationships, and streamlining product development cycles.

In addition, our Supply Chain Management service line uses its expertise in areas such as strategic sourcing, manufacturing strategy and operations, and logistics to provide strategic advice and technology solutions that leverage the Web for procurement, fulfillment and product design. For instance, we helped Dell Computer upgrade its already world-class supply chain and manufacturing infrastructure to operate on no more than two hours of component inventory at a time. The solution is driven by a sophisticated Internet-based application that enables Dell to accurately forecast needs, order materials and direct factory scheduling based on countless real-world variables and constraints. This initiative generated a 500 percent return on investment in only one year and is also helping Dell adapt more quickly to fast-changing technologies with less capital risk.

We are also a leader in tracking the impact of the fulfillment process for Internet-based shopping. We have identified important links between the supply chain and customer satisfaction that will enable our clients to reformulate their fulfillment processes to improve efficiency and increase profits.

Human Performance Service Line

Much of our clients success depends upon their ability to transform their organizations to compete in the complex, competitive and fast-changing global economy. The key to achieving and sustaining enhanced business performance in this challenging environment often lies with an organization s people.

The professionals in our Human Performance service line help our clients solve human performance issues that are crucial to their operational success, including recruiting and motivating key employees and management. Our integrated approach provides human resources, knowledge management, learning and performance management solutions that increase the efficiency and effectiveness of our clients employees and operations, while reducing recruiting and training costs. For example, through our alliance with e-peopleserve, an Accenture affiliate and Business Consulting solution unit, we are able to offer clients an outsourced solution designed to reduce the costs associated with human resources administration. Professionals in our Human Performance service line also work closely with our Accenture Learning solution unit to help companies and governments reduce employees time to competency, increase knowledge retention, lower the costs of administering complex training content, and manage multiple learning delivery vehicles and vendors.

Finance & Performance Management Service Line

The professionals in our Finance & Performance Management service line work with our clients key financial managers, including chief financial officers, treasurers and controllers, to support management of and reporting by finance departments. Among the services we provide are strategic consulting with regard to the design and structure of the finance function, particularly post-merger or acquisition, and the establishment of shared service centers for streamlining transaction processing. Our professionals work with financial executives to develop and implement solutions that help them align their companies investments with their business objectives, use the Internet to manage the treasury functions, and establish security around the exchange of information to reporting institutions. Our services also address pricing and yield management, billing, credit, lending and debt recovery. We recently helped Marriott International consolidate its finance functions to reduce costly, redundant processes in individual hotels and to streamline information systems support and business process integration procedures. By repositioning the company s support organization, we not only cut costs but also helped position Marriott for aggressive global expansion.

e-peopleserve Solution Unit

Launched in August 2000 as an Accenture affiliate, our e-peopleserve solution unit is a provider of outsourced human resources services, which it delivers through self-service tools such as Web-based technology, e-peopleserve s network of resources service centers, and counseling from skilled caseworkers. Offering efficient, secure, integrated human resources services across the employee lifecycle, from recruitment and payroll to pensions, e-peopleserve provides large organizations with a more efficient and effective human resources management system.

Accenture Learning Solution Unit

Our Accenture Learning solution unit draws on Accenture s extensive experience with enterprise-wide workforce performance transformation; the strength of our business processing outsourcing capabilities; our internal training and knowledge management solution, myLearning; and the expertise of our Indeliq affiliate, which develops scalable performance simulation electronic learning applications. Our Accenture Learning professionals work with companies and governments to provide outsourced transformational learning solutions that reduce employees time to competency, increase knowledge retention, lower the costs of administering complex training content and manage multiple learning delivery vehicles and vendors. For instance, we recently entered into a multi-year outsourcing agreement with Avaya, a leading global provider of enterprise communications infrastructure, applications and services, through which Accenture is providing end-to-end learning services to Avaya s employees, customers and business partners. Avaya s goal is to enhance workforce performance, improve efficiency and reduce costs. Accenture Learning also leverages established relationships with alliance partners that bring the skills, assets, expertise and commitment to collaboration to deliver sophisticated learning solutions that provide demonstrable results and have a measurable impact on performance.

Technology & Outsourcing Capability Group

Our Technology & Outsourcing capability group comprises three service lines and one solution unit and also manages our more than 100 alliances with technology companies. The three Technology & Outsourcing service lines are Technology Research & Innovation, Solutions Engineering and Solutions Operations. Our Technology & Outsourcing solution unit is Avanade.

Technology Research & Innovation Service Line

Professionals in our Technology Research & Innovation service line research, invent and commercialize cutting-edge business solutions using new and emerging technologies. We continually identify and dedicate significant resources to the new technologies that we believe will be drivers of our clients growth and sources of first-mover advantage by enabling clients to be first to market with a unique capability or service offering.

The Technology Research & Innovation service line includes Accenture Technology Labs, a dedicated technology R&D organization within Accenture. Our researchers explore emerging technologies that will have significant impact on business in the next three to five years. Current research initiative areas include ubiquitous and mobile computing, information insights and management, user experience and language technology, and virtual and augmented environment, in addition to the Future Watch program, which keeps an eye on technologies beyond the five-year horizon. The development team probes promising technology-based business solutions that are available today, but remain one to three years away from widespread adoption.

Working closely with Accenture s global network of specialists, Accenture Technology Labs help clients innovate for competitive advantage, bridging the gap between state-of-the-art technology and state-of-the-market business solutions. For example, our developers are currently helping pioneering clients capture the benefits of silent commerce, an emerging discipline that uses radio-frequency identification and other sensing and tagging technologies that make ordinary objects intelligent and interactive. Accenture Technology Labs are located in Chicago, Illinois; Palo Alto, California; and Sophia Antipolis, France.

Solutions Engineering Service Line

Professionals in our Solutions Engineering service line design, build and deploy complex industry-specific, reusable and scalable solutions that typically integrate business processes, technology and human performance components. Among other things, they maintain and enhance our methods and practices for building technology-based solutions in an efficient and predictable manner. We have expertise and capabilities in a wide range of areas, including electronic commerce infrastructure, security, enterprise resource planning, enterprise application integration, data warehousing and pre-packaged business solution delivery. We have developed program and project management skills and methodologies that allow us to achieve on-time delivery of highly complex projects. The Solutions Engineering service line not only applies established technologies in which we have considerable experience and expertise, but also uses new and emerging technologies to deliver solutions that help keep our clients at the forefront of business innovation. This service line seeks to continually improve technology solutions delivery, using our global network of specialized delivery centers.

We helped Pirelli develop and build a new ordering system, based on TIBCO and SAP technology, to link its growing network of suppliers and dealers. To ease the transition for dealers, many of whom did not have access to technical resources and lacked experience with Internet-based technology, we designed technology that simplified and automated the ordering process, including a Java plug-in that automatically activates the modem on the dealer s application.

Solutions Operations Service Line

In the pursuit of increased shareholder value, senior executives are under increasing pressure to reduce costs while keeping pace with emerging technologies and securing skilled resources. Our Solutions Operations service line provides a range of outsourcing solutions for managing technology infrastructure, applications and business processes and is our primary source of strategy and capability for executing initiatives in business transformation outsourcing. Over the past decade, more than 225 organizations have turned to us for outsourcing services, with benefits ranging from reduced costs to improved processes to enhanced productivity.

We are differentiated in our delivery of outsourcing services through our creation of solutions that help transform the way industries work and our ability to combine industry, technology and functional expertise with outsourcing capabilities. For example, in the North Sea we have worked with global oil companies, including BP and Elf, to create a shared accounting service facility that has redefined the way that the energy finance and administration function is managed. With Accenture handling approximately 40% of the North Sea energy industry s accounting transactions through this facility, clients have realized substantial cost reductions in their accounting functions. In addition, we are expanding our outsourcing capabilities through a variety of shared-service solutions, including customer information, billing systems, information technology services, supply chain management and human resources administration. One example is our five-year contract with Cable & Wireless to provide an outsourced accounts receivable function and human resources support in both the United Kingdom and United States. The human resources support services will be managed through e-peopleserve, an Accenture affiliate company.

Avanade Solution Unit

Our Avanade solution unit, which is also an Accenture affiliate, focuses on large-scale technology integration surrounding Microsoft s enterprise platform. Combining Microsoft s understanding of operating platforms and technologies with our experience in delivering solutions to our clients, Avanade capitalizes on the advanced capabilities of the Microsoft Windows and .NET platforms to build customized, scalable solutions for complex electronic business and enterprise infrastructure. With development centers in Europe, Asia-Pacific and the Americas, Avanade delivers secure, reliable, scalable Microsoft-based solutions to help large global companies optimize their technology investments.

Alliances

Alliances are central to our strategy, our client service business, and the way we deliver value to our clients. We have more than 100 alliances with established and early-stage technology companies whose capabilities complement our own, either by enhancing a service offering, delivering a new technology, or helping us extend our services to new geographies. By combining our alliance partners products and services together with our own capabilities and expertise, we create innovative, high-value business solutions for our clients.

Due to the highly focused nature of these business relationships, some alliances are specifically aligned with one of our eight service lines, adding skills, technology and insights that are applicable across many of the industries we serve. Other alliances extend and enhance our offerings specific to a single industry group. Our alliances help us to deliver innovative solutions far faster than we or any other company could do alone.

Almost all of our alliances are non-exclusive and generally have terms of three to five years (subject to early termination in most cases). While individually none of our alliances is material to our business, overall our alliance relationships generate revenue for us, primarily in the form of consulting services to implement the alliance-based business solutions.

Among our key alliances that are applicable across multiple industries are the following:

Commerce One We work with Commerce One to build public and private electronic marketplaces that enable our clients to improve their supply chain processes.

Docent We use Docent s open learning management platform to implement employee learning solutions that enable clients to increase speed to proficiency while lowering training costs.

Hewlett-Packard We work with Hewlett-Packard to offer a wide range of imaging solutions and computer hardware and software to our clients.

Microsoft We work with Microsoft and Avanade to offer a broad array of scalable solutions that enable clients to maximize the value of the Microsoft .Net Enterprise platform.

Oracle We work with Oracle to deliver Internet-enabled enterprise software for databases, servers, and business applications, ranging from front-office customer relationship management to back-office operations.

SAP We work with SAP to help our clients implement next-generation enterprise solution capabilities, including customer relationship management, supply chain management, portals and product life cycle management.

Siebel Systems We work with Siebel Systems to deliver customer relationship management technologies that help our clients interact effectively with their customers across multiple channels.

Additionally, we have alliances with a variety of companies that serve specific industries, including Encompys, Nortel Networks and Retek, among others.

Strategic Delivery Capability

Our global strategic delivery approach emphasizes quality, reduced risk, speed to market and predictability. Our ultimate goal is to deliver to clients price-competitive solutions and services that create value.

One of our key strengths is our ability to create and capture replicable components of methodologies and technologies, which we can customize to create tailored solutions for our clients in a cost-effective manner and under demanding time constraints. These core solutions and services include systems building and integration delivery at the client site and/or an Accenture delivery center location; the design, building, running and operating of enterprise solutions; legacy application management and re-platforming; co-sourced or outsourced creation of client-specific facilities; and Web services.

We recently enhanced our strategic delivery capability with the opening of new technology-development facilities in Prague, Czech Republic; Mumbai, India; and Kachidoki, Japan. These new facilities complement Accenture s existing offshore resources in the Philippines and Spain and are part of a global network of more than 40 Accenture delivery centers facilities where teams of Accenture professionals use proven methodologies and existing assets to create business solutions for clients.

Our global network of delivery centers enhances our ability to capitalize on our vast array of methodologies, tools and technology to deliver value to our clients. Client teams use these centers to complete comprehensive, effective and customized implementations in less time than would be required to develop solutions from the ground up. Our delivery centers improve the efficiency of our engagement teams as they are able to reuse solution designs, team-member experience, infrastructure and software. Reuse also increases solution longevity and reduces technology risks and application maintenance.

Affiliates

If a capability that we do not already possess is of strategic importance and value to us and our clients, we may form a new business, sometimes with one or more third parties, to develop that capability. We call these businesses affiliates. If an affiliate provides a service or solution across many industries, it serves as a solution unit or part of a solution unit within one of our capability groups. If an affiliate provides a service or solution specific to only one industry, it may serve as a solution unit within one of our operating groups.

In general, we expect the capabilities developed by these new businesses to be used by our own professionals as part of client solutions, as well as by other companies. These entities can rapidly advance a particular opportunity by building upon our global platform of clients, professionals and business expertise. In addition, these new businesses may take on value by association with our management consulting and technology services business and our extensive client relationships. Our strategy is to maintain controlling interests in our affiliates. Our affiliates include Avanade, e-peopleserve, Imagine Broadband, Indeliq and Navitaire.

Avanade, which was launched in March 2000, focuses on large-scale technology integration surrounding Microsoft s enterprise platform. Combining Microsoft s understanding of operating platforms and technologies with our experience in delivering solutions to our clients, Avanade capitalizes on the advanced capabilities of the Microsoft Windows and .NET platforms to build customized, scalable solutions for complex electronic business and enterprise infrastructure. Avanade, in which Microsoft owns a minority interest, is a solution unit within our Technology & Outsourcing capability group and has approximately 1,150 employees.

e-peopleserve, now wholly owned by Accenture, is a provider of outsourced human resources services that we created with British Telecommunications in August 2000. Through Web-enabled technology, outsourcing and expert caseworkers, e-peopleserve provides services across the employee lifecycle, giving large organizations a more efficient and effective human resources management system. A solution unit within our Business Consulting capability group, e-peopleserve has more than 1,800 employees.

In 1999, as part of an engagement with Telewest Communications plc, we achieved a broadband industry milestone when we completed development of the world s first operational and scalable interactive digital television platform over cable. In March 2000, we and Telewest co-founded Imagine Broadband to continue development of the interactive platform and market it to a wide range of customers. Telewest participates as a minority investor in the new company and was its first customer. Today, Imagine Broadband provides interactive broadband solutions and platform implementation to cable, satellite and telecommunications network operators worldwide. Imagine Broadband, a solution unit within our Communications & High Tech operating group, has more than 235 employees.

Since the early 1990s, we have designed and installed customized electronic learning applications for clients. Based on this experience, we developed a performance simulation-based training system and were issued 22 patents covering various functional aspects of our performance simulation architectures and tools. To make these new applications and tools available at lower cost to a wide range of customers, we launched Indeliq, Inc. in February 2001. Indeliq develops scalable performance simulation electronic learning applications based on our patents and technology, which we contributed to the company. Indeliq, which has approximately 60 employees, is part of our Accenture Learning solution unit within our Business Consulting capability group.

Navitaire Inc., formed as PRA Solutions, LLC in 1993, provides airlines with reservations, ticketing and revenue management services. Navitaire was launched in 2000 when PRA Solutions was combined with another Accenture subsidiary, VIA World Network, an Internet reservation provider, and Open Skies, Inc., an airline reservation system and revenues management services provider acquired from Hewlett-Packard Company. Today, Navitaire provides technology and business process services to more than 50 airlines worldwide. A solution unit within our Products operating group, Navitaire employs more than 520 people.

Each of Avanade, e-peopleserve, Imagine Broadband, Indeliq and Navitaire is consolidated in our financial statements. Individually none of our affiliates is material to our business.

Research and Innovation

We are committed to developing leading-edge ideas. We believe that research and innovation have been major factors in our success and will help us continue to grow in the future. We use our investment in research to help create, commercialize and disseminate innovative business strategies and technology. Our research and innovation program is designed to generate early insights into how knowledge can be harnessed to create innovative business solutions for our clients and to develop business strategies with significant value. We spent $256 million, $252 million and $271 million on research and development in fiscal years 1999, 2000 and 2001, respectively, primarily through our operating groups and our capability groups to develop market-ready solutions for our clients. We also promote the creation of knowledge capital and thought leadership through the Accenture Technology Labs and the Accenture Institute for Strategic Change.

The Accenture Technology Labs, which are part of our Technology Research & Innovation service line, investigate how the convergence of computing, communication and content technologies will change how we work and live in the next three to five years. Researchers in the Accenture Technology Labs in North America and Europe develop visions of the future by building prototypes that combine new technologies in innovative ways and report on innovative ideas and projects that are incorporated into pioneering technology solutions for our clients.

The Accenture Institute for Strategic Change, which is part of our Strategy & Business Architecture service line, produces a variety of research products and publications that combine innovative academic thinking with business strategy advice. Based in Cambridge, Massachusetts, the Institute comprises experienced management researchers, business educators and executives whose collective efforts deliver value to our clients through enhanced service offerings.

Employees

As of February 28, 2002, we had more than 75,000 employees worldwide, of whom more than 2,700 were partners. These numbers do not include employees of our affiliates.

We hired approximately 17,000 new employees in fiscal year 2000 and more than 20,000 new employees in fiscal year 2001. The cumulative rate of turnover among our employees was approximately 22% for fiscal year 2000, 12% for fiscal year 2001, and 8% on an annualized basis for the six months ended February 28, 2002, excluding involuntary terminations. We believe that our higher rate of attrition in fiscal year 2000 was the result of aggressive hiring practices employed by Internet companies to attract strategy and technology professionals, and our attrition rate in fiscal year 2001 was more consistent with our historical attrition rate.

As part of our ongoing effort to enhance operational efficiency, we eliminated approximately 1,100 support positions between June and November 2001. Also during this period, as part of our effort to better balance our workforce with demand for our services, we reduced our consulting staff by approximately 500. We also initiated a sabbatical program, known as FlexLeave, for certain of our consulting personnel. To date, more than 2,200 employees have participated or are participating in FlexLeave, and approximately 240 have already returned to full-time employment with us following the end of their six- to 12-month sabbaticals.

Competition

We operate in a highly competitive and rapidly changing global market and compete with a variety of organizations that offer services similar to those that we offer. Our clients typically retain us on a non- exclusive basis. In addition, a client may choose to use its own resources rather than engage an outside firm for the types of services we provide. Our competitors include:

> *Information technology outsourcing and services companies.* In addition to information technology outsourcing, these companies also offer consulting and systems integration capabilities for a complete solution.
>
> *Major accounting and consulting firms.* Over the past few years, the major accounting firms have built significant consulting operations with broad capabilities and geographic coverage. Some of these firms have sold or are in the process of selling their consulting businesses. Other firms are restructuring to separate audit and consulting practices to meet regulatory requirements, as well as to gain access to equity markets.

Management and strategy consulting firms. These firms continue to focus on high-level corporate strategy for their traditional clients and emerging companies. Many have recently added a focus on information technology and electronic commerce strategy.

Information technology product and service vendors. Product vendors offer technical consulting to support their own products while also maintaining alliance relationships with major consulting firms, and these organizations typically attempt to broaden their services beyond their product suites. We also compete with application service providers.

Changes in our marketplace may create new, larger or better-capitalized competitors with enhanced abilities to attract and retain professionals.

Our revenues are derived primarily from *Fortune* Global 500 and *Fortune* 1000 companies, medium-sized companies, governmental organizations and other large enterprises. There is an increasing number of professional services firms seeking consulting engagements with these organizations. We believe that the principal competitive factors in the consulting industry in which we operate include:

- skills and capabilities of people;
- reputation and client references;
- price;
- scope of services;
- service delivery approach;
- technical and industry expertise;
- perceived ability to add value;
- quality of services and solutions;
- focus on achieving results on a timely basis;
- availability of appropriate resources; and
- global reach and scale.

Intellectual Property

Our success has resulted in part from our proprietary methodologies, software, reusable knowledge capital and other intellectual property rights. We rely upon a combination of nondisclosure and other contractual arrangements as well as upon trade secret, copyright, patent and trademark laws to protect our intellectual property rights and rights of third parties from whom we license intellectual property. We have promulgated policies related to confidentiality and ownership and to the use and protection of Accenture s and third parties intellectual property, and we also enter into agreements with our employees as appropriate.

We recognize the value of intellectual property in the new marketplace and vigorously create, harvest and protect our intellectual property. We have filed more than 1,000 patent applications in the United States and other jurisdictions to date and have been issued more than 50 U.S. patents. We will continue to vigorously identify, harvest and protect our intellectual property.

Legal Matters and Insurance

We are involved in a number of judicial and arbitration proceedings concerning matters arising in the ordinary course of our business. We do not expect that any of these matters, individually or in the aggregate, will have a material impact on our results of operations or financial condition.

In 1998, the bankruptcy trustee of FoxMeyer Corporation filed a lawsuit against us in the District Court of Harris County (Houston), Texas. FoxMeyer, a pharmaceutical wholesaler, filed for bankruptcy protection in 1996, and since that time, the bankruptcy trustee has instituted legal proceedings against a number of companies in connection with the bankruptcy. The bankruptcy trustee seeks compensatory and punitive damages and has alleged that we breached contracts, warranties and alleged fiduciary duties, made misrepresentations about our experience and expertise, were negligent in performing various tasks, that our conduct was tortious or in violation of certain statutory provisions and that the foregoing were a substantial factor contributing to FoxMeyer s bankruptcy. There are no counterclaims. The lawsuit arises out of our contract with FoxMeyer regarding the assistance we provided in connection with an enterprise resource planning project to install SAP R/3, a software package developed by SAP AG, a German company. Discovery in this proceeding is ongoing, and a trial is scheduled to commence on June 24, 2002. While the ultimate outcome of this matter cannot be determined with any certainty, we are vigorously defending against the claims, and we believe that this action is not likely to have a material adverse effect on our business, financial position, results of operation or cash flows.

We have entered into agreements with the lead plaintiffs in two purported class actions in federal court in Houston, Texas, involving, among other things, audits and other services provided by Arthur Andersen firms to Enron Corporation, in which we have agreed that any statute of limitations or similar deadline by which they must add us as a party to the actions or file complaints against us is suspended from April 2002 to April 2003 unless the agreement is earlier terminated by either of us upon 30 days written notice. We have also entered into a similar agreement with a plaintiff in a lawsuit involving Sunbeam Corporation, another former client of Arthur Andersen firms. Attorneys for the plaintiffs in these actions had told us that they intended to add us as a defendant in those actions because of the possibility, among other things, that statute of limitations periods would expire if they did not do so, and we have entered into these tolling agreements so that we may have time to inform the plaintiffs that adding us as a defendant in such actions would be misdirected and without merit. Such actions, if commenced against us, would be based on misconceptions about the nature of our past relationship with Arthur Andersen LLP and the other Arthur Andersen firms. We have been legally separate and distinct from Arthur Andersen LLP and the other Arthur Andersen firms at all times since 1989. We believe that because of the facts of our past relationship with Arthur Andersen LLP and the other Arthur Andersen firms, any potential lawsuit against us in this regard would be misdirected and without merit.

We maintain the types and amounts of insurance customary in the industries and countries in which we operate, including coverage for professional liability, general liability and management liability. We consider our insurance coverage to be adequate both as to the risks and amounts for the businesses we conduct.

Properties

We have major offices in the world s leading business centers, including New York, Chicago, Dallas, Los Angeles, San Francisco, London, Frankfurt, Madrid, Milan, Paris, Sydney and Tokyo. In total, we have over 110 offices in 47 countries around the world. We do not own any material real property. Substantially all of our office space is leased under long-term leases with varying expiration dates. We believe that our facilities are adequate to meet our needs in the near future.

MANAGEMENT

Directors and Executive Officers

The following table presents information regarding the directors and executive officers of Accenture Ltd.

Name	Age	Years with Accenture	Position
Joe W. Forehand	54	29	Chief Executive Officer and Chairman of the Board of Directors
Stephan A. James	55	33	Chief Operating Officer and Director
Steven A. Ballmer	46		Director
Dina Dublon	48		Director
Karl-Heinz Flöther	49	23	Group Chief Executive Financial Services Operating Group and Director
Joel P. Friedman	54	30	Director
William D. Green	48	24	Group Chief Executive Communications & High Tech Operating Group and Director
Robert I. Lipp	63		Director
Blythe J. McGarvie	45		Director
Mark Moody-Stuart	61		Director
Masakatsu Mori	55	33	Director
Diego Visconti	52	26	Director
Wulf von Schimmelmann	55		Director
Jackson L. Wilson, Jr.	54	26	Corporate Development Officer and Director
Arnaud André	47	23	Managing Partner People Matters & Enablement
R. Timothy S. Breene	53	6	Chief Strategy Officer and Group Chief Executive Business Consulting Capability Group
Pamela J. Craig	45	22	Managing Partner Global Business Operations
Mark Foster	42	18	Group Chief Executive Products Operating Group
Gregg G. Hartemayer	49	25	Group Chief Executive Technology & Outsourcing Capability Group
David R. Hunter	51	29	Group Chief Executive Government Operating Group
Jose Luis Manzanares	49	27	Managing Partner Global Technology Solutions and Alliances
Michael G. McGrath	56	28	Chief Risk Officer
Gill Rider	47	22	Chief Leadership Officer
Douglas G. Scrivner	50	22	General Counsel and Secretary
Mary A. Tolan	41	19	Group Chief Executive Resources Operating Group
Carlos Vidal	48	27	Managing Partner Financial Services, South Europe; Country Managing Director, Spain; and Chairman, Partner Income Committee
Harry L. You	43		Chief Financial Officer

Joe W. Forehand has been Chairman of the Board of Directors since February 2001 and has been our Chief Executive Officer since November 1999. He currently serves as Chairman of our Management Committee, our Executive Committee and our Global Leadership Council. From June 1998 to November 1999, Mr. Forehand was responsible for our Communications & High Tech operating group. From September 1997 to June 1998, he was responsible for our Products operating group. From September 1994 to September 1997, Mr. Forehand was responsible for our Products group in the Americas.

Stephan A. James has been a Director since February 2001 and our Chief Operating Officer since July 2000. From November 1999 to June 2000, he was responsible for our Resources operating group. From September 1996 to October 1999, Mr. James was responsible for our Financial Services operating group. From September 1994 to August 1996, he was responsible for our Financial Services group in the Americas.

Steven A. Ballmer has been a Director since October 2001. He is chief executive officer and a director of Microsoft Corp., the world s leading manufacturer of software for personal and business computing. Since joining Microsoft in 1980, Mr. Ballmer has headed several Microsoft divisions, including operations, operating systems development, and sales and support. He was promoted to president in July 1998 and was named CEO in January 2000, assuming full management responsibility for the company. Mr. Ballmer serves on the Nominating Committee of the Board of Directors.

Dina Dublon has been a Director since October 2001. She is executive vice president and chief financial officer of J.P. Morgan Chase & Co., a leading global financial services firm created by the merger of Chase Manhattan and J.P. Morgan & Co. Ms. Dublon is also a director and member of the compensation committee of the board of directors of The Hartford Financial Services Group, Inc. She spent most of her professional career with J.P. Morgan Chase & Co. and its predecessor merging firms, starting as a trader. Prior to being named CFO, she held numerous other positions, including senior vice president and corporate treasurer; managing director of the Financial Institutions Division; and senior vice president of corporate finance. Ms. Dublon serves on the Compensation Committee of the Board of Directors.

Karl-Heinz Flöther has been a Director since June 2001 and our Group Chief Executive Financial Services Operating Group since December 1999. From June 1998 to February 2000, he was the Country Managing Partner of our Germany practice. From September 1997 to December 1999, he was responsible for our banking practice in continental Europe. From September 1996 to August 1997, Mr. Flöther was responsible for our practice services in Western Europe.

Joel P. Friedman has been a Director since June 2001, Managing General Partner Accenture Technology Ventures since March 2002 and Managing General Partner Accenture Technology Ventures, Americas since May 2001. Mr. Friedman currently serves as a director on the board of Calico Commerce Inc., a publicly traded Accenture portfolio company. From 1997 to 2000, he was responsible for our Banking industry group globally. Mr. Friedman serves on the Nominating Committee of the Board of Directors.

William D. Green has been a Director since June 2001 and our Group Chief Executive Communications & High Tech Operating Group since December 1999 and the Country Managing Director of our United States practice since August 2000. From September 1997 to December 1999, Mr. Green was responsible for our Resources operating group. From September 1996 to September 1997, he was responsible for our manufacturing group in the Americas. Mr. Green serves on the Compensation Committee of the Board of Directors.

Robert I. Lipp has been a Director since October 2001. He is chairman and chief executive officer of Travelers Property Casualty Corp., a unit of Citigroup Inc., and is currently a director of Citigroup, a leading global financial services company. Until December 2000 he was Vice Chairman and Member of the Office of the Chairman of Citigroup and CEO of Citigroup s Global Consumer Business. He joined Travelers Group in 1986 and held a number of senior positions there, including the CEO and chairman title from 1993 to 2000. From 1991 to 1993 he served as CEO and chairman of CitiFinancial Credit Company. Mr. Lipp serves on the Audit Committee of the Board of Directors and as Lead Outside Director.

Blythe J. McGarvie has been a Director since October 2001. She is executive vice president and chief financial officer of BIC Group, one of the world s leading manufacturers of writing instruments, correction fluids, disposable lighters and shavers. The company also manufactures sailboards. Ms. McGarvie is also a member of the board of directors of The Pepsi Bottling Group, Inc. Prior to joining BIC, she was senior vice president and CFO of Hannaford Bros. Co., a supermarket retailer, for five years. She has also held senior financial positions at Sara Lee Corp. and Kraft General Foods. Ms. McGarvie serves as the Chair of the Audit Committee of the Board of Directors.

Mark Moody-Stuart has been a Director since October 2001. He is former chairman of The Shell Transport and Trading Company and chairman of the Committee of Managing Directors of the Royal Dutch/Shell Group of Companies. He was managing director of Shell Transport and a managing director of Royal Dutch/Shell Group, the world s second-largest oil and gas enterprise, from 1991 to 2001. Mr. Moody-Stuart is a director of HSBC Holdings PLC and of Shell Transport & Trading PLC. Mr. Moody-Stuart serves as the Chairman of the Compensation Committee and on the Nominating Committee of the Board of Directors.

Masakatsu Mori has been a Director since June 2001. He has been the Country Managing Director of our Japan practice since 1989. He is also the Managing Partner of the Japan operating unit. Mr. Mori serves on the Nominating Committee of the Board of Directors.

Diego Visconti has been a Director since June 2001. He has been the Country Managing Director of our Italy practice since 1997. He has also been responsible for our Communications & High Tech operating unit in Europe and Latin America since 1995.

Wulf von Schimmelmann has been a Director since October 2001. He is chief executive officer of Postbank, Germany s largest independent retail bank and among the largest commercial banks in the German market. He is also a member of the board of directors of Deutsche Post World Net Group. Mr. von Schimmelmann serves as the Chairman of the Nominating Committee and on the Audit Committee of the Board of Directors.

Jackson L. Wilson, Jr. has been a Director and our Corporate Development Officer since February 2001. He was the Managing General Partner Accenture Technology Ventures, our venture capital business, from November 1999 to March 2002. From June 1997 to November 1999, he was responsible for our operating groups. From June 1995 to June 1997, Mr. Wilson was responsible for industry markets strategies and market and technology solutions.

Arnaud André has been our Managing Partner People Matters & Enablement since September 2000. From September 1997 to August 2000, he was responsible for the development of our health services market in continental Europe. Prior to August 1997, Mr. André led our change management competency in France and the Benelux countries.

R. Timothy S. Breene has been our Chief Strategy Officer and Group Chief Executive Business Consulting Capability Group since March 2002. From August 2000 to March 2002 he was Managing Partner Global Service Lines. From December 1999 to August 2000, he was responsible for our capabilities development organization. From May 1998 to Janua