ACCENTURE LTD
Form S-1/A
July 02, 2001

As filed with the Securities and Exchange Commission on July 2, 2001.

Registration No. 333-59194

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)

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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.

Explanatory Note:

This Registration Statement contains two forms of a prospectus: one to be used in connection with an offering in the United States and one to be used in a concurrent international offering outside the United States. The two prospectuses are identical except for the front cover page, the Underwriting section and the back cover page. Each of these pages for the U.S. prospectus is followed by the alternate page to be used in the international prospectus. Each of the alternate pages for the international prospectus is labeled Alternate Page For International Prospectus. Final forms of each prospectus will be filed with the Securities and Exchange Commission under Rule 424(b).

[Inside Front Cover Artwork:
A photograph of one woman and two men looking at a computer occupies the full page. The following text is written across the page approximately 5.5" from the bottom of the page: Argentina Australia Austria Belgium Brazil Canada Columbia Czech Republic Denmark Finland France Germany Greece* . A footnote on the lower left hand corner of the page reads, *Accenture has offices in these countries.]

[Front Gatefold Artwork:
The left side of the 11x17" gatefold is solid orange except for the following text which is left justified and begins 4.5" from the bottom of the page: Accenture Helping clients accelerate their vision from innovation to execution. The right side of the gatefold is a full page photograph of three women looking at a document. The following text is written across the gatefold approximately 5.5" from the bottom of the gatefold: Hungary India Indonesia Ireland Italy Japan Luxembourg Malaysia Mexico The Netherlands New Zealand Nigeria Norway People s Republic of China The Philippines Poland Portugal Russia Saudi Arabia Singapore Slovak Republic South Africa* . A footnote on the lower left hand corner of the gatefold reads, *Accenture has offices in these countries.]

Subject to Completion. Dated June 29, 2001.

115,000,000 Class A Common Shares

This is an initial public offering of Class A common shares of Accenture Ltd. This prospectus relates to an offering of shares in the United States. In addition, shares are being offered outside the United States in an international offering. All of the 115,000,000 Class A common shares are being sold by Accenture Ltd.

Prior to this offering, there has been no public market for the Class A common shares. It is currently estimated that the initial public offering price per share will be between $13.00 and $15.00. The Class A common shares have been approved for listing on the New York Stock Exchange under the symbol ACN.

Upon completion of the offering, our partners will own or control shares representing, in the aggregate, approximately 82% of the voting interest in Accenture Ltd, or approximately 80% if the underwriters exercise their overallotment option in full, and will effectively control all matters put to a vote of Accenture Ltd shareholders.

See Risk Factors beginning on page 13 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 public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Accenture Ltd	$	$

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

The underwriters expect to deliver the shares in New York, New York on , 2001.

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

Credit Suisse First Boston
Deutsche Banc Alex. Brown
JPMorgan
Salomon Smith Barney
Banc of America Securities LLC
Lehman Brothers
Merrill Lynch & Co.
UBS Warburg
ABN AMRO Rothschild LLC

Prospectus dated , 2001.

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.

[Alternate Page For International Prospectus]

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 June 29, 2001.

115,000,000 Class A Common Shares

This is an initial public offering of Class A common shares of Accenture Ltd. This prospectus relates to an offering of shares outside the United States. In addition, shares are being offered in the United States. All of the 115,000,000 Class A common shares are being sold by Accenture Ltd.

Prior to this offering, there has been no public market for the Class A common shares. It is currently estimated that the initial public offering price per share will be between $13.00 and $15.00. The Class A common shares have been approved for listing on the New York Stock Exchange under the symbol ACN.

Upon completion of the offering, our partners will own or control shares representing, in the aggregate, approximately 82% of the voting interest in Accenture Ltd, or approximately 80% if the underwriters exercise their overallotment option in full, and will effectively control all matters put to a vote of Accenture Ltd shareholders.

See Risk Factors beginning on page 13 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 public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Accenture Ltd	$	$

To the extent that the international underwriters sell more than Class A common shares, the international underwriters have the option to purchase up to an additional Class A common shares from Accenture Ltd at the initial public offering price less the underwriting discount.

The international underwriters expect to deliver the shares in New York, New York on , 2001.

Goldman Sachs International **Morgan Stanley**

Credit Suisse First Boston

Deutsche Bank

JPMorgan

Salomon Smith Barney

Banc of America Securities Limited
Lehman Brothers
Merrill Lynch International
UBS Warburg
ABN AMRO Rothschild

Prospectus dated , 2001.

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 Class A common shares that we 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 the 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.

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 Pro Forma Combined Financial Information sections and our historical combined financial statements and related notes included elsewhere in this prospectus, before making an investment decision.

Accenture

Accenture is the world s leading provider of management and technology consulting services and solutions. We have more than 75,000 employees based in more than 110 offices in 46 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 84 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 five global market units, 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. Our five global market units and 18 industry groups are:

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

We develop and deliver a full spectrum of services and solutions that address business opportunities and challenges common across industries through the following eight service lines:

Strategy & Business Architecture	Finance & Performance Management
Customer Relationship Management	Technology Research & Innovation
Supply Chain Management	Solutions Engineering
Human Performance	Solutions Operations

Our affiliates, alliances and venture capital activities enhance our management and technology consulting services and solutions 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, often 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. Our venture capital business, Accenture Technology Ventures, gives us insight into and access to emerging business models, products and technologies through investments in portfolio companies. Although we have not generated material revenues from our affiliates, alliances and venture capital activities, we believe that our approach, which we refer to as our network of businesses, 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 products and services that add value to our clients. We derive substantially all of our revenues from contracts for management 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 and technology consulting services and solutions markets results from the number of our professional consultants, our global scale and reach, our deep industry knowledge, our broad service offering expertise, our extensive client relationships and our history of technology innovation.

Our Corporate Information

Accenture Ltd is organized under the laws of Bermuda. We maintain a registered and principal executive 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 more than 110 offices in 46 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. These individuals have become our executive employees following our transition to a corporate structure but will retain 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.

Until August 7, 2000, we had contractual relationships with Andersen Worldwide and Arthur Andersen. Following arbitration proceedings between us and Andersen Worldwide and Arthur Andersen that were completed in August 2000, we separated from Andersen Worldwide and Arthur Andersen. On January 1, 2001, we began to conduct business under the name Accenture. See Certain Relationships and Related Transactions Relationship with Andersen Worldwide and Arthur Andersen.

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. 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 and has a majority voting interest in Accenture SCA. 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 will consolidate Accenture SCA s results in its financial statements. We operate our business through subsidiaries of Accenture SCA.

None of our partners will be selling shares in the offering, and, immediately following the offering, our partners will own approximately 82% of the equity in our business, or approximately 80% if the underwriters exercise their overallotment option in full. Upon completion of the offering, our partners will own or control shares representing, in the aggregate, approximately 82% of the voting interest in Accenture Ltd, or approximately 80% if the underwriters exercise their overallotment option in full. Immediately following the offering, our public shareholders (including our non-partner employees) will own approximately 18% of the equity in our business, or approximately 20% if the underwriters exercise their overallotment option in full, and will own shares representing approximately 18% of the voting interest in Accenture Ltd, or approximately 20% if the underwriters exercise their overallotment option in full.

Our organizational structure immediately following the offering will be as shown in the diagram below. The diagram does not display the subsidiaries of Accenture SCA and does not reflect exercise of the underwriters overallotment option.

(1) Includes non-partner employees.
(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 in Australia, Canada, Denmark, France, Italy, New Zealand, Norway, Spain, Sweden and the United States. Our 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.

We intend to make all distributions to all of our equity holders pro rata based on economic ownership. Based on the shares outstanding immediately after the offering and assuming no exercise of the underwriters overallotment option, our public shareholders would receive approximately 18% of any distribution. You should read Accenture Organizational Structure, Certain Relationships and Related Transactions and Description of Share Capital for additional information about our corporate structure.

The Offering

Class A common shares offered in the offering	115,000,000 Class A common shares.

(1) Class A common shares to be outstanding immediately following the offering and the other information in the prospectus based thereon reflects:

115,000,000 Class A common shares offered in the offering;

212,335,219 Class A common shares held by our partners (or 807,798,023 Class A common shares if our partners holdings of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares are redeemed or exchanged for newly issued Class A common shares on a one-for-one basis); and

67,201,382 Class A common shares underlying restricted share units that are fully vested or are scheduled to fully vest prior to the end of the current fiscal year. Information in the prospectus also reflects the assumed issuance of an equivalent number of Accenture SCA Class I common shares to be issued to Accenture Ltd in connection with these restricted share units.

Class A common shares to be outstanding immediately following the offering and the other information in the prospectus based thereon does not reflect:

17,250,000 Class A common shares issuable upon exercise of the underwriters overallotment option;

6,695,091 Class A common shares underlying restricted share units that will not fully vest prior to the end of the current fiscal year; and

98,995,000 Class A common shares issuable pursuant to options.

See Accenture Organizational Structure and Management Employee Awards.

Use of proceeds:

By Accenture Ltd	Accenture Ltd intends to use the net proceeds from the offering to subscribe for Accenture SCA Class I common shares.

approximately $245 million to repay amounts outstanding under our revolving credit facilities; and

the balance for working capital, which previously was funded by our partners, and for general corporate purposes.

Voting rights

	Each Class A common share and each Class X common share will entitle its holder to one vote per share on all matters submitted to a vote of shareholders of Accenture Ltd. Immediately following the offering, our partners will own or control Class A common shares and Class X common shares representing, in the aggregate, approximately 82% of the voting interest in Accenture Ltd, or approximately 80% 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 Relationships and Related Transactions Voting Agreement. Our partners will effectively control us for as long as they continue to hold a significant block of voting rights.
Dividend and distribution policy	We currently do not anticipate that Accenture Ltd or Accenture SCA will pay dividends.
Transfer restrictions	The equity interests that our partners own are subject to transfer restrictions that generally restrict sales for one year and then permit sales in increasing amounts over the subsequent seven years. For a discussion of the terms of the transfer restrictions, see Certain Relationships and Related Transactions Voting Agreement and Accenture SCA Transfer Rights Agreement and 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.

Recent Developments

Revenues

Our revenues increased by 15% to $3,519 million in the three months ended May 31, 2001, compared with $3,062 million in the three months ended May 31, 2000. Our revenues before reimbursements increased by 15% to $2,953 million in the three months ended May 31, 2001, compared with $2,561 million in the three months ended May 31, 2000. In local currency terms, revenues before reimbursements grew by 20% in the three months ended May 31, 2001 as compared to the three months ended May 31, 2000. This increase was driven primarily by an increase in our chargeable hour volume.

Our Communications & High Tech global market unit achieved revenues before reimbursements of $815 million in the three months ended May 31, 2001, an increase of 8% over the three months ended May 31, 2000, primarily due to growth in our Communications industry group in North America and the Electronics & High Tech industry group in Europe. Our Financial Services global market unit achieved revenues before reimbursements of $766 million in the three months ended May 31, 2001, an increase of 15% over the three months ended May 31, 2000, primarily due to strong growth in the Banking industry group in Europe and North America. Our Products global market unit achieved revenues before reimbursements of $579 million in the three months ended May 31, 2001, an increase of 16% over the three months ended May 31, 2000, primarily due to strong growth in our Retail industry group in Europe and our Consumer Goods & Services industry group in Europe, Japan and Australia/New Zealand. Our Resources global market unit achieved revenues before reimbursements of $503 million in the three months ended May 31, 2001, an increase of 17% over the three months ended May 31, 2000, primarily due to strong growth in all of our industry groups in North America. Our Government global market unit achieved revenues before reimbursements of $277 million in the three months ended May 31, 2001, an increase of 40% over the three months ended May 31, 2000, primarily driven by strong growth in North America and Europe.

Cost of Services

Cost of services was $2,132 million in the three months ended May 31, 2001, an increase of $291 million, or 16%, over the three months ended May 31, 2000, and an increase as a percentage of revenues from 60% in the three months ended May 31, 2000 to 61% in the three months ended May 31, 2001. Cost of services before reimbursable expenses was $1,566 million in the three months ended May 31, 2001, an increase of $226 million, or 17%, over the three months ended May 31, 2000 and an increase as a percentage of revenues before reimbursements from 52% in the three months ended May 31, 2000 to 53% in the three months ended May 31, 2001. This increase is primarily the result of lower chargeability in the three months ended May 31, 2001, as compared to the three months ended May 31, 2000, partially offset by lower employee compensation costs resulting from the promotion of 1,286 employees to partner effective September 1, 2000.

Operating Income

Operating income, excluding one-time charges of $588 million for rebranding and restructuring costs to rename our organization, as well as other costs to transition to a corporate structure, was $703 million in the three months ended May 31, 2001, an increase of $9 million or 1% over the three months ended May 31, 2000, a decrease as a percentage of revenues from 23% in the three months ended May 31, 2000 to 20% in the three months ended May 31, 2001, and a decrease as a percentage of revenues before reimbursements from 27% in the three months ended May 31, 2000 to 24% in the three months ended May 31, 2001.

Gain (Loss) on Investments

A $9 million loss on investments was recorded in the three months ended May 31, 2001, compared to a gain of $266 million during the three months ended May 31, 2000. This loss represents other-than- temporary impairment investment write-downs of $40 million and unrealized investment losses recognized according to SFAS 133 of $11 million, offset by a $42 million gain on the sale of marketable securities.

Provision for Taxes

Taxes were $285 million in the three months ended May 31, 2001, an increase of $204 million over the three months ended May 31, 2000. This increase was due to the tax costs of our transition to a corporate structure, net of an adjustment for deferred taxes.

Partnership Income Before Partnership Distributions

Partnership income before partner distributions, excluding one-time charges of $588 million for rebranding and restructuring costs and $216 million for related taxes, was $613 million in the three months ended May 31, 2001, a decrease of $289 million, or 32% from the three months ended May 31, 2000.

Summary Financial Data

The following unaudited summary historical and pro forma financial information should be read in conjunction with Selected Financial Data, Pro Forma Combined Financial Information, our historical combined 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 as adjusted**	**Historical**		**Pro forma as adjusted**
	Year ended August 31,						**Six months ended**		**Six months ended**
	1996	**1997**	**1998**	**1999**	**2000**	**Year ended August 31, 2000**	**February 29, 2000**	**February 28, 2001**	**February 28, 2001**
	(in millions, except share and per share data)								
Income Statement Data:									
Revenues:									
Revenues before reimbursements	$4,942	$6,275	$8,215	$9,550	$9,752	$9,752	$4,685	$5,713	$5,713
Reimbursements	768	1,172	1,425	1,529	1,788	1,788	799	909	909
Revenues	5,710	7,447	9,640	11,079	11,540	11,540	5,484	6,622	6,622
Operating expenses:*									

	Historical					Pro forma as adjusted	Historical		Pro forma as adjusted
Cost of services:*									
Cost of services before reimbursable expenses*	2,678	3,470	4,700	5,457	5,486	6,138	2,660	2,943	3,508
Reimbursable expenses	768	1,172	1,425	1,529	1,788	1,788	799	909	909
Cost of services*	3,446	4,642	6,125	6,986	7,274	7,926	3,459	3,852	4,417
Sales and marketing*	532	611	696	790	883	1,192	421	453	674
General and administrative costs*	659	819	1,036	1,271	1,297	1,441	640	766	799
Reorganization and rebranding costs*								189	189
Total operating expenses*	4,637	6,072	7,857	9,047	9,454	10,559	4,520	5,260	6,079
Operating income*	1,073	1,375	1,783	2,032	2,086	981	964	1,362	543
Gain on investments, net				92	573	573	268	189	189
Interest income				60	67	67	28	42	42
Interest expense	(16)	(19)	(17)	(27)	(24)	(35)	(12)	(10)	(20)
Other income (expense)	(4)	4	(6)	(5)	51	51	19	24	24
Equity in losses of affiliates			(1)	(6)	(46)	(46)	(7)	(42)	(42)
Income before taxes*	1,053	1,360	1,759	2,146	2,707	1,591	1,260	1,565	736
Provision for taxes (1)	116	118	74	123	243	636	115	135	294
Income before minority interest and cumulative change in accounting*	937	1,242	1,685	2,023	2,464	955	1,145	1,430	442
Minority interest						573			265
Income before cumulative change in accounting*	937	1,242	1,685	2,023	2,464	$382	1,145	1,430	$177
Cumulative effect of accounting change								188	
Partnership income before partner distributions* (2)	$ 937	$1,242	$1,685	$2,023	$2,464		$1,145	$1,618	
Earnings Per Share Data:									
Earnings per share									
basic						$ 0.97			$ 0.45
diluted						$ 0.96			$ 0.45
Weighted average number of shares									
basic						394,536,601			395,875,619
diluted						990,668,914			991,673,178

* Historical information excludes payments for partner distributions.

(1) Provision for taxes is not the same as income taxes of a corporation. For the historical periods, 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 historical periods 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 combined financial statements.

	Historical	Historical		Pro forma as adjusted
	As of August 31,	As of February 29,	As of February 28,	As of February 28,

	Historical					Historical		Pro forma as adjusted
	1996	1997	1998	1999	2000	2000	2001	2001
	(in millions)							
Balance Sheet Data:								
Cash and cash equivalents	$ 438	$ 325	$ 736	$1,111	$1,271	$1,018	$1,342	$1,950
Working capital	280	175	531	913	1,015	909	860	(82)
Total assets	2,323	2,550	3,704	4,615	5,451	5,326	5,474	6,246
Long-term debt	226	192	157	127	99	127	97	97
Total partners capital	696	761	1,507	2,208	2,368	2,473	1,948	
Shareholders equity								176

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. We are now seeing some evidence of an economic slowdown in some markets, including a reduction in capital expenditures and technology and associated discretionary spending by our clients, particularly in the United States. This has caused a reduction in our growth rate in the Americas and in our Communications & High Tech, Financial Services and Products global market units in the third quarter of this fiscal year as compared with the first half of this fiscal year. Revenues before reimbursements for the third quarter of 2001 for our Communications & High Tech, Financial Services and Products global market units increased by 8%, 15% and 16%, respectively, over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for these market units increased by 27%, 19% and 25%, respectively, over the first half of 2000. Revenues before reimbursements for the third quarter of 2001 for our Americas geographic area increased by 10% over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for this geographic area increased by 27% over the first half of 2000. We expect continued growth in revenues in the fourth quarter of this fiscal year, though at a slower rate of growth than in the third quarter. We will implement cost-savings initiatives to manage our expenses as a percentage of revenues. However, we may not be able to reduce the rate of growth in our costs on a timely basis or control our costs to maintain our margins.

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 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 ideas may not be successful in the marketplace. Also, products and technologies developed by our competitors may make our service or product offerings uncompetitive or obsolete. Any one of these circumstances could have a material adverse effect on our ability to obtain and successfully complete important 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. If the growth in the use of technology does not continue, demand for our services may decrease. 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 products, 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 contracts typically include provisions to limit our exposure to legal claims relating to our services and the applications we develop, but these provisions may not protect us or may not be enforceable in all cases.

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

We cannot be sure that our services and products, or the products 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 products. 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 product 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. 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. While some of our contracts are time-and-materials and others are fixed-price contracts, the risks associated with both types of contracts are often similar. Our failure to meet a client s expectations in either 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. 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. A client must meet established criteria to receive financing. In the rare event that these criteria are waived, approval by senior levels of our management is required. We have extended $170 million of financing as of February 28, 2001. We do not expect financing levels to exceed $250 million, which is in line with historical levels, over the next 12 months.

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

We have invested a substantial amount of time and resources in our affiliates, alliances and venture capital portfolio companies, and we plan to make substantial additional investments in the future. We made investments of $287 million in the 12 months ended May 31, 2001. The value of affiliate and venture capital financial commitments at May 31, 2001 was $19 million and $48 million, respectively. We anticipate making additional investments of $300 million to $400 million in the 12 months ended May 31, 2002. In addition, we expect to spend over $125 million over the same period in payroll and other expenses in support of alliance agreements. The benefits we anticipate from these relationships are an important component of our growth strategy. If these relationships do not succeed, we may lose our investments or fail to obtain the benefits we hope to derive from them. 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. In addition, our venture capital activities may suffer from the poor performance of the portfolio companies in which we invest or from our inability to obtain attractive returns on our investments or investments or to monetize these investments at all. These losses or failures 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 46 countries around the world. In fiscal 2000, approximately 54% of our revenues were attributable to activities in the Americas, 38% of our revenues were attributable to our activities in Europe, the Middle East, Africa and India, and 8% 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, information technology and outsourcing markets are highly competitive, and we may not be able to compete effectively.

The consulting, information 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;
- 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 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. 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 each of fiscal years 2000 and 2001. The cumulative rate of turnover among our employees was 19% for fiscal year 1999, 22% for fiscal year 2000 and, on an annualized basis, approximately 14% for the nine months ended May 31, 2001, 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. On June 7, 2001, we announced an initiative to reduce our staff in certain parts of the world, in certain skill groups and in some support positions. This initiative may adversely affect employee recruiting and retention.

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. 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, 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. Their ownership of this equity is not dependent upon their continued employment. While these equity interests are subject to transfer restrictions, the transfer restrictions lapse over time, may not be enforceable in all cases and can be waived. See Certain Relationships and Related Transactions Voting Agreement and Accenture SCA Transfer Rights Agreement. In addition, in connection with our transition to a corporate structure, our partners have 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 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 the offering and our transition to a corporate structure, our non-partner employees will also receive equity 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 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 products 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.

Risks That Relate to Our Financial Results and Our Lack of Experience in Managing a Public Company

Our profitability will suffer if we are not able to maintain our prices 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 charge for our services and the utilization rate, or chargeability, of our professionals. Accordingly, if we are not able to maintain the rates we charge for our services or an appropriate utilization rate for our professionals, we will not be able to sustain our profit margin and our profitability will suffer. The rates we are able to charge 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; and

our ability to manage attrition.

Our profitability is also a function of our ability to control our costs and improve our efficiency. 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 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 conditions.

The historical and pro forma financial information in this prospectus may not permit you to predict our costs of operations.

The historical financial information in this prospectus does not reflect the added costs we expect to incur as a public company or the resulting changes that have occurred in our capital structure and operations. Because we historically operated through partnerships in many countries prior to our transition to a corporate structure, we paid little or no taxes on profits and no salaries to our partners who are now our employees. In preparing our pro forma financial information we deducted and charged to earnings estimated income taxes based on an estimated tax rate, which may be different from our actual tax rate in the future, and estimated salaries, payroll taxes and benefits for our partners who became our employees after our transition to a corporate structure. The estimates we used in our pro forma financial information may not be similar to our actual experience as a public corporation. For more information on our historical combined financial statements and pro forma financial information, see Pro Forma Combined Financial Information and our historical combined financial statements and related notes included elsewhere in this prospectus.

Our management has no experience in managing a public company.

Our management team has historically operated our business as a privately owned series of partnerships and corporations. The individuals who now constitute our management have never had responsibility for managing a publicly traded company.

We expect to record substantial net losses in the fiscal quarters ended May 31, 2001 and August 31, 2001 due to a number of nonrecurring items relating to our transition to a corporate structure and the offering.

We expect to record a net loss in the fiscal quarter ended May 31, 2001 as a result of recognizing one-time charges of $588 million for rebranding and restructuring costs and $216 million for related taxes, of which $441 million is expected to be paid in cash before December 31, 2001 and the balance will be paid by August 31, 2003 out of cash from operations, borrowings or other sources. We also expect to record a substantial loss in the quarter ended August 31, 2001 primarily as the result of net nonrecurring compensation cost of approximately $960 million resulting from the grant of restricted share units in connection with the offering.

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 our partners will own or control shares representing, in the aggregate, an 82% voting interest in Accenture Ltd, or 80% 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 Relationships and Related Transactions 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 will enable 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 wide variety of matters over which neither shareholders nor employees of a public company typically have input. The partner matters agreement will provide mechanisms for our partners to:

- select, for three to five years after the 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 the 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 will prepare 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) 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, 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), 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 Relationships and Related Transactions Partner Matters Agreement.

In addition, immediately following the offering, Accenture Ltd will own shares representing a 58% voting interest in Accenture SCA and certain of our partners will own shares representing a 42% 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. The number of Class A common shares available for sale in the public market at any time is limited by United States federal securities laws and by contractual restrictions on transfer. Our partners have agreed with us to comply with the 180-day lock-up between us and the underwriters. We have agreed not to waive this lock-up with our partners prior to the expiration of the 180 days without the consent of Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated. In addition, our partners equity interests are subject to contractual transfer restrictions that generally restrict sales for one year and then permit sales in increasing amounts over the subsequent seven years. Although these transfer restrictions may be waived generally by us and our partners (for example, if Accenture Ltd would permit its partners to participate as selling shareholders in an underwritten public offering) and in particular cases by committees of our partners, we have not agreed to any waiver of these restrictions and do not expect to these restrictions will be waived except in limited circumstances. For a discussion of the terms of the transfer restrictions, see Certain Relationships and Related Transactions Voting Agreement and Accenture SCA Transfer Rights Agreement.

Upon consummation of the offering, there will be 394,536,601 Class A common shares outstanding, or 411,786,601 Class A common shares if the underwriters exercise their overallotment option in full. Of these Class A common shares, 115,000,000 Class A common shares sold in the offering, or 132,250,000 Class A common shares if the underwriters exercise their overallotment option in full, will be freely transferable without restriction or further registration under the Securities Act of 1933. The remaining 279,536,601 Class A common shares generally will be available for future sale upon the expiration or waiver of transfer restrictions or, in the case of restricted share units, following delivery of the underlying Class A common shares. Our partners will also hold 595,462,804 Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares that may be redeemed or exchanged on a one-for-one basis for Accenture Ltd Class A common shares. We expect that these Class A common shares, subject to the expiration or waiver of transfer restrictions, generally will be available for future sale. In addition, options to purchase 98,995,000 Class A common shares will generally become exercisable over the four or five years following consummation of the offering. We expect that these underlying Class A common shares will be freely transferable without further restriction.

As reflected in the table below, on each of the first eight anniversaries of the consummation of the offering, Class A common shares held by our partners will become available for sale in significant numbers and Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares held by our partners will become redeemable or exchangeable for freely transferable Class A common shares in significant numbers. Our partners may be more likely to sell all or a portion of their Class A common shares to provide liquidity in response to the reduction in partner compensation in connection with our transition to a corporate structure or to diversify their portfolios.

Anniversary of offering	Number of Class A common shares that become available for sale by our partners(1)	Percentage of Class A common shares outstanding immediately following the offering that become available for sale(1)
1	80,779,802	8%
2	121,169,703	12%
3	80,779,802	8%
4	80,779,802	8%
5	80,779,802	8%
6	80,779,802	8%
7	80,779,802	8%
8	201,949,506	20%

(1) Assumes our partners holdings of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares are redeemed or exchanged on a one-for-one basis.

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.

There has been no prior market for the Class A common shares, and they may trade at prices below the initial public offering price.

The price of the Class A common shares after the offering may fluctuate widely, depending upon many factors, including our perceived prospects and those of the consulting and technology industries in general, differences between our actual financial and operating results and those expected by investors and analysts, changes in analysts recommendations or projections, changes in general economic or market conditions and broad market fluctuations.

You will experience immediate and substantial dilution in the book value of your Class A common shares.

The initial public offering price of the Class A common shares will be substantially higher than the pro forma net tangible book value per share of our Class A common shares. Pro forma net tangible book value represents the amount of our tangible assets on a pro forma basis, less our pro forma total liabilities. As a result, we currently expect that you will incur immediate dilution of $13.78 per share based upon an assumed initial public offering price of $14.00 per share. For more information, see Dilution.

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 products; 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.

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 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 will consolidate Accenture SCA s results in its financial statements. We operate our business through subsidiaries of Accenture SCA. Accenture SCA will reimburse Accenture Ltd for its expenses but will not pay Accenture Ltd any fees.

Prior to our transition to a corporate structure, 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 have generally exchanged all of their interests in these partnerships and corporations for Accenture Ltd Class A common shares or, in the case of partners resident in specified 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.

Our transition to a corporate structure has been accounted for as a reorganization at carryover basis as there are no changes in the rights, obligations or economic interests of our partners upon the exchange of their interests for shares in Accenture Ltd, Accenture SCA or Accenture Canada Holdings except for those applied consistently among our partners or those resulting from our transition from a series of related partnerships and corporations to a corporate structure. The Accenture SCA Class I common shares and the Accenture Canada Holdings exchangeable shares held by our partners will be treated as a minority interest in the consolidated financial statements of Accenture Ltd. However, the future exchange and/or redemption of Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares will be accounted for at carryover basis.

None of our partners will be selling shares in the offering, and, immediately following the offering, our partners will own approximately 82% of the equity in our business, or 80% if the underwriters exercise their overallotment option in full. We will continue to be controlled by our partners following the offering. Upon completion of the offering, our partners will own or control shares representing, in the aggregate, approximately 82% of the voting interest in Accenture Ltd, or approximately 80% if the underwriters exercise their overallotment option in full. Immediately following the offering, our public shareholders (including our non-partner employees) will own approximately 18% of the equity in our business, or approximately 20% if the underwriters exercise their overallotment option in full, and will own shares representing approximately 18% of the voting interest in Accenture Ltd, or approximately 20% if the underwriters exercise their overallotment option in full.

Evercore Partners Inc. has acted as our financial advisor in our review of capitalization strategies and options.

Our organizational structure immediately following the offering will be as shown in the diagram below. The diagram does not display the subsidiaries of Accenture SCA and does not reflect exercise of the underwriters overallotment option.

(1) Includes non-partner employees.
(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 in Australia, Canada, Denmark, France, Italy, New Zealand, Norway, Spain, Sweden and the United States. Our 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.

We intend to make all distributions to all of our equity holders pro rata based on economic ownership. Based on the shares outstanding immediately after the offering and assuming no exercise of the underwriters overallotment option, our public shareholders would receive approximately 18% of any distribution.

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.

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 partners 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 SCA will issue common shares to Accenture Ltd each time additional Accenture Ltd Class A common shares are issued.

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. 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. Each time an Accenture SCA Class I common share or an Accenture Canada Holdings exchangeable share is redeemed or exchanged, Accenture Ltd intends to redeem an Accenture Ltd Class X common share 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.

You should read Risk Factors 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, Certain Relationships and Related Transactions and Description of Share Capital for additional information about our corporate structure and the risks posed by the structure.

USE OF PROCEEDS

We estimate that the net proceeds to Accenture Ltd from the offering, at an assumed public offering price of $14.00 per Class A common share and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $1,516 million, or $1,746 million if the underwriters exercise their overallotment option in full.

Accenture Ltd intends to use the net proceeds from the offering to subscribe for Accenture SCA Class I common shares.

Accenture SCA intends to use the proceeds it receives from the issuance of its Class I common shares as follows:

- approximately $839 million for costs and expenses incurred in connection with our transition to a corporate structure;
- approximately $245 million to repay amounts outstanding under our revolving credit facilities; and
- the balance for working capital, which previously was funded by our partners, and for general corporate purposes.

The costs we anticipate incurring in connection with our transition to a corporate structure include indirect taxes, such as capital and stamp duty imposed on transfers of assets among our subsidiaries; income taxes imposed on transfers of assets and liabilities among our subsidiaries; and income taxes relating to mandatory changes in tax accounting methods.

We expect that loans under our revolving credit facilities will be provided at the prime rate, or at the London interbank offered rate plus a spread which will vary according to a pricing grid, and that these facilities will be subject to annual commitment fees. Please see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources for a description of the terms of these facilities.

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. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

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.

CAPITALIZATION

The following table sets forth our combined capitalization as of February 28, 2001:

on a historical combined basis;

on a pro forma combined basis giving effect to the pro forma adjustments described under Pro Forma Combined Financial Information ; and

on a pro forma combined basis giving effect to the pro forma adjustments described under Pro Forma Combined Financial Information and as adjusted to reflect our sale in the offering of 115,000,000 Class A common shares at an assumed public offering price of $14.00 per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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

	As of February 28, 2001		
	Historical	Pro forma	Pro forma as adjusted
		(in millions)	
Cash and cash equivalents	$1,342	$ 519	$ 1,950
Short-term bank borrowings	$ 213	$ 213	$ 213
Current portion of long-term debt	30	30	30
Long-term debt	97	97	97
Partners capital	1,948		
Shareholders equity:			
Preferred shares: 2,000,000,000 shares authorized			
Class A common shares, par value $0.0000225 per share, 20,000,000,000 shares authorized, 212,335,219 shares issued and outstanding pro forma; 327,335,219 shares issued and outstanding pro forma as adjusted			
Class X common shares, par value $0.0000225 per share, 1,000,000,000 shares authorized, 591,161,473 shares issued and outstanding pro forma; 591,161,473 shares issued and outstanding pro forma as adjusted			
Restricted share units (related to Class A common shares), 73,896,473 units issued and outstanding			1,035
Additional paid-in capital		11	1,264
Retained earnings		(1,098)	(1,973)
Deferred compensation			(94)
Accumulated other comprehensive income		(56)	(56)
Total shareholders equity		(1,143)	176
Total capitalization	$2,288	$ (803)	$ 516

DILUTION

As of February 28, 2001, our pro forma net tangible book value was $(1,234 million), or approximately $(4.41) per Accenture Ltd Class A common share. Pro forma net tangible book value per Accenture Ltd Class A common share represents pro forma total combined tangible assets less pro forma total combined liabilities, divided by the aggregate number of Class A common shares outstanding on a pro forma basis, assuming the redemption or exchange of all our partners holdings of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares for newly issued Class A common shares on a one-for-one basis. Class A common shares outstanding does not include 6,695,091 shares underlying restricted share units that are not fully vested or scheduled to fully vest prior to the end of the current fiscal year or 98,995,000 shares issuable pursuant to options. After giving effect to our sale of 115,000,000 Class A common shares in the offering, at an assumed initial public offering price of $14.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value as of February 28, 2001 would have been approximately $85 million, or $0.22 per share. This represents an immediate increase in pro forma net tangible book value to existing shareholders of $4.63 per share and an immediate dilution to new investors of $13.78 per share.

The following table illustrates this per share dilution:

Assumed initial public offering price per Class A common share		$14.00
Pro forma net tangible book value per share as of February 28, 2001	$(4.41)	
Increase in pro forma net tangible book value per share attributable to new investors	4.63	
Pro forma net tangible book value per share after giving effect to the offering (1)		0.22
Dilution in net tangible book value per share to new investors (2)		$13.78

(1) Intangible assets as of February 28, 2001 were $91 million, relating to intangible assets acquired in connection with the separation from Andersen Worldwide and Arthur Andersen, or $0.23 per share after giving effect to the pro forma adjustments and adjustments for the offering described under Pro Forma Combined Financial Information.

(2) Dilution is determined by subtracting pro forma net tangible book value per share after giving effect to the offering from the initial public offering price per share paid by a new investor.

If the underwriters overallotment option is exercised in full, the pro forma net tangible book value per share after giving effect to the offering would be $0.77 per share and the dilution in net tangible book value per share to new investors would be $13.23 per share.

PRO FORMA COMBINED FINANCIAL INFORMATION

The following pro forma combined balance sheet as of February 28, 2001 and pro forma combined income statements for the six months ended February 28, 2001 and for the year ended August 31, 2000 are based on our historical combined financial statements included elsewhere in this prospectus.

The pro forma combined income statements and balance sheet give effect to the following as if they occurred on September 1, 1999 in the case of the pro forma income statements and on February 28, 2001 in the case of the pro forma balance sheet:

- the transactions related to our transition to a corporate structure described under Certain Relationships and Related Transactions Reorganization and Related Transactions;
- compensation payments to employees who were partners prior to our transition to a corporate structure; and
- provision for corporate income taxes.

The pro forma as adjusted combined income statements and balance sheet also give effect to the offering as if it occurred on September 1, 1999 in the case of the pro forma income statements and on February 28, 2001 in the case of the pro forma balance sheet.

However, the pro forma and pro forma as adjusted combined income statements do not give effect to one-time events directly attributable to our transition to a corporate structure and related transactions or the offering, because of their nonrecurring nature. These one-time events include:

- approximately $839 million for costs associated with our transition to a corporate structure;
- net compensation cost of approximately $960 million resulting from the grant of restricted share units in connection with the offering;

recognition of deferred tax assets, net of liabilities, of approximately $164 million; and

recognition of a charitable contribution of $16 million.

In addition, the pro forma and pro forma as adjusted combined income statement for the six months ended February 28, 2001 excludes the effect of a cumulative change in accounting principle to implement Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities.

The pro forma adjustments and the adjustments for the offering 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 combined 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 COMBINED INCOME STATEMENT

(unaudited)

	For the six months ended February 28, 2001				
	Historical	Pro forma adjustments	Pro forma	Adjustments for the offering	Pro forma as adjusted
	(in millions, except share and per share data)				
Revenues:					
Revenues before reimbursements	$5,713	$	$5,713	$	$ 5,713
Reimbursements	909		909		909
Revenues	6,622		6,622		6,622
Operating expenses:*					
Cost of services:*					
Cost of services before reimbursable expenses*	2,943	559(a)	3,502	6(k)	3,508
Reimbursable expenses	909		909		909
Cost of services*	3,852	559	4,411	6	4,417
Sales and marketing*	453	219(a)	672	2(k)	674
General and administrative costs*	766	32(a)	798	1(k)	799
Reorganization and rebranding costs*	189		189		189
Total operating expenses*	5,260	810	6,070	9	6,079
Operating income*	1,362	(810)	552	(9)	543
Gain on investments, net	189		189		189
Interest income	42		42		42
Interest expense	(10)	(10)(b) (12)(r)	(32)	12(s)	(20)
Other income (expense)	24		24		24
Equity in losses of affiliates	(42)		(42)		(42)
Income before taxes*	1,565	(832)	733	3	736
Provision for taxes (1)	135	158(c)	293	1(c)	294
Income before minority interest and cumulative change in accounting*	1,430	(990)	440	2	442
Minority interest		326(q)	326	(61)(q)	265
Partnership income before partner distributions and cumulative change in accounting* (2)	$1,430				

	For the six months ended February 28, 2001			
Income (loss) before cumulative change in accounting	$ (1,316)	$ 114	$ 63	177
Earnings per share:				
Income before cumulative change in accounting applicable to common shareholders				
basic				$ 0.45
diluted				$ 0.45
Weighted average shares				
basic				395,875,619(d)
diluted				991,673,178(d)

* Historical information excludes payments for partner distributions.

(1) Provision for taxes is not the same as income taxes of a corporation. For the historical periods, 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 historical periods 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 combined financial statements.

PRO FORMA COMBINED INCOME STATEMENT

(unaudited)

	For the year ended August 31, 2000				
	Historical	Pro forma adjustments	Pro forma	Adjustments for the offering	Pro forma as adjusted
	(in millions, except share and per share data)				
Revenues:					
Revenues before reimbursements	$ 9,752	$	$ 9,752	$	$ 9,752
Reimbursements	1,788		1,788		1,788
Revenues	11,540		11,540		11,540
Operating expenses:*					
Cost of services:*					
Cost of services before reimbursable expenses*	5,486	641 (a)	6,127	11 (k)	6,138
Reimbursable expenses	1,788		1,788		1,788
Cost of services*	7,274	641	7,915	11	7,926
Sales and marketing*	883	304 (a)	1,187	5(k)	1,192
General and administrative costs*	1,297	141 (a)	1,438	3(k)	1,441
Total operating expenses*	9,454	1,086	10,540	19	10,559
Operating income*	2,086	(1,086)	1,000	(19)	981
Gain on investments, net	573		573		573
Interest income	67		67		67
Interest expense	(24)	(11)(b) (24)(r)	(59)	24(s)	(35)
Other income (expense)	51		51		51

	For the year ended August 31, 2000				
Equity in losses of affiliates	(46)		(46)		(46)
Income before taxes	2,707	(1,121)	1,586	5	1,591
Provision for taxes (1)	243	391 (c)	634	2	636
Income before minority interest*	2,464	(1,512)	952	3	955
Minority interest		704 (q)	704	(131)(q)	573
Partnership income before partner distributions* (2)	$ 2,464				
Net income (loss)		$(2,216)	$ 248	$ 134	$ 382
Earnings per share:					
Net income applicable to common shareholders:					
basic					$ 0.97
diluted					$ 0.96
Weighted average shares:					
basic					394,536,601(d)
diluted					990,668,914(d)

* Historical information excludes payments for partner distributions.

(1) Provision for taxes is not the same as income taxes of a corporation. For the historical periods, 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 historical periods 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 combined financial statements.

PRO FORMA COMBINED BALANCE SHEET
February 28, 2001

(unaudited)

	Historical	Pro forma adjustments	Pro forma	Adjustments for the offering	Pro forma as adjusted
			(in millions)		
Current assets:					
Cash and cash equivalents	$1,342	$ (508)(f) (282)(m) (33)(i)	$ 519	$1,516 (l) (16)(p) (69)(g)	$ 1,950
Short-term investments	20		20		20
Receivables from clients	1,629		1,629		1,629
Unbilled services	800		800		800
Due from related parties	28		28		28
Deferred tax assets		23 (o)	23		23
Other current assets	261		261		261
Total current assets	4,080	(800)	3,280	1,431	4,711
Non-current assets:					
Due from related parties	81		81		81
Investments	406		406		406
Property and equipment, net	759		759		759

	Historical	Pro forma adjustments	Pro forma	Adjustments for the offering	Pro forma as adjusted
Deferred tax assets		66 (o)	66	75(o)	141
Other non-current assets	148		148		148
Total non-current assets	1,394	66	1,460	75	1,535
Total assets	$5,474	$ (734)	$ 4,740	$1,506	$ 6,246
Current liabilities:					
Short-term bank borrowings	$ 213	$	$ 213		$ 213
Current portion of long-term debt	30		30		30
Accounts payable	186		186		186
Due to related parties	300	14 (e) 1,401 (e) (282)(m) 5 (f)	1,438		1,438
Deferred revenues	998		998		998
Accrued payroll and related benefits	929	41 (j) 78 (h)	1,048	(31)(g)	1,017
Taxes payable	305		305	(6)(p)	299
Deferred tax liabilities		334 (i)	334		334
Other accrued liabilities	259		259	19 (k)	278
Total current liabilities	3,220	1,591	4,811	(18)	4,793
Non-current liabilities:					
Long-term debt	97		97		97
Retirement benefits		294 (j)	294		294
Other non-current liabilities	209	472 (i)	681	(58)(g)	623
Total non-current liabilities	306	766	1,072	(58)	1,014
Minority interest				263 (q)	263
Partners capital:					
Paid-in capital	524	(524)(f)			
Undistributed earnings	1,480	(1,401)(e) (14)(e) (65)(e)			
Accumulated other comprehensive income (loss)	(56)	56 (n)			
Total partners capital	1,948	(1,948)			
Shareholders equity					
Preferred stock: 2,000,000,000 shares authorized, 0 shares issued and outstanding					
Class A common shares, par value $0.0000225 per share, 20,000,000,000 shares authorized, (212,335,319 shares issued and outstanding pro forma; 327,335,319 shares issued and outstanding pro forma as adjusted)					
Class X common shares, par value $0.0000225 per share, 1,000,000,000 shares authorized, (591,161,473 shares issued and outstanding pro forma; 591,161,473 shares issued and outstanding pro forma as adjusted)					
Restricted share units (related to Class A common shares), 73,896,473 units issued and outstanding				941 (k)	1,035
Additional paid-in capital		11 (f)	11	94 (k) 1,516 (l) (263)(q)	1,264
Retained earnings (deficit)		(839)(i) 65 (e) (78)(h)	(1,098)	(10)(p) 20 (g) 75 (o)	(1,973)

	Historical	Pro forma adjustments	Pro forma	Adjustments for the offering	Pro forma as adjusted
		(270)(j)		(960)(k)	
		(65)(j)			
		89 (o)			
Deferred compensation				(94)(k)	(94)
Accumulated other comprehensive income (loss)		(56)(n)	(56)		(56)
Total shareholders equity (deficit)		(1,143)	(1,143)	1,319	176
Total liabilities and shareholders equity (deficit)	$5,474	$ (734)	$ 4,740	$1,506	$ 6,246

NOTES TO PRO FORMA FINANCIAL INFORMATION

(unaudited)
(in millions, except share and per share data)

Accenture Ltd s only business will be to hold shares in and act as the sole general partner of Accenture SCA. As the sole general partner of Accenture SCA and as a result of Accenture Ltd s majority voting interest in Accenture SCA, Accenture Ltd will control Accenture SCA s management and operations and will, accordingly, consolidate Accenture SCA s results in Accenture Ltd s financial statements. Further, our transition to a corporate structure will be accounted for on a carryover basis.

(a) Adjustments reflect compensation and benefit costs totaling $810 and $1,086 for the six months ended February 28, 2001 and for the year ended August 31, 2000, respectively, that we would have paid to our partners had we been in a corporate structure during the historical periods. Since Accenture has operated in historical periods as a series of related partnerships and corporations under the control of our partners, payments to Accenture s partners have generally been accounted for as distributions of partners income, rather than compensation expense. As a result, Accenture s net income and compensation and benefits expense have not reflected any payments for services rendered by partners. As a corporation, we will include payments for services rendered by our partners in compensation and benefits expense. The new compensation plan adopted by us is comprised of a fixed salary amount, benefits and performance-based bonuses. All elements of the new compensation plan, including bonus, have been reflected in these adjustments because our partners would have earned the bonus based on our results of operations for the historical periods. Compensation cost in the pro forma income statement does not include the fair value of restricted share units to be granted at the time of the offering to partners and employees that vest upon grant or on August 31, 2001, discussed under note (k), because they are a one-time grant in connection with the offering.

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.

Compensation and benefit costs of partners have been allocated 69% and 59% to cost of services, 27% and 28% to sales and marketing, and 4% and 13% to general and administrative costs for the six months ended February 28, 2001 and for the year ended August 31, 2000, respectively, based upon an estimate of the time spent on each activity at the appropriate cost rates. The percentage allocation in the six months ended February 28, 2001 varies from the allocation in the year ended August 31, 2000 due to the admission of a significant number of new partners on September 1, 2000.

(b) Reflects an adjustment of $10 and $11 for the six months ended February 28, 2001 and for the year ended August 31, 2000, respectively, for the estimated interest expense on early-retirement benefits payable to partners discussed in note (j).

(c) Reflects an adjustment for an estimated income tax provision as if we had operated in a corporate structure at a pro forma tax rate of 40%. Pro forma as adjusted income taxes total $294 and $636 for the six months ended February 28, 2001 and for the year ended August 31, 2000, respectively. 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.

(d) For the purposes of the pro forma earnings per share calculation, the weighted average shares outstanding, basic and diluted, were calculated based on:

	Year ended August 31, 2000 Pro forma as adjusted	Six months ended February 28, 2001 Pro forma as adjusted

Common share issuances	Year ended August 31, 2000 Pro forma as adjusted Basic	Year ended August 31, 2000 Pro forma as adjusted Diluted	Six months ended February 28, 2001 Pro forma as adjusted Basic	Six months ended February 28, 2001 Pro forma as adjusted Diluted
Accenture Ltd Class A common shares	212,335,219	212,335,219	212,335,219	212,335,219
Accenture SCA Class I common shares		587,302,062		587,302,062
Accenture Canada Holdings exchangeable shares		8,160,742		8,160,742
Restricted share units vested	67,201,382	67,870,891	68,540,400	68,875,155
New shares from offering	115,000,000	115,000,000	115,000,000	115,000,000
Weighted average shares outstanding	394,536,601	990,668,914	395,875,619	991,673,178

NOTES TO PRO FORMA FINANCIAL INFORMATION (Continued)

(unaudited)
(in millions, except share and per share data)

Basic and diluted earnings per share are calculated as follows:

Basic earnings per share	Pro forma as adjusted: Year ended August 31, 2000	Pro forma as adjusted: Six months ended February 28, 2001
Net income (loss) available to common shareholders	$ 382	
Income (loss) before cumulative change in accounting		$ 177
Weighted average shares outstanding	394,536,601	395,875,619
Basic earnings per share	$ 0.97	$ 0.45

(e) Adjustment to reflect distributions of pre-incorporation earnings of $1,401 to our partners. We expect this amount will be paid in one or more installments on or prior to December 31, 2001. This amount represents the balance of undistributed earnings at February 28, 2001, less an amount of $65, which has been retained in Accenture Ltd related to the retirement benefits referred to in note (j), and less an amount of $14 due to specific partners and reclassified as a liability.

(f) Adjustment reflects a distribution of partners paid-in capital of $508 in cash in connection with our transition to a corporate structure. The remaining $16 of paid-in capital will be converted to $11 of additional paid-in capital contained within shareholders equity and $5 payable to specific partners.

(g) In connection with the grant of restricted share units, discussed in note (k), we are terminating our deferred bonus plan (the eUnit Bonus Plan) for employees. Adjustment reflects an extinguishment of a liability of $89, of which $69 will be paid out in cash.

(h) Adjustment to recognize partner-accrued vacation payable of $78 upon the consummation of our transition to a corporate structure.

(i) We anticipate incurring transaction costs totaling $839 in connection with its transition to a corporate structure. These costs include the following:

Indirect taxes such as capital and stamp duty imposed on transfers of assets among group members;

Income taxes imposed on transfers of assets and liabilities among group members; and

Income taxes relating to mandatory changes in tax accounting methods.

NOTES TO PRO FORMA FINANCIAL INFORMATION (Continued)

(unaudited)
(in millions, except share and per share data)

Adjustment reflects costs associated with our transition to a corporate structure, including $33 in cash costs, the creation of a current deferred tax liability of $334, and the creation of non-current accrued liabilities of $472. Of the $839 in costs, approximately $367 is expected to be paid in cash before December 31, 2001, approximately $190 is expected to be paid before August 31, 2002 and the balance is expected to be paid prior to August 31, 2003, in each case out of cash from operations, borrowings, or other sources.

(j) Adjustment to establish liabilities of $65 and $270 for the basic and early-retirement benefit plans, respectively, for retired partners upon the consummation of our transition to a corporate structure. Of these amounts, $41 is classified as current.

All of our partners who retired prior to the consummation of our transition to a corporate structure, or their qualifying surviving spouses, are paid basic retirement benefits for life. The amount of annual benefit payments is periodically adjusted for cost-of-living adjustments at the beginning of each calendar year. Basic retirement benefits were paid in 2000 to retired partners and recorded as a distribution of partners income. Basic retirement benefits could be rescinded at any time by a two-thirds vote of the partners. Since retirement benefits were funded out of undistributed earnings, no liability was reflected in the historical combined balance sheet.

Prior to September 1, 2000, early retirement benefits were paid to our partners retiring between the ages of 56 and 62. Partners retiring at age 56 received early-retirement benefits based on two years earnings. Partners retiring after age 56 received reduced amounts declining on a straight-line basis that resulted in no payout to partners retiring at age 62. Effective September 1, 2000, the early-retirement benefit program was modified to be payable at age 50 based on one year s earnings, increasing on a straight-line basis to two year s earnings at age 56 and declining to zero at age 62. Retired partners could elect to receive early retirement benefits in the form of a lump-sum payment or installment payments over 10 years. Early retirement benefits could be rescinded at any time by the board of partners. Since retirement benefits were funded out of undistributed earnings, no liability was reflected in the historical combined balance sheet.

(k) Adjustment reflects the anticipated one-time grants of restricted share units to partners, former partners, and employees. Each restricted share unit awarded will represent an unfunded, unsecured right, which is nontransferable except in the event of death, to receive a Class A common share on the date specified in the award agreement. We intend to grant restricted share units on a one time basis on the date of the offering as follows:

35,000,000 to employees who are current holders of eUnits under the eUnit Bonus Plan described on page F-7 in replacement of outstanding eUnits which are being cancelled as described in note (g) and to all employees in good standing.

15,042,077 to qualified former partners who retired or resigned prior to May 31, 2001, in respect of past services.

17,159,305 to some of our employees that will be promoted to partner on September 1, 2001. These restricted share units will vest on August 31, 2001.

6,695,091 to some of our recently admitted partners in respect of future service. These restricted share units will vest over five years and will be expensed over the vesting period as services are rendered.

We recognize compensation expense for share-based compensation awards in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Under the measurement principles of APB No. 25 and Financial Interpretation Number 44, Accounting for Certain Transactions Involving Stock Compensation an Interpretation of APB 25, we have recognized a net compensation expense of $960 (50,042,077 restricted share units that vest upon grant and 17,159,305 restricted share units that vest on August 31, 2001 at $14.00 per share plus $19 of payroll taxes) in respect of the portion of restricted share units that are fully vested on the date of the grant. See Management Employee Awards. This includes $19 of payroll tax incurred on the grant of the restricted share units which has been recorded in current liabilities. In addition, we have recognized $9 and $19 for the six months ended February 28, 2001 and for the year ended August 31, 2000, respectively, for the portion of restricted share units that will vest over a five year period. The compensation cost of these restricted share units that will vest over a five year period have been allocated 69% and 59% to cost of services, 27% and 28% to sales and marketing, and 4% and 13% to general and administrative costs for the six months ended February 28, 2001 and for the year ended August 31, 2000, respectively. See note (a). The total cost of the restricted share units that vest over five years, $94 (6,695,091 restricted share units at $14.00 per share), has been recorded in the pro forma as adjusted balance sheet as deferred compensation.

(l) Adjustment to record net proceeds from the sale of 115,000,000 Class A common shares in the offering, resulting in net proceeds of $1,516.

(m) Adjustment to reflect the remaining cash payment of $282 paid in March 2001 in connection with our separation from Andersen Worldwide and Arthur Andersen.

(n) Adjustment to transfer accumulated other comprehensive loss of $56 from partners capital to shareholders equity.

(o) Adjustment to establish pro forma net deferred tax assets totaling $89, of which $23 has been classified as current, increased by $75 related to adjustments for the offering to a $164 pro forma as adjusted net deferred tax asset, of which $23 has been classified as a current asset.

(p) Reflects the payment of $16 in cash to the Accenture Foundation, Inc., a New York not-for-profit corporation, or to comparable entities in other jurisdictions.

(q) Reflects an assumed 74% minority interest ownership of partners in Accenture SCA and Accenture Canada Holdings. This percentage will be reduced to 60% by additional shares and restricted share units issued at the date of the offering. Also reflects the assumed issuance to Accenture Ltd of the 67,201,382 Accenture SCA Class I common shares that will be issued in connection with the delivery of the 67,201,382 Accenture Ltd Class A common shares to be delivered upon the maturity of the 67,201,382 restricted share units which are considered fully vested and will be issued for no consideration solely upon the passage of time for the purpose of the pro forma earnings per share and minority interest calculation.

Accenture Ltd owns a 26% economic interest and a 52% voting interest in Accenture SCA prior to the offering. The remaining economic interest and voting interest are owned by certain of Accenture s partners. Accenture SCA owns all of the operating companies and assets of the Accenture group.

The reorganization of the Accenture worldwide organization to a corporate structure will be accounted for as a reorganization at carryover basis. Partners in the Accenture organization received shares of Accenture Ltd, Accenture SCA or Accenture Canada Holdings depending on their member firm. The shares of Accenture SCA and Accenture Canada Holdings held by the partners will be treated as a minority interest in the consolidated financial statements of Accenture Ltd. However, the future exchange and/or acquisition of Accenture SCA or Accenture Canada Holdings shares will be accounted for at carryover basis.

Upon the consummation of the offering, Accenture Ltd will issue additional shares. Upon receipt of consideration for these shares, Accenture Ltd will subscribe for an equal number of additional shares in Accenture SCA for the same price per share, thereby increasing its percentage ownership in Accenture SCA.

Accenture Ltd is the sole general partner of Accenture SCA and owns the majority of the voting shares in Accenture SCA and therefore 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.

(r) Reflects an adjustment of $12 and $24 for the six months to February 28, 2001 and the year to August 31, 2000, respectively, for the estimated interest expense on borrowings of $315 at an incremental borrowing rate of 7.5% incurred to repay partners paid-in capital in connection with the transition to a corporate structure.

(s) Reflects an adjustment to eliminate the adjustment described in note (r) since the proceeds of the offering eliminate the need for such borrowing.

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, 1999 and 2000 and for the years ended August 31, 1998, 1999 and 2000 are derived from the audited historical combined financial statements and related notes which are included elsewhere in this prospectus. The data as of August 31, 1996, 1997 and 1998 and as of February 29, 2000 and for the years ended August 31, 1996 and 1997 are derived from unaudited historical combined financial statements and related notes which are not included in this prospectus. The data as of February 28, 2001 and for the six months ended February 29, 2000 and February 28, 2001 are derived from the historical unaudited combined financial statements and related notes which are included elsewhere 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, Pro Forma Combined Financial Information and our historical combined financial statements and related notes included elsewhere in this prospectus.

	Year ended August 31,					Six months ended	
	1996	1997	1998	1999	2000	February 29, 2000	February 28, 2001

						Six months ended	
				(in millions)			
Income Statement Data:							
Revenues:							
Revenues before reimbursements	$4,942	$6,275	$8,215	$9,550	$9,752	$4,685	$5,713
Reimbursements	768	1,172	1,425	1,529	1,788	799	909
Revenues	5,710	7,447	9,640	11,079	11,540	5,484	6,622
Operating expenses:*							
Cost of services:*							
Cost of services before reimbursable expenses*	2,678	3,470	4,700	5,457	5,486	2,660	2,943
Reimbursable expenses	768	1,172	1,425	1,529	1,788	799	909
Cost of services*	3,446	4,642	6,125	6,986	7,274	3,459	3,852
Sales and marketing*	532	611	696	790	883	421	453
General and administrative costs*	659	819	1,036	1,271	1,297	640	766
Reorganization and rebranding costs							189
Total operating expenses*	4,637	6,072	7,857	9,047	9,454	4,520	5,260
Operating income*	1,073	1,375	1,783	2,032	2,086	964	1,362
Gain on investments, net				92	573	268	189
Interest income				60	67	28	42
Interest expense	(16)	(19)	(17)	(27)	(24)	(12)	(10)
Other income (expense)	(4)	4	(6)	(5)	51	19	24
Equity in losses of affiliates			(1)	(6)	(46)	(7)	(42)
Income before taxes*	1,053	1,360	1,759	2,146	2,707	1,260	1,565
Provision for taxes (1)	116	118	74	123	243	115	135
Income before cumulative change in accounting*	937	1,242	1,685	2,023	2,464	1,145	1,430
Cumulative effect of change in accounting							188
Partnership income before partner distributions* (2)	$ 937	$1,242	$1,685	$2,023	$2,464	$1,145	$1,618

	As of August 31,					As of	
	1996	**1997**	**1998**	**1999**	**2000**	**February 29, 2000**	**February 28, 2001**
				(in millions)			
Balance Sheet Data:							
Cash and cash equivalents	$ 438	$ 325	$ 736	$1,111	$1,271	$1,018	$1,342
Working capital	280	175	531	913	1,015	909	860
Total assets	2,323	2,550	3,704	4,615	5,451	5,326	5,474
Long-term debt	226	192	157	127	99	127	97
Total partners capital	696	761	1,507	2,208	2,368	2,473	1,948

* Excludes payments for partner distributions.

(1) Provision for taxes is not the same as income taxes of a corporation for historical periods. 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 historical periods 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 combined financial statements.

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 combined financial statements and related notes included elsewhere in this prospectus as well as our pro forma financial information contained in the section entitled Pro Forma Combined Financial Information.

All references to years, unless otherwise noted, refer to our fiscal year, which ends on August 31. For example, a reference to 2000 or fiscal 2000 means the 12-month period that ended on August 31, 2000. All references to quarters, unless otherwise noted, refer to the quarters of our fiscal year.

Overview

Accenture is the world s leading provider of management and technology consulting services and solutions. We have more than 75,000 employees in more than 110 offices in 46 countries delivering to our clients a wide range of consulting, technology and outsourcing services. Our leading position in the management and technology consulting services and solutions markets results from the number of our professional consultants, our global scale and reach, our deep industry knowledge, our broad service offering expertise, our extensive client relationships and our history of technology innovation.

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. We are now seeing some evidence of an economic slowdown in some markets, including a reduction in capital expenditures and technology and associated discretionary spending by our clients, particularly in the United States. This has caused a reduction in our growth rate in the Americas and in our Communications & High Tech, Financial Services and Products global market units in the third quarter of this fiscal year as compared with the first half of this fiscal year. Revenues before reimbursements for the third quarter of 2001 for our Communications & High Tech, Financial Services and Products global market units increased by 8%, 15% and 16%, respectively, over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for these market units increased by 27%, 19% and 25%, respectively, over the first half of 2000. Revenues before reimbursements for the third quarter of 2001 for our Americas geographic area increased by 10% over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for this geographic area increased by 27% over the first half of 2000. We expect continued growth in revenues in the fourth quarter of this fiscal year, though at a slower rate of growth than in the third quarter. Our 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. For example, on June 7, 2001, we announced an initiative to reduce our staff in certain parts of the world, in certain skill groups and in some support positions. We have generally been able to maintain our margins during past periods of volatility, such as the slowdown in technology spending that occurred in anticipation of the Year 2000 events, through similar proactive cost-management programs.

We have operated as a series of related partnerships and corporations under the control of our partners for all historical periods. We will operate in a corporate structure in future periods. As a business, whether in partnership form or in a corporate structure, our profitability is driven by the same factors. Revenues are driven by our partners and senior executives ability to secure contracts for new engagements and to deliver products 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. Cost of services is primarily driven by the cost of client service personnel, which consists primarily of compensation and training 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. 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

Until August 2000, we were associated with Andersen Worldwide. We and Arthur Andersen were two stand-alone business units linked through various agreements between us and Andersen Worldwide, a coordinating entity. Following arbitration proceedings between us, on the one hand, and Andersen Worldwide and Arthur Andersen, on the other, that were completed in August 2000, we ceased to be associated with these organizations. During our association with Andersen Worldwide and Arthur Andersen, we were controlled by our partners, and our historical combined financial statements have been presented on a consistent basis for all periods. On January 1, 2001, we changed our name to Accenture.

Since 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 receive salaries. Therefore, our historical combined financial statements do not reflect any compensation or benefit costs for services rendered by them. Upon the consummation of our transition to a corporate structure, partner compensation will consist of salary, bonuses and benefits. The pro forma financial statements, which appear elsewhere in this prospectus, include adjustments for compensation and benefits that we would have paid to partners under the compensation program we implemented when we consummated our transition to a corporate structure. Similarly, operating primarily in the form of partnerships has meant that our partners have paid income tax on their share of the partnerships income on their individual tax returns. Therefore, our historical combined financial statements do not reflect the income tax liability that we would have paid as a corporation. Following the consummation of our transition to a corporate structure, we are subject to corporate tax on our income.

Segments

Operating segments are defined as components of an enterprise for which separate financial information is regularly available and evaluated by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. Our chief operating decision maker is the Chief Executive Officer.

Our five reportable operating segments are our global market units, or market units, which are Communications & High Tech, Financial Services, Government, Products and Resources. The operating segments are managed separately because each operating segment represents a strategic business unit that serves different markets. Revenues of the individual global market units vary based on the results of the industry groups that comprise each global market unit. Global market units are managed on the basis of revenues before reimbursements because management believes it is a better indicator of global market unit performance than revenues. Generally, operating expenses for each global market unit 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 lower as a percentage of revenues in industry groups whose client base is concentrated, such as those in Financial Services, and higher in industry groups whose client base is more fragmented, such as those in Products. The discussion and analysis related to each operational expense category applies to all segments, unless otherwise indicated.

Revenues

We derive substantially all of our revenues from contracts for management 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 contracts are recognized over the contract term 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. Revenues include the cost and 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 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 are included in cost of services.

Each contract has different terms based on the scope, deliverables and complexity of the engagement. Generally, our contracts are terminable by the client on short notice and without penalty. 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.

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.

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 special-purpose facilities for outsourcing contracts, 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 are 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 keep 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, beginning in September 2000, to rename our organization Accenture and other costs to transition to a corporate structure.

Gain on Investments

Gain on investments represent primarily gains and losses on the sales of marketable securities and write-downs on investments in private 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 SFAS 133.

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 primarily reflects interest incurred on borrowings.

Other Income (Expense)

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

Equity in Losses of Affiliates

Equity in 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 have paid some entity-level taxes, with the amount varying from year to year depending on the mix of earnings among our worldwide entities. Where applicable, we have accounted for these taxes under the asset and liability method.

Partnership Income Before Partner Distributions

Our historical combined financial statements reflect our organization as a related series of 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 partner compensation is comprised of distributions of current earnings, out of which our partners are responsible for their payroll taxes and benefits.

Following our transition to a corporate structure, as part of our annual budgeting process, we set budgeted income amounts for our results and cash compensation to our partners. Since June 1, 2001 we have been paying approximately 83% of budgeted cash compensation to our partners as fixed compensation on a monthly basis during the year. Commencing September 1, 2001 we expect to pay an additional 17% as a bonus to the extent that our results meet the budgeted income amount. If our results exceed the budgeted income amount, we currently intend to distribute a portion of the excess to our partners as an additional bonus.

Historical Results of Operations

The following table sets forth the unaudited percentage of revenues represented by items in our combined income statements for the periods presented.

	As a Percentage of Revenues				
	Year ended August 31,			Six months ended	
	1998	1999	2000	February 29, 2000	February 28, 2001
Revenues:					
Revenues before reimbursements	85%	86%	85%	85%	86%
Reimbursements	15	14	15	15	14
Revenues	100	100	100	100	100
Operating expenses*					
Cost of services*:					
Cost of services before reimbursable expenses*	49	49	48	48	44
Reimbursable expenses	15	14	15	15	14
Cost of services*	64	63	63	63	58
Sales and marketing*	7	7	8	8	7
General and administrative costs*	11	12	11	11	11
Reorganization and rebranding costs*					3
Total operating expenses*	82	82	82	82	79
Operating income(1)*	18	18	18	18	21
Gain on investments		1	5	5	3
Interest income					1
Interest expense					
Other income (expense)					
Equity in losses of affiliates					(1)
Income before taxes*	18	19	23	23	24
Provision for taxes	1	1	2	2	2
Income before accounting change*	17	18	21	21	22
Cumulative effect of accounting change					3
Partnership income before partner distributions*	17%	18%	21%	21%	25%

* Excludes payments for partner distributions.

(1) Operating income as a percentage of revenues before reimbursements was 22%, 21%, 21%, 21% and 24% for the years ended August 31, 1998, 1999 and 2000 and for the six months ended February 29, 2000 and February 28, 2001, respectively.

We provide services through five global market units. The following table provides unaudited financial information for each of these market units.

	Year ended August 31,			Six months ended	
	1998	1999	2000	February 29, 2000	February 28, 2001
	(in millions, except for percentages)				
Revenues:					
Communications & High Tech	$1,903	$ 2,499	$ 2,806	$1,309	$1,666
Financial Services	2,405	2,737	2,542	1,233	1,465
Government	547	777	797	388	451
Products	1,576	1,664	1,891	905	1,129
Resources	1,702	1,812	1,661	822	954
Other	82	61	55	28	48
Total revenues before reimbursements	8,215	9,550	9,752	4,685	5,713
Reimbursements	1,425	1,529	1,788	799	909
Total	$9,640	$11,079	$11,540	$5,484	$6,622
Revenues as a percentage of total:					
Communications & High Tech	19%	22%	25%	24%	25%
Financial Services	25	25	22	22	22
Government	6	7	7	7	7
Products	16	15	16	16	17
Resources	18	16	14	15	14
Other	1	1	1	1	1
Total revenues before reimbursements	85	86	85	85	86
Reimbursements	15	14	15	15	14
Total	100%	100%	100%	100%	100%
Operating Income:					
Communications & High Tech	$ 346	$ 532	$ 638	$ 283	$ 394
Financial Services	681	814	653	295	429
Government	20	94	71	34	40
Products	350	250	390	184	257
Resources	276	267	249	115	193
Other	110	75	85	53	49
Total	$1,783	$ 2,032	$ 2,086	$ 964	$1,362
Operating Income as a percentage of total:					
Communications & High Tech	19%	26%	31%	29%	29%
Financial Services	38	40	31	31	31
Government	1	5	3	4	3
Products	20	12	19	19	19
Resources	16	13	12	12	14
Other	6	4	4	5	4
Total	100%	100%	100%	100%	100%
Operating Income as a percentage of total revenues before reimbursements:					
Communications & High Tech	18%	21%	23%	22%	24%
Financial Services	28	30	26	24	29

	Year ended August 31,			Six months ended	
Government	4	12	9	9	9
Products	22	15	21	20	23
Resources	16	15	15	14	20
Other	n/m	n/m	n/m	n/m	n/m
Total revenues before reimbursements	22%	21%	21%	21%	24%
Operating Income as a percentage of revenues	18%	18%	18%	18%	21%

n/m = not meaningful

Six Months Ended February 28, 2001 Compared to Six Months Ended February 29, 2000

Revenues

Revenues for the six months ended February 28, 2001 were $6,622 million, an increase of $1,138 million, or 21%, over the six months ended February 29, 2000. Revenues before reimbursements for the six months ended February 28, 2001 were $5,713 million, an increase of $1,028 million, or 22%, over the six months ended February 29, 2000. In local currency terms, revenues before reimbursements grew by 30% in the six months ended February 28, 2001 over the six months ended February 29, 2000.

Demand for services in the first half of fiscal 2000 was affected by our clients concerns surrounding global anticipation of business systems disruptions resulting from the arrival of the Year 2000. In the second half of fiscal 2000, our revenues began to grow as our clients began to focus on new transformation and implementation initiatives after Year 2000 disruptions proved to be minimal. In the six months ended February 28, 2001, our revenues continued to grow. 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 is 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 re-training of our client service personnel during the Year 2000 slowdown, we positioned ourselves to take advantage of the growth opportunities in these new markets. We achieved this strong revenue growth in the six months ended February 28, 2001 despite the difficult economic conditions that many of our clients industries are experiencing. We are now seeing some evidence of an economic slowdown in some markets, including a reduction in capital expenditures and technology and associated discretionary spending by our clients, particularly in the Americas. This has caused a reduction in our growth rate in the Americas and in our Communications & High Tech, Financial Services and Products global market units in the third quarter of this fiscal year as compared with the first half of this fiscal year. Revenues before reimbursements for the third quarter of 2001 for our Communications & High Tech, Financial Services and Products global market units increased by 8%, 15% and 16%, respectively, over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for these market units increased by 27%, 19% and 25%, respectively, over the first half of 2000. Revenues before reimbursements for the third quarter of 2001 for our Americas geographic area increased by 10% over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for this geographic area increased by 27% over the first half of 2000. We expect continued growth in revenues in the fourth quarter of this fiscal year, though at a slower rate of growth than in the third quarter. We believe we can also slow the growth of our costs and defer expenditures for discretionary items. For example, on June 7, 2001, we announced an initiative to reduce our staff in certain parts of the world, in certain skill groups and in some support positions.

Our Communications & High Tech market unit achieved revenues before reimbursements of $1,666 million in the six months ended February 28, 2001, an increase of 27% over the six months ended February 29, 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 market unit achieved revenues before reimbursements of $1,465 million in the six months ended February 28, 2001, an increase of 19% over the six months ended February 29, 2000, primarily due to strong growth in our Banking industry group in Europe and North America. Our Products market unit achieved revenues before reimbursements of $1,129 million in the six months ended February 28, 2001, an increase of 25% over the six months ended February 29, 2000, as the result of strong growth across all our industry groups in both Europe and North America. Our Resources market unit achieved revenues before reimbursements of $954 million in the six months ended February 28, 2001, an increase of 16% over the six months ended February 29, 2000, as the result of strong growth in the Chemicals, Energy, Forest Products and Metals & Mining industry groups in North America, which was partially offset by a decrease in Europe. Our Government market unit achieved revenues before reimbursements of $451 million in the six months ended February 28, 2001, an increase of 16% over the six months ended February 29, 2000, primarily driven by strong growth in Canada, the United States and the United Kingdom.

Operating Expenses

Operating expenses in the six months ended February 28, 2001 were $5,260 million, an increase of $740 million, or 16%, over the six months ended February 29, 2000, and a decrease as a percentage of revenues from 82% in the six months ended February 29, 2000 to 79% in the six months ended February 28, 2001. We continued to implement long- 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. 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 $3,852 million in the six months ended February 28, 2001, an increase of $393 million, or 11%, over the six months ended February 29, 2000, and a decrease as a percentage of revenues from 63% in the six months ended February 29, 2000 to 58% in the six months ended February 28, 2001. Cost of services before reimbursable expenses was $2,943 million in the six months ended February 28, 2001, an increase of $283 million, or 11%, over the six months ended February 29, 2000 and a decrease as a percentage of revenues before reimbursements from 57% in the six months ended February 29, 2000 to 52% in the six months ended February 28, 2001. This decrease as a percentage of revenues and revenues before reimbursements resulted from increases in chargeability due to 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.

Sales and Marketing

Sales and marketing expense was $453 million in the six months ended February 28, 2001, an increase of $32 million, or 8%, over the six months ended February 29, 2000, and a decrease as a percentage of revenues from 8% in the six months ended February 29, 2000 to 7% in the six months ended February 28, 2001. The 2001 percentage is consistent with 1998 and 1999 levels. The percentage in 2000 was slightly higher due to higher than normal business development and market-development activities following the year 2000 slowdown and the reduction in compensation costs related to the promotion of 1,286 employees to partner effective September 1, 2000.

General and Administrative Costs

General and administrative costs were $766 million in the six months ended February 28, 2001, an increase of $126 million, or 20%, over the six months ended February 29, 2000, and remained constant as a percentage of revenues at 11% in the six months ended February 29, 2000 and in the six months ended February 28, 2001. Our short-term cost-management initiatives in this period of significant growth in revenues enabled us to maintain a constant level of general and administrative costs as a percentage of revenues.

Reorganization and Rebranding Costs

Reorganization and rebranding costs were $189 million, or 3% of revenues, in the six months ended February 28, 2001, and included amortization of intangible assets, acquired in connection with the Memorandum of Understanding with Andersen Worldwide, of $66 million. The remaining $91 million of intangible assets will be amortized in the third and fourth quarter of 2001. Reorganization and rebranding costs, which resulted from changing our name and other costs relating to our transition to a corporate structure, are expected to continue to be incurred at similar levels during the remainder of 2001.

Operating Income

Operating income was $1,362 million in the six months ended February 28, 2001, an increase of $399 million, or 41%, over the six months ended February 29, 2000, and an increase as a percentage of revenues from 18% in the six months ended February 29, 2000 to 21% in the six months ended February 28, 2001. Operating income increased as a percentage of revenues before reimbursements from 21% in the six months ended February 29, 2000 to 24% in the six months ended February 28, 2001.

Gain on Investments

Gain on investments totaled $189 million for the six months ended February 28, 2001, compared to a gain of $268 million during the six months ended February 29, 2000. This gain represents the sale of $357 million of a marketable security purchased in 1995, net of other than temporary impairment investment write-downs of $41 million, and unrealized investment losses recognized according to SFAS 133 of $127 million. Other than temporary impairment, write-downs consisted of $10 million in publicly traded equity securities and $31 million in privately traded equity securities. The write-downs relate to investments in Internet or e-commerce 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 $42 million for the six months ended February 28, 2001, an increase of $15 million, or 54%, over the six months ended February 29, 2000. The increase resulted primarily from the investment of cash generated by the sale of a portion of a marketable security purchased in 1995 and an increase in the deferral of partner distributions.

Other Income (Expense)

Other income was $24 million in the six months ended February 28, 2001, an increase of $4 million over the six months ended February 29, 2000.

Equity in Losses of Affiliates

Equity in losses of affiliates was a $42 million loss in the six months ended February 28, 2001, compared to a $7 million loss in the six months ended February 29, 2000. This increase was primarily due to $28 million in losses related to our investment in Avanade, a company we jointly own with Microsoft that focuses on large-scale technology integration surrounding Microsoft s enterprise platform.

Provision for Taxes

Taxes were $135 million in the six months ended February 28, 2001, an increase of $22 million over the six months ended February 29, 2000. This increase was due to increased taxable income in some of our entities that were subject to entity-level tax.

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

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 market unit 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 market unit 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 Products market unit achieved revenues before reimbursements of $1,891 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 market unit 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. Our Government market unit 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.

Operating Expenses

Operating expenses in 2000 were $9,454 million, an increase of $406 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 $30 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- and market-development activities coupled with an increase in advertising to communicate our electronic commerce capabilities to existing and potential clients. The increased business- and market-development activities were directed toward increasing demand for our services and products after the Year 2000 slowdown.

General and Administrative Costs

General and administrative costs were $1,297 million in 2000, an increase of $25 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 $92 million in 1999. $476 million of gain on investments were related to the sale of a portion of our investment in a marketable security purchased in 1995.

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, primarily due to a loss of $32 million related to our investment in Avanade.

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.

Year Ended August 31, 1999 Compared to Year Ended August 31, 1998

Revenues

Revenues for 1999 were $11,079 million, an increase of $1,440 million, or 15%, over 1998. Revenues before reimbursements for 1999 were $9,550 million, an increase of $1,335 million, or 16%, over 1998. In local currency terms, revenue before reimbursements grew by 17% over 1998. During the first half of 1999, revenue growth was primarily a result of continued increases in large-scale enterprise business systems solutions implementations, which had also fueled the strong growth in 1998. During the second half of 1999, a portion of the demand for our services moved from large-scale, complex transformation and implementation projects to scalable electronic commerce solutions. In addition, our clients were increasingly focusing on Year 2000 issues, which delayed large-scale implementation projects.

Our Communications & High Tech market unit achieved revenues before reimbursements of $2,499 million in 1999, an increase of 31% over 1998, primarily due to rapid growth in the communications and electronics and high tech industries which presented new challenges for our clients, thus increasing the demand for our services. The most significant increase was experienced in Europe, which had revenue before reimbursements growth of 60% over 1998, primarily fueled by robust growth in telecommunications outsourcing work. Our Financial Services market unit achieved revenues before reimbursements of $2,737 million in 1999, an increase of 14% over 1998, primarily as a result of strength in Europe offset by information technology spending reductions by several clients in anticipation of Year 2000 concerns. Our Products market unit achieved revenues before reimbursements of $1,664 million in 1999, an increase of 6% over 1998, primarily due to strong growth from the Pharmaceuticals & Medical Products industry group, which was partially offset by slower growth in North America in the second half of the year, particularly due to Year 2000 concerns in the Automotive and Industrial Equipment industry groups. Our Resources market unit achieved revenues before reimbursements of $1,812 million in 1999, an increase of 7% over 1998, primarily as a result of growth in the Utilities industry group, which was partially offset by slowdowns from the Forest Products and Metals & Mining industry groups, as these clients faced challenging economic conditions with depressed oil and base metal prices. Our Government market unit achieved revenues before reimbursements of $777 million in 1999, an increase of 42% over 1999, primarily as the result of strong growth in the global postal marketplace as well as a significant expansion of work undertaken for the United States federal government.

Operating Expenses

Operating expenses in 1999 were $9,047 million, an increase of $1,191 million, or 15%, over 1998, and remained constant as a percentage of revenues at 82% in 1998 and 1999. In March 1999, as a result of changes occurring in the marketplace and the slowdown in demand for large-scale systems implementation, we implemented cost-saving initiatives that resulted in a cost level consistent with the anticipated lower growth in demand. In addition, due to the increased demand for electronic commerce services and products, we began to retrain client service personnel to be better equipped to meet the change in the nature of services being demanded as the market moved from requirements for enterprise business systems skills to electronic commerce skills.

Cost of Services

Cost of services was $6,986 million in 1999, an increase of $861 million, or 14%, over 1998, and a decrease as a percentage of revenues from 64% in 1998 to 63% in 1999. Cost of services before reimbursable expenses was $5,457 million in 1999, an increase of $756 million, or 16%, over 1998 and remained constant as a percentage of revenues before reimbursements at 57% in 1998 and 1999.

Sales and Marketing

Sales and marketing expense was $790 million in 1999, an increase of $94 million, or 14%, over 1998, and remained constant as a percentage of revenues at 7% in 1998 and 1999. Included in sales and marketing expense was a comprehensive marketing and identity initiative that we undertook at the beginning of 1999. We launched a new signature trademark and visual identity based on our former name and increased related media efforts. This required the worldwide reissuing of all our communications, marketing and media materials. We also made significant investments in new electronic commerce-related service offerings to establish a leadership position in this emerging market space.

General and Administrative Costs

General and administrative costs were $1,271 million in 1999, an increase of $236 million, or 23%, over 1998, and an increase as a percentage of revenues from 11% in 1998 to 12% in 1999. The major driver of this increase was the transition of the provision of internal support services from Andersen Worldwide to us. As a result, we established separate financial systems and support, data and voice networks, and treasury management, credit and partnership accounting functions that were previously handled by Andersen Worldwide. During the transition period, we temporarily incurred duplicate costs for these services from Andersen Worldwide.

Operating Income

Operating income was $2,032 million in 1999, an increase of $249 million, or 14%, over 1998, and remained constant as a percentage of revenues at 18% in 1998 and 1999. Operating income decreased as a percentage of revenues before reimbursements from 22% in 1998 to 21% in 1999.

Gain on Investments

Gain on investments totaled $92 million for 1999, primarily related to the sale of a portion of our investment in a marketable security purchased in 1995.

Interest Income

Interest income was $60 million in 1999. In 1998, Andersen Worldwide managed all interest income and expense activities on behalf of Accenture and Arthur Andersen and the interest cost was allocated on a net basis by a formula based on net assets employed and resulted in no interest income being allocated to Accenture.

Other Income (Expense)

Other expense was an expense of $5 million in 1999 and an expense of $6 million in 1998.

Equity in Losses of Affiliates

Equity in losses of affiliates was a loss of $6 million in 1999 compared to a loss of $1 million in 1998.

Provision for Taxes

Taxes were $123 million in 1999, an increase of $49 million over 1998. 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 six 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
	(in millions)					
Revenues:						
Revenues before reimbursements	$2,412	$2,272	$2561	$2,507	$2,831	$2,882
Reimbursements	364	436	501	487	407	502
Revenues	2,776	2,708	3,062	2,994	3,238	3,384
Operating expenses*						
Cost of services:*						
Cost of services before reimbursable expenses*	1,356	1,304	1,340	1,487	1,384	1,560
Reimbursable expenses	364	436	501	487	407	502
Cost of services*	1,720	1,740	1,841	1,974	1,791	2,062
Sales and marketing*	199	222	230	232	202	251
General and administrative costs*	318	322	296	360	376	389
Reorganization and rebranding costs					30	159
Total operating expenses*	2,237	2,284	2,367	2,566	2,399	2,861
Operating income*	539	424	695	428	839	523
Gain on investments	68	200	266	39	218	(30)
Interest income	14	13	18	22	23	20
Interest expense	(7)	(5)	(6)	(6)	(4)	(6)
Other income (expense)	6	14	12	19	7	17
Equity in losses of affiliates	(4)	(3)	(2)	(37)	(20)	(21)
Income before taxes*	616	643	983	465	1,063	503
Provision for taxes	42	71	81	49	53	83
Income before cumulative change in accounting*	574	572	902	416	1,010	420
Cumulative effect of accounting change					188	
Partnership income before partner distributions*	$ 574	$ 572	$ 902	$ 416	$1,198	$ 420

* Excludes payments for partner distributions

Revenues in the second quarter of 2000 were seasonably down from the first quarter, as were fourth- quarter revenues compared to third-quarter revenues. However, the decrease in revenues during the fourth quarter of 2000 was not as pronounced as would normally be the case because of the increase in demand that occurred after Year 2000 concerns proved to be minimal. Similarly, while revenues in the first quarter of 2001 were seasonally up, revenues in the second quarter of 2001 were slightly above the first quarter as strong growth overcame the typical seasonal decline.

Cost of services as a percentage of revenues in the first through fourth quarters of 2000 and the first two quarters of 2001 was 62%, 64%, 60%, 66%, 55% and 61%, respectively. The decrease in cost of services as a percentage of revenues in the third quarter of 2000 resulted from significantly higher chargeability and a higher number of workdays in the quarter.

The increase in cost of services as a percentage of revenues in the fourth quarter of 2000 as compared to the prior three quarters resulted from increased vacation time and fewer available workdays in the quarter. In addition, subcontractor, training, legal and other costs were higher than in prior quarters.

The decrease in cost of services as a percentage of revenues in the first and second quarters of 2001 from the first and second quarters of 2000 resulted from increased chargeability and lower compensation costs resulting from the promotion of 1,286 employees to partner effective September 1, 2000. This lower compensation cost also resulted in lower sales and marketing expense in the first and second quarters of 2001, although in the second quarter of 2001 additional spending on new strategy-development initiatives, particularly in the Communications & High Tech market unit, partially offset these reductions. The increase in cost of services from 55% of revenues in the first quarter of 2001 to 61% in the second quarter of 2001 resulted primarily from lower chargeability levels as we increased headcount to meet increased client service demand.

In the first quarter of 2001, we also began incurring one-time costs to rebrand our organization as required by the arbitration and other costs related to our transition to a corporate structure. These non-recurring costs totalled $30 million in the first quarter of 2001 and $159 million in the second quarter of 2001.

Our strategy is to limit the growth in general and administrative costs below the growth in revenues through cost-management initiatives.

Operating income in the second quarter of 2001 was $523 million, a 23% increase over the second quarter of 2000. Excluding one-time rebranding and reorganization costs, operating income would have been $682 million, or a 61% increase over the second quarter of 2000. Partnership income before partner distributions was $420 million in the second quarter of 2001, or a 27% decrease from the second quarter of 2000. Excluding these one-time rebranding and reorganization costs and gains (losses) on investments, partnership income before partner distributions would have been $609 million, or a 64% increase over the second quarter of 2000.

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 under SFAS 133.

We expect to record a substantial net loss in the fiscal quarter ended May 31, 2001, primarily as a result of approximately $839 million for costs associated with our transition to a corporate structure.

We expect to record a substantial net loss in the fiscal quarter ended August 31, 2001, primarily as a result of the net nonrecurring compensation cost of approximately $960 million resulting from the grant of restricted share units in connection with the offering.

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 partner distributions have been made on a deferred basis, which significantly strengthened our working capital and limited our external borrowings. In the future, 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 products; or
- respond to competitive pressures.

Our balance of cash and cash equivalents was $1,342 million at February 28, 2001. The balance of cash and cash equivalents was $1,111 million at August 31, 1999 and $1,271 million at August 31, 2000, an increase of $160 million, or 14%, due to increased year-over-year earnings, including earnings from the sale of marketable securities, which was partially offset by increases in distributions to partners, purchases of equity investments and escrow of amounts due pending the final resolution of the arbitration with Andersen Worldwide and Arthur Andersen. In addition, our market units continued to effectively manage the timing of billings to and collections from clients, resulting in a relatively low net investment in the working capital components most directly affected by our client service operations: receivables from clients, unbilled services and deferred revenue.

Net cash provided by operating activities was $1,393 million for the six months ended February 28, 2001, an increase of $381 million from the six months ended February 29, 2000. Net cash provided by investing activities was $31 million for the six months ended February 28, 2001, a decrease of $53 million from the six months ended February 29, 2000, as proceeds from the sale of investments of $357 million were partially offset by purchases of new investments and by capital expenditures. Cash used in financing activities was $1,339 million for the six months ended February 28, 2001, an increase of $179 million from the six months ended February 29, 2000. This included normal distributions to partners of $1,229 and a payment of $278 million to Andersen Worldwide and Arthur Andersen as partial payment of amounts due related to the final resolution of the arbitration. The remaining $282 million due to Andersen Worldwide and Arthur Andersen was paid in March 2001. See Certain Relationships and Related Transactions Relationship with Andersen Worldwide and Arthur Andersen.

Net cash provided by operating activities was $2,131 million for 2000, a decrease of $63 million from 1999. Net cash provided by investing activities was $107 million for 2000, an increase of $337 million over 1999 as proceeds from the sales of investments of $576 million were partially offset by purchases of new investments and by capital expenditures. Cash used in financing activities was $2,034 million for 2000, an increase of $464 million over 1999 due primarily to an increase in partner distributions and cash transfers into an escrow account pending final resolution of the arbitration. Until August 7, 2000, the date the arbitration award became effective, Andersen Worldwide, as agent for the Accenture and Arthur Andersen member firms, facilitated the cost-sharing provisions of various member firm agreements between the individual Accenture and Arthur Andersen member firms. Amounts due to Andersen Worldwide under these member firm agreements were $233 million, $280 million and $314 million in 1998, 1999 and 2000, respectively.

The balance of paid-in capital was $352 million at August 31, 1999, $403 million at August 31, 2000, and $524 million at February 28, 2001. Substantially all paid-in capital was repaid to partners in May 2001.

Since 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 $896 million, $1,130 million and $1,290 million at August 31, 1999, 2000 and February 28, 2001, respectively. We expect to distribute to our partners any pre-incorporation earnings undistributed as of the date of the consummation of our transition to a corporate structure in one or more installments by December 31, 2001.

On August 31, 1998, we entered into a $450 million unsecured multi-currency revolving credit facility with a syndicate of banks led by Morgan Guaranty Trust Company of New York for general working capital purposes. The syndicated facility, available through August 31, 2003, provides committed financing and/or letters of credit in the Group of Seven currencies and bid option financing in a number of other currencies. Committed financing is provided at the prime rate or at the London interbank offered rate plus a spread, which varies according to a pricing grid, and is subject to annual commitment fees. At February 28, 2001, we had $63 million in borrowings and $15 million in letters of credit outstanding under the syndicated facility.

Our syndicated facility requires 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 the terms of this facility. We have amended the syndicated facility and our other credit facilities in connection with our transition to a corporate structure to maintain our existing credit capacity. As a corporation, we expect to have greater access to debt capital markets and may replace or supplement current credit capacity with other sources of debt financing.

We have also entered into a $420 million revolving credit facility, dated as of June 22, 2001, with a syndicate of banks led by Bank of America, N.A. for working capital, capital expenditures or other business purposes. The terms of the Bank of America facility are substantially similar to the terms of the Morgan Guaranty facility.

We maintain four separate bilateral, uncommitted, unsecured multi-currency revolving credit facilities. As of February 28, 2001, these facilities provided for up to $376 million of local currency financing in countries that cannot readily access the Morgan Guaranty syndicated facility. We also maintain local guaranteed and non-guaranteed lines of credit. As of February 28, 2001, amounts available under these facilities totaled $241 million. At February 28, 2001, we had $150 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.

Accenture LLP, our United States subsidiary, was also the obligor under a collateral trust note in the principal amount of $18 million, which financed our Northbrook, Illinois, technology campus. The principal amount was payable in varying annual installments through 2007 and was secured by a guarantee from Andersen Worldwide. We prepaid this obligation on May 31, 2001.

In addition, we are co-obligors with Arthur Andersen on term debt obligations of approximately $109 million consisting of $75 million of unsecured debt due before the end of May 2002 and a $34 million collateral trust note, secured by Arthur Andersen s training center in St. Charles, Illinois, due in installments through 2011. Arthur Andersen has made principal and interest payments with respect to these obligations in the past, and we expect them to continue making these payments. Arthur Andersen has agreed with us to prepay the $34 million collateral trust note on or before August 1, 2001, and they have eliminated us as a co-obligor on the $75 million of unsecured debt as of May 31, 2001.

During 1998, 1999 and 2000, and for the six months ended February 28, 2001 we incurred $271 million, $305 million, $315 million and $180 million in capital expenditures, respectively, primarily for technology assets, furniture and equipment and leasehold improvements to support our operations. We expect fiscal 2001 capital expenditures for technology assets, furniture and equipment and leasehold improvements for existing and new office space to be in the range of $350 million to $450 million. During November 1999, we formed Accenture Technology Ventures to select, structure and manage a portfolio of equity investments. Accenture Technology Ventures invested $18 million, $153 million and $145 million during 1999, 2000 and the six months ended February 28, 2001, respectively. As of May 31, 2001, we had commitments for acquisitions and investments of $67 million. We expect Accenture Technology Ventures to invest up to $340 million in fiscal 2001. We also received $111 million and $79 million in 2000 and the six months ended February 28, 2001, respectively, in equity from our clients and alliance partners 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.

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, 1998, 1999, 2000 and February 28, 2001, $232 million, $232 million, $223 million and $170 million were outstanding for 18, 16, 14 and 14 clients, respectively. These outstanding amounts are included in unbilled services and other non-current assets on our historical combined balance sheets.

We do not expect that our transition to a corporate structure will materially change our working capital requirements. Prior to the consummation of our transition to a corporate structure, we deferred the distribution of a substantial portion of our earnings to our partners into the subsequent fiscal year. This deferral enabled us to fund the capital requirements of our business without significant external financing. We expect to replace this deferral through retained earnings which will result from the substantial reduction in partner compensation in our corporate structure. We expect our liquidity needs on a short- and long-term basis to be satisfied by cash flow from operations, increased debt capacity under existing and/or new credit facilities, the net proceeds of the offering and increased financial flexibility that will result from our transition to a corporate structure. We expect to repay approximately $245 million of amounts outstanding under our revolving credit facilities with the net proceeds from the offering. This increase in debt capacity will replace working capital historically funded through the deferral of the distribution of partnership earnings and the contribution of capital by our partners. We are not dependent on the proceeds of the offering to meet normal operating liquidity requirements over the next 12 months. We believe our change to a corporate structure will provide financing flexibility to meet ongoing and future capital resource needs, which include implementing our strategy, driving business initiatives and providing equity for investment and acquisitions.

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. Principal currencies hedged are the Australian dollar, Canadian dollar, euro currencies, Japanese yen, Norwegian krone, Swedish krona, Swiss franc and British pound. 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 longer-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, 1999, 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 $10 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 $24 million. 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 February 28, 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 $1.2 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 $1.2 million.

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 and at February 28, 2001 is not material in relation to our combined 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. The investments are classified as available-for-sale securities and are recorded in the balance sheet at fair value with unrealized gains or losses reported in the accumulated other comprehensive income within partners capital. We have not entered into any derivative contracts to hedge the risks associated with the portfolio of equity investments.

Our investment portfolio also includes warrants in both publicly-traded and privately-held companies. The privately-held investments are inherently risky because the markets for the technologies or products they develop are less established than those of most publicly-traded companies and because we may be unable to liquidate our investments if desired. Beginning September 1, 2000, warrants in publicly-traded companies and certain warrants in privately-held companies are deemed derivatives by SFAS 133. As such, they are recorded in the balance sheet at fair value with unrealized gains or losses recorded in the income statement. The following analysis presents the hypothetical change in the fair value of our marketable equity securities classified as available-for-sale at August 31, 1999 and August 31, 2000, assuming the same hypothetical price fluctuations of plus or minus 10%, 20% and 30%.

	Valuation of investments assuming indicated decrease			August 31, 1999 fair value	Valuation of investments assuming indicated increase		
	-30%	-20%	-10%		+10%	+20%	+30%
				(in thousands)			
Marketable Equity Securities	$211,713	$241,958	$272,202	$302,447	$332,692	$362,936	$393,181

	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

The following analysis presents the hypothetical change in the fair value of our marketable equity securities classified as available-for-sale and warrants in privately-held companies deemed to be derivatives by SFAS 133 at February 28, 2001, assuming the same hypothetical price fluctuations of plus or minus 10%, 20% and 30%.

	Valuation of investments assuming indicated decrease			February 28, 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	$148,556	$169,779	$191,001	$212,223	$233,446	$254,668	$275,891

Recently Issued Accounting Pronouncements

Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use, was adopted as of September 1, 1999. This statement addresses how to distinguish internal-use software from software to be sold, which costs are to be capitalized, when capitalization begins and ends, and guidelines for amortization and evaluating impairments. Under SOP 98-1, general and administrative costs are not capitalized. Adoption of this statement did not have a material effect on our results of operations or financial condition.

In June 1998, the Financial Accounting Standards Board issued SFAS 133 which, as amended, establishes accounting and reporting standards for derivative instruments and hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair value. We adopted SFAS 133 in the first quarter of 2001, which ended on November 30, 2000. The adoption of SFAS 133 resulted in cumulative income of $188 million on September 1, 2000, and investment losses of $127 million during the six months ended February 28, 2001.

In December 1999, the Staff of the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, which summarizes the Staff s views in applying generally accepted accounting principles to revenue recognition in financial statements. Our revenue recognition principles are consistent with the guidance set forth in SAB 101.

BUSINESS

Overview

Accenture is the world s leading provider of management and technology consulting services and solutions. We had approximately $12.7 billion of revenues for the 12 months ended February 28, 2001. We have more than 75,000 employees based in more than 110 offices in 46 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 84 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 themselves. 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 focused on improving their internal operational efficiency through the use of technology, 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 search 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; outsourcing of business functions to transform and efficiently manage business processes; and collaborative software tools to facilitate product design and development among geographically dispersed teams. In addition, technologies such as wireless and broadband promise to fundamentally change the customer experience for businesses and individual customers alike.

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 critical to organizations to achieve growth or improvements in efficiency and productivity. As a result, management and information technology consulting services providers have an increasingly important role in helping business leaders create value. Businesses and governments are increasingly turning to these service providers for access to specialized expertise and services that are either not readily available from internal resources or not in their core competency. The worldwide business consulting and information technology services market, excluding hardware support and processing services, is expected to grow from $284 billion in 2000 to $411 billion in 2003, a compound annual growth rate of 13.2%, according to IDC (International Data Corporation). Key drivers of this market growth are expected to include demand for supply chain management, customer relationship management and Internet services, which IDC has estimated will grow at compound annual rates of 36%, 30% and 38%, respectively, over the next four years.

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 service 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 provider of management and technology consulting services and solutions, 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. 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 46 countries provides us with a significant advantage in developing and delivering solutions to the most complex strategic, technological and operational opportunities and challenges that our clients face. Our consulting 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 Service Offerings. We offer our clients what we believe is the broadest and deepest service offering expertise in the industry. Our eight service lines, which span the global market units, are Strategy & Business Architecture, Finance & Performance Management, Human Performance, Customer Relationship Management, Supply Chain Management, Solutions Engineering, Technology Research & Innovation, and Solutions Operations. More than 8,000 Accenture professionals are dedicated full time to a specific service line, helping to develop knowledge, assets and innovative solutions for clients across all of the industries we serve. These subject matter experts complement the more than 55,000 professionals working within our global market units who apply their knowledge of a specific service line to clients within an industry group.

Enduring Relationships with the World s Leading Corporations and Governments. We work with chief executive officers and other senior management 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 84 of the *Fortune* Global 100 and more than half of the *Fortune* Global 500. Our partners and senior executives 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, more than 80% of our top 100 clients in fiscal year 2000, ranked by revenues before reimbursements, have been our clients for each of the last five years, and more than 50% have been clients for at least 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. In addition, our innovative tools, methodologies, software and other intellectual property enhance our ability to 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 2000, we spent $580 million, or nearly 5% of our revenues, on training and development. 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. In addition, in connection with the offering, we intend to grant equity awards to our employees in order to promote employee ownership of our company and improve retention. After the offering, we will preserve the management practices, including the continued use of the partner title, that reinforce our partnership culture and the collaboration, motivation, alignment of interests and sense of ownership and reward that our partnership culture has sustained.

Proven, Tenured and Highly Motivated Management Team. Our more than 2,400 partners manage our day-to-day activities and client relationships and have an average of 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 firm leadership. None of our partners will be selling shares in the offering and, immediately following the offering, our partners will own approximately 82% of the equity in our business, or 80% 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. We constantly adapt our service offerings in anticipation of future industry trends.

Our Strategy for Growth

We strive to be a global market maker, architect and builder of the new marketplace, developing innovations to improve the way the world works and lives. We intend to help create new markets, design new business models, and deliver business and technology solutions that provide value to our clients. We believe that our network of businesses approach provides us with a fundamental advantage in executing our strategic plans. Our global market units and service lines develop offerings and provide expertise to clients. Our affiliates, alliances and venture capital portfolio companies provide us with insight into and access to emerging business models, products and technologies, enhancing the ability of our global market units and service lines to deliver value to clients.

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

Deliver Value@Speed for Our Clients. Successful client relationships depend on our ability to help clients quickly deliver more value to their customers and shareholders. We have implemented a global initiative, called Value@Speed, to help clients accelerate development of top- and bottom-line growth. Through this initiative we develop proprietary offerings aimed at creating value within specific industries. We do this by developing an in-depth understanding of how the industries are structured and operate, key trends within the industries and how companies are affected by these trends, and how companies can create or destroy value. 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.

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 enable us to continue 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.

Create Asset-Based Solutions to Drive Superior Results. To deliver value to our clients more quickly, 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 the 24-hour online multi-channel transaction processing software asset we developed for the banking industry, which has been installed in 89 financial institutions in 16 countries. 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 600 patent applications in the United States and other jurisdictions in the last two years and have received more than 40 United States patents.

Leverage Our Expertise in Transformational 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 process infrastructure and applications outsourcing, we believe we are well positioned to develop and implement new business models and operate critical business functions for clients around the world. We refer to the creation of new and innovative ways to manage and operate business functions in a manner that helps refocus the cost base around the business strategic goals as transformational outsourcing. We pursue transformational outsourcing opportunities, which require a combination of consulting and outsourcing skills. Our strategy is to leverage our industry expertise and technology and business process skills to help clients discover and create new business models and, in many cases, transform entire business functions.

Aggressively Grow in Attractive Geographic Markets. Demand for the services we provide is growing rapidly in both established and emerging economies, such as parts of Asia and Latin America. We have offices in 46 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 market knowledge of the markets in each of the 46 countries in which we operate, we believe there is room for us to increase our market share on a global basis.

Foster a Great Place to Work. We derive our success from the ability of our professionals to help our clients succeed in today s complex business environment. Our ability to hire, train, develop and retain our professionals is critical to our enterprise. 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. In an early initiative in this program, we promoted 1,286 new partners in September 2000 to further incentivize our professionals at an earlier stage in their careers with us. 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 consulting 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.

Enhance Our Operational Efficiency. As experts in operational efficiency, we plan to 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. Our continued focus on efficiency is intended to optimize the performance of our organization as we increase our scale and scope.

Management and Technology Consulting Services and Solutions

Our management and technology consulting services and solutions business is structured around five global market units, which together comprise 18 industry groups. Eight service lines support the global market units and provide access to the full spectrum of business and information technology solutions. Client engagement teams typically consist of industry experts, service line specialists and consultants with local market knowledge. Our client teams are complemented by our solution centers, which allow us to capture replicable components of methodologies and technologies and use these to create tailored solutions for our clients quickly and cost-effectively.

Global Market Units

The following table shows the organization of our five global market units and 18 industry groups.

Global Market Units

Communications & High Tech	Financial Services	Products	Resources	Government

Communications & High Tech

We are a leading provider of management and technology consulting services and solutions to the communications, high technology and media and entertainment industries, which have been among the fastest-growing areas of the global economy. We offer services that help our clients stay ahead of major technology and industry trends, including the proliferation of wireless devices, next-generation networks, digital content services, Web-enabled platforms and the industry restructuring brought about by the convergence of these technologies. In addition, we have established mobile commerce labs in Europe and the United States. At these research and development facilities we explore how new mobile technologies, such as wireless, 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 global market unit, including information about revenues before reimbursements and number of employees, as well as a partial list of some of our largest clients for this global market unit:

Communications & High Tech

	Year ended August 31, 2000	Six months ended February 28, 2001
Revenues before reimbursements (in millions):	$2,806	$1,666
Percent of revenues before reimbursements:	29%	29%

Number of employees as of May 31, 2001:

16,503

Clients

AT&T Corp.	Nokia Corporation
BellSouth Corporation	Nortel Networks Corporation
Cable & Wireless PLC	Sony Corporation
Compaq Computer Corporation	Sprint Corporation
Deutsche Telekom AG	Sun Microsystems, Inc.
Electronic Arts	Telecom Argentina
France Telecom	Telecom Italia S.p.A.
Infostrada S.p.A.	Telenor AS
LM Ericsson AB	Texas Instruments, Incorporated
Microsoft Corporation	Verizon Communications

Our Communications & High Tech global market unit 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 2000, we served 19 of the 21 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 communications clients needs. We have expertise in next-generation 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.

Electronics & High Tech. Our Electronics & High Tech industry group serves the aerospace, defense, electronics, high technology and network communications industries. In fiscal year 2000, we worked with 37 of the 47 aerospace, computer services and software, computer, office equipment, electronics, electrical equipment, network communications, scientific, photo and control equipment companies in the *Fortune* Global 500. This industry group provides services in such areas as electronic commerce and strategy and supply chain management. For instance, we helped Sharp build a Web-based system that enables the company s large network of office-products dealers and corporate customers to configure and purchase products online, ultimately improving order accuracy and reducing order cycle time. By providing up-to-the-second order information, the new system enables Sharp s customers to track the status of their orders online, greatly reducing costly telephone inquiries. We also 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.

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 2000, we worked with five of the nine 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. For instance, we have helped several media and entertainment clients design and build electronic business solutions. We worked with Electronic Arts to design and develop their advanced gaming portal, EA.com. Additionally, we have helped our media and entertainment clients use digital content services and exploit mobile and broadband commerce. For example, we played a central role in the launch of Qpass, a start-up backed by Accenture Technology Ventures that provides an end-to-end commerce infrastructure for processing transactions across the Internet, wireless and broadband platforms.

Financial Services

Our Financial Services global market unit focuses on the growth opportunities being created by sophisticated customer relationship management, increased consolidation, business-to-business exchanges, mobile commerce and the electronic enabling of front and back offices of financial, health care and insurance services companies.

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

Financial Services

	Year ended August 31, 2000	Six months ended February 28, 2001
Revenues before reimbursements (in millions):	$2,542	$1,465
Percent of revenues before reimbursements:	26%	26%

Number of employees as of May 31, 2001:

15,108

Clients

Allianz	Dresdner Bank Group
Allstate Insurance Company	E*TRADE
AMP Limited	The Goldman Sachs Group, Inc.
AXA Group	J. P. Morgan Chase & Co.
Banco Bilbao Vizcaya Argentaria	Lloyds TSB
Barclays Bank plc.	London Stock Exchange
BSCH	UnitedHealth Group
Clearstream International	Visa USA
Credit Suisse Group	Washington Mutual, Inc.
Deutsche Bank AG	Zurich Financial Services

Our Financial Services global market unit comprises the following industry groups:

Banking. In fiscal year 2000, our Banking industry group worked with 49 of the 75 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 on-line 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 example, we helped E*TRADE define and implement its customer relationship management strategy, which included developing the technology infrastructure and business processes required to generate customer insights. As a result, E*TRADE is able to develop targeted marketing campaigns and strengthen its customer relationships. We consulted with Visa USA, one of the world s largest consumer payment systems, as it modernized its core infrastructure, which supports clearing, settlement and authorization transactions between member banks and merchants. This solution, called Visa Direct Exchange, allows transactions to be processed over a single, flexible, reliable and secure network and messaging architecture. This capability gives Visa USA the flexibility to grow its business to support more than 40 billion transactions annually, with peak capabilities of 10,000 transactions per second.

Health Services. Our Health Services industry group serves integrated healthcare providers, health insurers, managed care organizations, biotech and life sciences companies and policy-making authorities. In fiscal year 2000, our Health Services industry group served five of the seven health care companies 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 2000, we served 25 of the 53 insurance companies in the *Fortune* Global 500. For example, 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 also help insurers take advantage of the opportunities provided by convergence within the financial services industry. For instance, we helped AMP, one of Australia s leading insurance and investment institutions, create a direct bank within just eight months of AMP s decision to proceed. In conjunction with AMP staff, we designed and delivered a solution that supports secured and unsecured lending, deposit-taking and credit cards. In addition, our Insurance industry group has also developed a claims management capability that enables insurers to provide better customer service while optimizing claims costs.

Products

Our Products global market unit 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 global market unit, including information about revenues before reimbursements and number of employees, as well as a partial list of some of our largest clients for this global market unit:

Products

	Year ended August 31, 2000	Six months ended February 28, 2001
Revenues before reimbursements (in millions):	$1,891	$1,129
Percent of revenues before reimbursements:	19%	20%

Number of employees as of May 31, 2001:

10,347

Clients

Adecco SA	GlaxoSmithKline
AstraZeneca	JCPenney Company, Inc.
Auchan	Johnson & Johnson
Best Buy	Marriott International, Inc.
British American Tobacco	Retek, Inc
Carrefour	Ryder System Inc.
Daimler Chrysler	Takeda Chemical Industries, Ltd.
Exel	Toys R Us, Inc.
Fiat S.p.A.	United Parcel Service, Inc.
Ford Motor Company	Volvo

Automotive. Our Automotive industry group works with auto manufacturers, suppliers, dealers, retailers and service providers. In fiscal year 2000, we served 15 of the 25 motor vehicles and parts companies in the *Fortune* Global 500. Our automotive industry professionals work with our 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 instance, we helped Ford Motor Company design, build and manage a Web-based eLearning solution to deliver technical education to the company s suppliers. Designed and built in 14 weeks, the netsourced solution allows suppliers employees to register for, purchase and complete courses and to take tests to demonstrate competency in a specific subject area. By delivering training directly to employees desktops, the system gives participants the flexibility to learn on their own time.

Consumer Goods & Services. Our Consumer Goods & Services industry group helps food, beverage, tobacco, household products, cosmetics and apparel companies move beyond incremental cost cutting and establish bolder innovation and growth agendas. In fiscal year 2000, we worked with 12 of the 21 beverage, food, 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, and improving supply chain efficiencies through collaborative commerce business models. For example, we are working with CPGmarket.com, a Europe-based global business-to-business marketplace that includes 30 leading packaged goods companies. We have helped CPGmarket.com with business planning and building an information technology infrastructure that enables member companies to access the exchange s services. We also provide management consulting services to North America-based Transora, which was established by more than 50 of the world s largest consumer packaged goods manufacturers to develop a global electronic marketplace for the industry. In addition, we are a preferred integrator to help companies across the consumer products supply chain adopt, integrate and use Transora s services. We also helped Earthgrains, a $2.6 billion bakery and refrigerated dough manufacturer, reduce costs by developing an Internet-based procurement process and system that enables the company to leverage the collective purchasing power of its operations in 32 states.

Industrial Equipment. Our Industrial Equipment industry group serves the industrial and electrical equipment, construction, consumer durable and heavy equipment industries. In fiscal year 2000, we served six of the 12 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 significantly 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. For instance, 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 area 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 2000, we served all 14 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 Glaxo Wellcome (now GlaxoSmithKline) significantly increase their clinical trial capacity while reducing their cycle time, and we helped the Medicines Control Agency in the United Kingdom use electronic commerce technologies to improve their efficiency in submitting and processing regulatory applications. In addition, we worked with Takeda Pharmaceuticals America to help the company build a comprehensive set of business capabilities, including product development, supply chain management, and sales and marketing. 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 2000, we served 21 of the 52 food and drug stores, general merchandisers and specialty retailers, as well as four of the trading companies, in the *Fortune* Global 500. Our Retail industry group professionals work with clients to improve operational performance, increase advertising and merchandising effectiveness, and enhance supply chain and customer relationship management capabilities. 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. More recently, we entered into a long-term contract with J Sainsbury PLC to assist the company with a full-scale transformation of its business and technology to improve its customers shopping experiences.

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 2000, we served 14 of the 25 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. We recently helped Finnish Rail, the largest transportation company in Finland, reduce costs and improve customer service by creating an advanced ticketing sales system that integrates multiple sales channels and streamlines processes for ticket sales, railway station back-offices and corporate headquarters. Our industry experience and knowledge drive innovation, and we often leverage our intellectual property to develop effective solutions for multiple clients. For instance, while working for Northwest Airlines in the early 1990s we recognized an industry-wide need for a revenue accounting and billing system and developed a comprehensive solution to address the unique needs of the airline industry. That solution, which was later expanded to include distribution and reservation system services, is operated by Navitaire Inc., an Accenture affiliate, which today serves more than 50 airlines worldwide.

Resources

Our Resources global market unit serves the energy, chemicals, utilities, metals, mining, forest products and related industries. With market conditions creating incentives for major investment by energy companies, deregulation fundamentally reforming the utilities industry, major globalization and strategy shifts in the chemicals industry and an increasing focus on supply chain management, 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 global market unit, including information about revenues before reimbursements and number of employees, as well as a partial list of some of our largest clients for this global market unit:

Resources

	Year ended August 31, 2000	Six months ended February 28, 2001
Revenues before reimbursements (in millions):	$1,661	$954
Percent of revenues before reimbursements:	17%	17%

Number of employees as of May 31, 2001:

10,713

Clients

Ameren Corporation	Equilon Enterprises LLC
BP	Exelon Corporation
Centrica plc	Exxon Mobil Corporation
Conoco Inc.	Grupo Endesa
The Dow Chemical Company	Halliburton Company
E.I. du Pont de Nemours and Company	Royal Dutch/Shell Group of Companies
EDF	RWE AG
Electrabel	Seeboard PLC
Eni	Sithe Energies, Inc.
Entergy Corporation	Tosco Corporation

Our Resources global market unit comprises the following industry groups:

Chemicals. Our Chemicals industry group serves 51 of the world s 100 largest chemicals companies, including all of the 10 largest companies. In fiscal year 2000 we worked with nine of the 11 chemicals companies, as well as several of the petroleum refining companies, in the *Fortune Global 500. This 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. We also have long-term operations contracts with many of the industry leaders, including Dow and DuPont. For instance, our innovative outsourcing arrangement with Dow Chemical for information technology application development is designed to improve significantly Dow s return on its information technology investment. We have also worked closely with many chemical industry electronic marketplaces and start-ups, including ChemConnect, one of the world s largest Internet chemicals exchanges.*

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 2000, we served 22 of the 33 energy and petroleum refining companies in the *Fortune* Global 500. Our clients include BP, Shell, Halliburton, Enron 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 new markets in Asia, establish electronic procurement exchanges, build and enhance trading and risk management operations, and exploit new business technologies.

Forest Products. In fiscal year 2000, we served four 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 from the individual mill level throughout the value chain. 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 2000, we served seven of the 18 metals, metal products, 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 providing a wide range of strategy, process and technology support for MetalSite, a North America-based marketplace, including the creation and launch of its site in Japan. In addition, 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 2000, we served 12 of the 17 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, including ASMAE (Brazilian Power Exchange), PJM Interconnection and ERCOT (the Electric Reliability Council of Texas), 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 global market unit works with government agencies in 21 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 typically account for a substantial majority of a country s overall government expenditures.

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

Government

	Year ended August 31, 2000	Six months ended February 28, 2001
Revenues before reimbursements (in millions):	$797	$451
Percent of revenues before reimbursements:	8%	8%

Number of employees as of May 31, 2001:

4,851

Clients

Canada Post Corporation
Centrelink, Australia
City of Boston
Direccão-Geral das Contribuições e Impostos
District of Columbia Office of Taxation and Revenue
Government of Ontario, Ministry of Community and Social Services
Independent Electoral Commission, South Africa
Kanto Gakuen, Japan
Ministère Des Finances, France
National Diet Library, Japan
National Treasury, South Africa
New Mexico Department of Human Services
Tennessee Department of Human Services
United Kingdom Inland Revenue
U.S. Defense Logistics Agency
U.S. Department of Commerce
U.S. Department of Education, Office of Student Financial Assistance
U.S. Department of Housing and Urban Development
U.S. Department of the Interior, Minerals Management Service
U.S. Postal Service

Our Government clients typically are national, provincial or state-level government organizations, and to a lesser extent, cities and other forms of local government. 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 and U.S. Department of Commerce. 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. For instance, we have worked with the United Kingdom Inland Revenue to design, build and run one of the world s largest information technology systems, maintaining 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.

We are also working with clients ranging from the Ministère des Finances in France to the Human Services Department in New Mexico to transform their back-office operations, build Web interfaces and enable services to be delivered over the Internet. In addition, many government agencies are moving beyond information-only Web sites to full-service Internet portals that offer a single entry point for citizens and businesses to access integrated services and information. We have developed and implemented portal strategies for numerous federal, state and local governments, including the Australian Taxation Office and the State of North Carolina, which was recognized as Best of the Web by *Government Technology*. Additionally, we use the Internet and other new technologies to help defense agencies manage their supply chains and improve procurement processes.

Service Lines

Through our eight services lines we develop and deliver a full spectrum of services and solutions that address business opportunities and challenges common across industries. In addition to the more than 55,000 professionals who specialize in a service line within a particular industry group, we have more than 8,000 professionals dedicated full-time to our service lines. Each of these professionals focuses exclusively on one service line, helping develop knowledge, assets and innovative solutions for clients across all of our industry groups. We use our service line expertise to incubate and develop new, scalable service offerings to meet the evolving needs of our clients.

Strategy & Business Architecture

Companies in every industry and geography, whether they are start-ups or established businesses, seek advice and support on issues related to achieving and maintaining a competitive advantage. The professionals within our Strategy & Business Architecture service line, many of whom we recruit from top business schools and recognized strategy consulting firms, work with individuals at the highest levels of our clients organizations on their most critical 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, alliances, mergers and acquisitions and other transformational decisions. 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 a solution, we develop and implement practical solutions that leverage the knowledge, best practices and experience that we have gained from working on complex engagements for our clients in our 18 different industry groups.

Customer Relationship Management

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 the customer 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 are working with Seisint (formerly known as eData) to develop solutions that use Seisint s technology to quickly and effectively unlock information from available customer and business data.

Supply Chain Management

We help clients gain a competitive advantage by optimizing their supply chains and building networks to facilitate collaboration with suppliers and business partners. Professionals in our Supply Chain Management service line are dedicated to inventing new 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 create numerous electronic business-to-business exchanges, including Exostar, an electronic marketplace operated by four leading aerospace and defense companies. Professionals from our Electronics & High Tech industry group teamed with our supply chain experts to support every facet of Exostar s launch, including designing the business architecture, drafting and building the first release of indirect procurement and auctions, staffing the organization, and launching the front- and back-office operations.

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

Much of our clients success depends upon their ability to transform their organizations to compete in a complex, competitive, 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 critical to their operational success, from recruiting and motivating key employees and management to developing outsourced and netsourced processes and training for their employees. 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 created with British Telecommunications plc, we are able to offer clients an outsourced solution designed to reduce the costs associated with human resources administration.

Finance & Performance Management

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, the finance department. 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 function, 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.

Technology Research & Innovation

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 next-wave 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. We established Accenture Technology Labs to explore the business impact of new and emerging technologies and frequently collaborate with research laboratories in industry and academia.

Our research helps develop innovative ideas based on technology advances that can be applied to changing marketplace dynamics. For example, we recently explored the application of embedded sensors, intelligent agents and wireless technologies through the creation of an online medicine cabinet prototype to demonstrate how a product can be turned into a context-rich service that could help physicians counter the life-threatening problems of non-compliance in therapy, give patients peace of mind, and enable many elderly people to remain independent.

Solutions Engineering

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 solution centers.

Solutions Operations

In the pursuit of increased shareholder value, senior executives are pressured 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 200 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 North Sea energy industry accounting transactions through this facility, clients have realized substantial cost reductions in their accounting functions. In addition, we are expanding our outsourcing capabilities in several industries through a variety of shared-service solutions, including customer information management, billing systems, information technology services, supply chain management and human resources administration.

Our outsourcing solutions also include our netsourcing capability, which allows clients to take advantage of state-of-the-art Internet-based capabilities, such as Web hosting and direct Internet access to a wide array of business solutions. We provide many of these capabilities, including training, supply chain integration and managed financial reporting, in conjunction with our alliance partners.

Solution Centers and Business Launch Centres

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. Our global networks of Solution Centers and Business Launch Centres enhance our ability to capitalize on our vast array of methodologies, tools and technology to deliver value to our clients.

Solution Centers

Our Solution Centers are facilities where teams of Accenture professionals use proven methodologies and existing assets to create business solutions for clients. Client teams use our network of more than 25 Solution Centers worldwide to complete comprehensive, effective and customized implementations in less time than would be required to develop solutions from the ground up. Our Solution 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.

Business Launch Centres

Our Business Launch Centres, which complement the global market units and draw upon experts in the service lines and our network of businesses, help clients innovate and get new businesses up and running. Our 26 Business Launch Centres comprise a global network of professionals and knowledge and technology assets strategically located in major business capitals. Drawing on this resource pool, the Centres deploy technology, personnel and expertise when, where and as needed throughout an emerging business lifecycle. In addition, our professionals can help grow businesses by supplying management, operations, marketing, finance, administration and technology skills. Through these Centres, we have helped more than 350 new economy businesses get their operations up and running. By helping major corporations, new business start-ups, venture capitalists and private equity investors compress the time to launch new ventures, the Business Launch Centres help investors and parent corporations achieve faster returns on their investments.

Affiliates, Alliances and Accenture Technology Ventures Portfolio Companies

Our affiliates, alliances and portfolio companies enhance the ability of our market units and service lines to deliver value to clients by providing us with insight into and access to emerging business models, products and technologies.

Affiliates

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, often 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. 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 and technology consulting business and our extensive client relationships. While the size of the investment that we take or maintain in an affiliate varies on a case-by-case basis, our strategy with respect to affiliates is to maintain influence or control on a long-term basis. Our affiliates include Avanade, e-peopleserve, Imagine Broadband, Indeliq and Navitaire.

Avanade, which was launched in March 2000, is a company we jointly own with Microsoft that 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® 2000 platform to build customized, scalable solutions for complex electronic business and enterprise infrastructure. Avanade has approximately 1,200 employees.

Launched in August 2000, e-peopleserve is a human resources solution provider we own with British Telecommunications. 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. e-peopleserve has more than 1,500 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.

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 available at lower cost to a wide range of customers, we launched Indeliq, Inc. in February 2001 to develop scalable performance simulation electronic learning applications based on our patents and technology, which we contributed to Indeliq. We will continue to offer highly customized applications to large companies with complex training needs. Indeliq has more than 80 employees.

Navitaire Inc., formed as PRA Solutions, LLC in 1993, is an affiliate of Accenture that 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. Navitaire employs more than 450 people worldwide.

Alliances

Because today s business environment demands more speed, flexibility and resources than exist at any single company, strategic alliances are an important part of our strategy. Through our strategic alliances, we work with established and early-stage technology companies in virtually every field, allowing us to incorporate market-leading insights and deliver an unparalleled array of capabilities for our clients diverse business needs. 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.

Substantially all of our alliances are non-exclusive. Our alliances generally have a term of three to five years (subject to early termination in most cases) and often include payment to us of compensation in cash or equity in return for coordinated marketing or sales efforts. These payments do not generate revenues which are material to us. Although our alliances, taken together, are a key component of our business, individually none of our alliances is material to our business.

As of February 28, 2001, we had approximately 150 alliances around the world. Due to the highly focused nature of the capabilities added, some alliances are specifically aligned with one of our eight service lines, adding skills and capabilities that are applicable across many of the industries we serve. Other alliances add skills, technology and insights specific to a single industry group. The service lines use the products, software and services of our alliance partners to develop integrated business and technology solutions for our clients. Alliances that are applicable across multiple industry groups and global market units are listed in the chart below.

Alliance Partner	Alliance Description
Adaytum	We work with Adaytum to co-develop and implement Web-based applications to accelerate and improve the predictability of our clients enterprise business planning processes.
Ariba	We work together to build and deliver procurement and electronic marketplace solutions and to improve supply chain efficiency.

Alliance Partner	Alliance Description
Avanade*	Our relationship with Avanade gives us an advantage in building and delivering customized, scalable, complex electronic commerce and enterprise-wide solutions based upon the Microsoft .Net enterprise platform.
Blue Martini Software	We work with Blue Martini to develop software solutions to understand, target and interact with customers across all channels.
Click Commerce	We work with Click Commerce to help our clients create secure, tailored channel management solutions across the Internet and wireless platforms.
Commerce One	We work with Commerce One to build public and private electronic marketplaces. We use its applications suite to implement solutions that support 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.
e-peopleserve*	We use e-peopleserve s leading-edge, electronically enabled human resources solutions to deliver comprehensive outsourced human resources services to clients.
Hewlett-Packard	We work with Hewlett-Packard to offer a wide range of imaging solutions and computer hardware and software to our clients.
ICG Commerce	We work with ICG Commerce to offer our clients access to its comprehensive procurement solution.
Imagine Broadband*	We work with Imagine Broadband to develop, customize and deliver leading-edge interactive broadband services.
i2	We work with i2 to build and support electronic marketplaces that improve our clients supply chain efficiency.
Jamcracker	We work with Jamcracker to deliver net-sourced solutions to our clients, including virtual private networks, hosted exchanges and remote access.

* Also an affiliate.

Alliance Partner	Alliance Description
Kana Communications	We work with Kana to deliver Web-architected customer relationship management solutions that help clients manage interactions with their customers, partners and suppliers across multiple communication channels.
Lombardi Software	We work with Lombardi to develop solutions that enable companies across the extended supply chain to collaborate, facilitating problem resolution and accelerating decision making.
Microsoft	

Alliance Partner	Alliance Description
	We work with Microsoft and Avanade to offer a broad array of scalable solutions built upon the Microsoft .Net enterprise platform.
Moai	We work with Moai to co-market and deliver online contract negotiation services that allow businesses to buy and sell goods more efficiently over the Internet.
Perform.com	We work with Perform.com to deliver Web-enabled human performance, organizational planning and career management tools and processes.
SAP	We work with SAP to provide supply chain solutions that help companies collaborate electronically, enabling them to quickly add new members, lower distribution costs, reduce inventories, increase delivery accuracy and better control infrastructure technology costs.
SeeBeyond (formerly known as STC)	We work with SeeBeyond to help our clients optimize their information flow by delivering Enterprise Application Integration (EAI) solutions for integrating supply chain management, customer relationship management, decision support and electronic commerce applications.
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.
Seisint (formerly known as eData)	We work with Seisint to develop solutions to help companies improve business performance by using data at speed, at scale and cost-effectively.
Sun Microsystems	We work with Sun Microsystems to co-develop and jointly market products and services.
Yantra	We work with Yantra to develop scalable electronic supply chain solutions for managing and executing high-volume customer transactions across complex, multi-channel and multi-partner enterprises.

* Also an affiliate.

Accenture Technology Ventures Portfolio Companies

Accenture Technology Ventures, our venture capital business, provides us with insight into and access to emerging business models, products and technologies for the benefit of our management and technology consulting business and enables us to generate returns from investments in emerging growth technology companies. The companies in which Accenture Technology Ventures invests, which we refer to as portfolio companies, also benefit from access to our industry expertise and client relationships. Accenture Technology Ventures investment strategy includes funding for private companies and focuses on software and information technology investments. From its inception in November 1999 through May 31, 2001, Accenture Technology Ventures has invested more than $300 million in 70 companies.

Accenture Technology Ventures experienced partners and principals evaluate technology companies to identify those with the best potential for financial return. The partners and principals of Accenture Technology Ventures have been chosen based in part on the strength of their professional backgrounds and the depth of their prior work experience in areas relevant to the business. While our portfolio covers a wide range of technologies, we concentrate our efforts and expertise in the following areas:

customer relationship management;

supply chain management;

eInfrastructure and enterprise integration software;

wireless technologies;

digital content services; and

eHuman Performance, including eLearning and eHuman Resources.

Investment opportunities are commonly received from sources within Accenture and outside contacts. Any commitment to a company greater than $10 million requires approval of the board of directors of Accenture Technology Ventures and any investment decision may be vetoed by the managing general partner of Accenture Technology Ventures.

Our role as an investor in emerging companies provides us with early, and often preferred, access to technology that we can use to develop market-ready solutions for our clients. For example, in 1995, prior to establishing Accenture Technology Ventures, we made an early-stage investment in Siebel Systems Inc. Following our investment, we worked closely with Siebel Systems to jointly provide their initial customer relationship management solutions. The insights into the customer relationship management market that we gained through our investment in and relationship with Siebel Systems were instrumental in enabling us to address the emerging customer relationship management trend early and to provide market-ready customer relationship management solutions to our clients in the beginning of the customer relationship management lifecycle. For the prior four years, we have been the largest integrator of Siebel eBusiness Applications.

Our portfolio companies also facilitate our ability to identify emerging technologies and alliance partners that can be of value to clients. Our early insights and development efforts in turn make us a valuable alliance partner. With offices in eleven countries on four continents and teams of professionals in North America, Europe and Asia Pacific, Accenture Technology Ventures is a venture capital firm with a global presence. Accenture Technology Ventures has no restrictions on investing in Accenture affiliates.

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 $211 million, $256 million and $252 million on research and development in fiscal years 1998, 1999 and 2000, respectively, primarily through both our global market units and our service lines to develop market-ready solutions for our clients. We also promote the creation of knowledge capital and thought leadership through the Accenture Technology Labs, the Accenture Institute for Strategic Change and the Accenture Ideas Exchanges.

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.

The Accenture Ideas Exchanges are global hubs for our knowledge capital in specific industries, addressing matters of import to chief executive officers and other top-level executives. Executives meet in one or two-day sessions working side-by-side with our specialists to focus on the key issues that will affect their organization s prospects for growth. For example, more than 350 chief executive officers and other senior-level executives have visited the Financial Ideas Exchange in New York City since 1995. We also operate several other Ideas Exchanges, including the Communications Ideas Exchange, the Retail Ideas Exchange, the Consumer Ideas Exchange and the Chemicals Ideas Exchange.

Employees

As of May 31, 2001, we had more than 75,000 employees worldwide, of whom more than 2,400 were partners.

We hired approximately 17,000 new employees in each of fiscal years 2000 and 2001. The cumulative rate of turnover among our employees was 19% for fiscal year 1999, 22% for fiscal year 2000, and, on an annualized basis, approximately 14% for the nine months ended May 31, 2001, excluding involuntary terminations. We believe that our higher rate of attrition in fiscal year 2000 was the result of aggressive hiring and compensation activities by Internet companies of strategy and technology professionals.

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. 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.

Big 5 accounting and consulting firms. Over the past few years, the Big 5 accounting firms have built significant consulting operations with broad capabilities and geographic coverage. Many of these firms are currently undergoing 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.