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ACCENTURE LTD  
Form 8-K  
April 15, 2002

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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Form 8-K

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

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Date of report (Date of earliest event reported): April 15, 2002

ACCENTURE LTD  
(Exact Name of Registrant as Specified in Charter)

Bermuda (State or Other Jurisdiction of Incorporation)	001-16565 (Commission File Number)	98-0341111 (I.R.S. Employer Identification No.)
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Cedar House  
41 Cedar Avenue  
Hamilton HM12, Bermuda  
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (441) 296-8262

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

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Item 5. Other Events

Accenture Ltd is filing the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and its historical financial statements and related notes previously included in its Registration Statement on Form S-1 (File No. 333-84492) filed on March 19, 2002. This information should be read in conjunction with our Annual Report on Form 10-K for our fiscal year ended August 31, 2001 and our Quarterly Report on Form 10-Q for our fiscal quarter ended November 30, 2001.

FORWARD-LOOKING STATEMENTS AND CERTAIN FACTORS  
THAT MAY AFFECT OUR BUSINESS

We have included in this Current Report on Form 8-K forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act relating to our operations that are based on our current expectations, estimates and projections. Words such as "expects," "intends,"

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"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 and uncertainties 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 implied in these forward-looking statements. The reasons for this include changes in general economic and political conditions, including fluctuations in exchange rates, and the following factors:

- . A significant or prolonged economic downturn could have a material adverse effect on our results of operations.
- . 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.
- . We may face damage to our professional reputation or legal liability if our clients are not satisfied with our services.
- . Our services or solutions may infringe upon the intellectual property rights of others.
- . Our engagements with clients may not be profitable.
- . If our affiliates or alliances do not succeed, we may not be successful in implementing our growth strategy.
- . Our global operations pose complex management, foreign currency, legal, tax and economic risks, which we may not adequately address.
- . The consulting, technology and outsourcing markets are highly competitive, and we may not be able to compete effectively.
- . 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 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 have only a limited ability to protect our intellectual property rights, which are important to our success.
- . Our profitability will suffer if we are not able to maintain our prices and utilization rates and control our costs.
- . Our quarterly revenues, operating results and profitability will vary from quarter to quarter, which may result in increased volatility of our share price.
- . We may be named in lawsuits as a result of Arthur Andersen's current legal and financial situation based on misconceptions about the nature of our past relationship with Arthur Andersen.
- . Our share price may decline due to the large number of Class A common shares eligible for future sale.

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

For a more detailed discussion of these factors, see the information under the heading "Business--Forward-Looking Statements and Certain Factors That May Affect our Business" in the reports and other documents that we file with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended August 31, 2001. We undertake no obligation to update or revise any forward-looking statements.

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

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

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

#### Overview

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

Prior to May 31, 2001, we operated as a series of related partnerships and corporations under the control of our partners. We now operate in a corporate structure. As a business, whether in partnership form or in a corporate structure, our profitability is driven by many of the same factors. Revenues are driven by our partners' and senior executives' ability to secure contracts for new engagements and to deliver solutions and services that add value to our clients. Our ability to add value to clients and therefore drive revenues depends in part on our ability to offer market-leading service offerings and to deploy skilled teams of professionals quickly and on a global basis. While current economic conditions have caused some clients to reduce or defer their expenditures for consulting services, we believe we have gained market share in this environment. Despite the slowdown in the economy, we are positioning ourselves to achieve revenue growth principally through our business transformation outsourcing solutions. However, we are unable to predict the level of impact that the current economic environment will have on our ability to secure contracts for new engagements.

Cost of services is primarily driven by the cost of client service

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

### Presentation

As a result of a restructuring in 1989, we and our "member firms," which are now our subsidiaries, became legally separate and distinct from the Arthur Andersen firms. Thereafter, until August 7, 2000, we had contractual relationships with an administrative entity, Andersen Worldwide, and indirectly with the separate Arthur Andersen firms under various member firm agreements whereby we and our member firms, on the one hand, and Arthur Andersen and its member firms, on the other hand, were two stand-

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alone business units linked through such agreements to Andersen Worldwide for administrative and other services. Following arbitration proceedings between us and Andersen Worldwide and Arthur Andersen that were completed in August 2000, the tribunal terminated our contractual relationships with the Andersen Worldwide administrative entity and all Arthur Andersen member firms. On January 1, 2001, we began to conduct business under the name Accenture.

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

### Segments

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

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base is more fragmented. The discussion and analysis related to each operational expense category applies to all segments, unless otherwise indicated.

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

### Revenues

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

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

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

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

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

We have experienced pricing pressures over the last year as a result of the difficult economic environment, which have eroded our revenues somewhat. However, we have also implemented cost- management programs such that operating

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margins have been maintained or improved over this period. Current and future cost-management initiatives may not be sufficient to maintain our margins if the current challenging economic environment continues for several quarters.

### 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 facilities for outsourcing contracts and the recruiting, training, personnel development and scheduling costs of our client service personnel. Reimbursements, including those relating to travel and other out-of-pocket expenses, and other similar third-party costs, such as the cost of hardware and software resales, are included in revenues, and an equivalent amount of reimbursable expenses is included in cost of services.

#### Sales and Marketing

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

#### General and Administrative Costs

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

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#### Reorganization and Rebranding Costs

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

#### Restricted Share Unit-based Compensation

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

#### Gain (Loss) on Investments

Gain (loss) on investments primarily represents gains and losses on the sales of marketable securities and writedowns on investments in securities. These fluctuate over time, are not predictable and may not recur. Beginning on

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September 1, 2000, they also include changes in the fair market value of equity holdings considered to be derivatives in accordance with SFAS 133.

After exploring a number of alternatives, we have decided to sell substantially all of our minority ownership interests in our venture and investment portfolio that could cause volatility in our future earnings. To facilitate this sale, we expect to aggregate these positions into a single subsidiary, which we would then sell. Related to this decision, our loss on investments in the second quarter of fiscal 2002 includes a charge of \$212 million, before and after tax, related to investment writedowns of our venture and investment portfolio and the loss we expect to incur on this sale transaction. After giving effect to the charge, we expect our venture and investment portfolio to have a net book value of approximately \$95 million, \$43 million of which is hedged. We expect to receive offers that allow us to retain a modest percentage ownership of the subsidiary in connection with an ongoing alliance with the buyer. We have engaged an investment bank and are currently engaged in discussions with potential purchasers. We hope to complete the transaction by the end of the calendar year.

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

### 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 give rise to currency exchange gains (losses).

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### Equity in Gains (Losses) of Affiliates

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

### Provision for Taxes

Prior to our transition to a corporate structure, we were generally not subject to income taxes in most countries because we operated in partnership form in those countries. Since taxes related to income earned by the partnerships were the responsibility of the individual partners, our partners reported and paid taxes on their share of the partnerships' income on their individual tax returns. In other countries, however, we operated in the form of a corporation or were otherwise subject to entity-level taxes on income and

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withholding taxes. As a result, prior to our transition to a corporate structure, we paid some entity-level taxes, with the amount varying from year to year depending on the mix of earnings among the countries. Where applicable, we accounted for these taxes under the asset and liability method. Therefore, our historical financial statements in respect of periods ended on or prior to May 31, 2001 do not reflect the income tax liability that we would have paid as a corporation. Following our transition to a corporate structure, we are subject to corporate tax on our income.

### Minority Interest

Minority interest eliminates the income earned or expense incurred attributable to the equity interest that some of our partners have in our subsidiary Accenture SCA and the equity interest that some of our partners have in our subsidiary Accenture Canada Holdings Inc. See "Accenture Organizational Structure." The resulting net income of Accenture Ltd represents the income attributable to the shareholders of Accenture Ltd.

### Partnership Income Before Partner Distributions

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

### Net Income

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

### Critical Accounting Policies and Estimates

#### Revenue Recognition

We derive substantially all our revenues from contracts for management and technology service offerings and solutions that we develop, implement and manage for our clients. Depending on the terms of the contract, revenues are recognized on a time-and-materials basis or on a percentage-of-completion basis as services are provided by our employees, and to a lesser extent, subcontractors. Revenues from time-and-materials service contracts are recognized as the services are provided. Revenues from

long-term system integration contracts are recognized based on the percentage of services provided during the period compared to the total estimated services to be provided over the duration of the contract. This method is followed where reasonably dependable estimates of the revenues and costs applicable to various elements of a contract can be made. Estimates of total contract revenues and costs are continuously monitored during the term of the contract, and recorded revenues and costs are subject to revision as the contract progresses. Such revisions, which may result in increases or decreases to revenues and income, are reflected in the financial statements in the period in which they are first



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identified.

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

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

### Taxes

Determining the consolidated provision for income tax expense, deferred tax assets and liabilities and related valuation allowance involves judgment. As a global company with offices in 47 countries, we are required to calculate and provide for income taxes in each of the tax jurisdictions where we operate. This involves estimating current tax exposures in each jurisdiction as well as making judgments regarding the recoverability of deferred tax assets. To determine the quarterly tax rate we are required to estimate full year income and the related income tax expense in each jurisdiction. Tax exposures can involve complex issues and may require an extended period to resolve. Changes in the geographic mix or estimated level of annual pre-tax income can affect the overall effective tax rate.

### Valuation of Investments

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

other-than-temporary. Changes in the market value of equity derivatives are

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reflected in the income statement in the current period. Adverse changes in the financial condition of our investments could result in impairment charges. We have decided to sell substantially all of our minority ownership interests in our venture and investment portfolio that could cause volatility in our future earnings. See "--Gain (Loss) on Investments" for a discussion of our plans with respect to our investment portfolio.

### Historical Results of Operations

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

	Year ended August 31,			Three months ended	
	1999	2000	2001	2000	2001
Revenues:					
Revenues before reimbursements.....	86%	85%	86%	87%	88%
Reimbursements.....	14	15	14	13	12
	---	---	---	---	---
Revenues.....	100	100	100	100	100
Operating expenses:*					
Cost of services:*					
Cost of services before reimbursable expenses*.....	49	48	47	42	53
Reimbursable expenses.....	14	15	14	13	12
	---	---	---	---	---
Cost of services*.....	63	63	61	55	65
Sales and marketing*.....	7	8	9	6	11
General and administrative costs*.....	12	11	11	12	12
Reorganization and rebranding costs.....	--	--	7	1	--
Restricted share unit-based compensation.....	--	--	7	--	--
	---	---	---	---	---
Total operating expenses*.....	82	82	95	74	88
Operating income*(1).....	18	18	5	26	12
Gain (loss) on investments, net.....	1	5	1	7	(3)
Interest income.....	n/m	n/m	n/m	1	n/m
Interest expense.....	n/m	n/m	n/m	n/m	n/m
Other income (expense).....	n/m	n/m	n/m	n/m	n/m
Equity in losses of affiliates.....	n/m	n/m	n/m	(1)	n/m
	---	---	---	---	---
Income before taxes*.....	19	23	6	33	9
Provision for taxes.....	1	2	4	2	3
	---	---	---	---	---
Income before minority interest and accounting change*....	18	21	2	31	6
Minority interest.....	--	--	4	--	(4)
	---	---	---	---	---
Income before accounting change*.....	18	21	6	31	2
Cumulative effect of accounting change.....	--	--	2	6	--
	---	---	---	---	---
Partnership income before partner distributions*.....	18%	21%		37%	
	===	===		===	
Net income*.....			8%		2%
			===		===

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n/m = not meaningful

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

(1) Operating income as a percentage of revenues before reimbursements was 21%, 21% and 6% for 1999, 2000 and 2001, respectively. Operating income as a percentage of revenues before reimbursements was 30% and 14% for the three months ended November 30, 2000 and 2001, respectively.

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

	Year ended August 31,			Three months ended November 30,	
	1999	2000	2001	2000	2001
(in millions, except percentages)					
<b>Revenues:</b>					
Communications & High Tech.....	\$ 2,499	\$ 2,806	\$ 3,238	\$ 865	\$ 743
Financial Services.....	2,736	2,542	2,894	759	717
Government.....	777	797	1,003	213	337
Products.....	1,699	1,932	2,357	532	650
Resources.....	1,812	1,661	1,933	461	541
Other.....	27	14	19	1	1
	-----	-----	-----	-----	-----
Total revenues before reimbursements.....	9,550	9,752	11,444	2,831	2,989
Reimbursements.....	1,529	1,788	1,904	407	420
	-----	-----	-----	-----	-----
Total.....	\$11,079	\$11,540	\$13,348	\$3,238	\$3,409
	=====	=====	=====	=====	=====
<b>Revenues as a percentage of total:</b>					
Communications & High Tech.....	23%	24%	24%	27%	22%
Financial Services.....	25	22	22	23	21
Government.....	7	7	8	7	10
Products.....	15	17	18	16	19
Resources.....	16	15	14	14	16
Other.....	n/m	n/m	n/m	n/m	n/m
	-----	-----	-----	-----	-----
Total revenues before reimbursements.....	86	85	86	87	88
Reimbursements.....	14	15	14	13	12
	-----	-----	-----	-----	-----
Total.....	100%	100%	100%	100%	100%
	=====	=====	=====	=====	=====
<b>Operating Income:</b>					
Communications & High Tech.....	\$ 557	\$ 671	\$ 449	\$ 261	\$ 55
Financial Services.....	824	666	537	271	91
Government.....	103	80	75	30	63
Products.....	263	416	363	148	120
Resources.....	285	264	235	122	82
Other.....	0	(11)	(963)	7	3
	-----	-----	-----	-----	-----
Total.....	\$ 2,032	\$ 2,086	\$ 696	\$ 839	\$ 414
	=====	=====	=====	=====	=====
<b>Operating Income as a percentage of total:</b>					
Communications & High Tech.....	27%	32%	64%	31%	13%

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Financial Services.....	41	32	77	32	22
Government.....	5	4	11	4	15
Products.....	13	20	52	18	29
Resources.....	14	13	34	14	20
Other.....	n/m	(1)	(138)	1	1
	-----	-----	-----	-----	-----
Total.....	100%	100%	100%	100%	100%
	=====	=====	=====	=====	=====
Operating Income as a percentage of total revenues before reimbursements by operating group:					
Communications & High Tech.....	22%	24%	14%	30%	7%
Financial Services.....	30	26	19	36	13
Government.....	13	10	7	14	19
Products.....	15	22	15	28	18
Resources.....	16	16	12	26	15
Other.....	n/m	n/m	n/m	n/m	n/m
Operating Income as a percentage of revenues before reimbursements.....					
	21%	21%	6%	30%	14%
	=====	=====	=====	=====	=====
Operating Income as a percentage of revenues.....					
	18%	18%	5%	26%	12%
	=====	=====	=====	=====	=====

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n/m = not meaningful

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### Pro Forma Financial Information

The following pro forma consolidated income statements for the year ended August 31, 2001 and for the three months ended November 30, 2000 are based on our historical financial statements included elsewhere in this prospectus.

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

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

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

The pro forma and pro forma as adjusted consolidated income statements for the year ended August 31, 2001 and for the three months ended November 30, 2000 exclude one-time events directly attributable to our initial public offering, because of their nonrecurring nature. These one-time events include:

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

The pro forma and pro forma as adjusted consolidated income statement for the year ended August 31, 2001 excludes the effect of a cumulative change in accounting principle to implement Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."

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

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

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

	As reported	Adjustments	Pro forma	As adjusted adjustments
	-----	-----	-----	-----
	(in millions, except percentages and share an			
Revenues:				
Revenues before reimbursements.....	\$11,444	\$ --	\$ 11,444	\$ --
Reimbursements.....	1,904	--	1,904	--
	-----	-----	-----	-----
Revenues.....	13,348	--	13,348	--
Operating expenses:				
Cost of services:*				
Cost of services before				
reimbursable expenses*.....	6,200	725 (a)	6,925	--
Reimbursable expenses.....	1,904	--	1,904	--
	-----	-----	-----	-----
Cost of services*.....	8,104	725	8,829	--
Sales and marketing*.....	1,217	290 (a)	1,507	--
General and administrative costs*....	1,516	44 (a)	1,560	--
Reorganization and rebranding costs..	848	(544) (b)	304	(304) (h)
Restricted share unit-based				
compensation.....	967	(967) (c)	--	--
	-----	-----	-----	-----
Total operating expenses*.....	12,652	(452)	12,200	(304)
	-----	-----	-----	-----
Operating income*.....	696	452	1,148	304
Gain on investments, net.....	107	--	107	--
Interest income.....	80	--	80	--
Interest expense.....	(44)	(15) (d)	(59)	--
Other income (expense).....	17	--	17	--

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Equity in losses of affiliates.....	(61)	--	(61)	--
	-----	-----	-----	-----
Income before taxes*.....	795	437	1,232	304
Provision for taxes (1).....	503	(10) (e)	493	121 (e)
	-----	-----	-----	-----
Income before minority interest and accounting change*.....	292	447	739	183
Minority interest.....	577	(1,013) (f)	(436)	(109) (f)
	-----	-----	-----	-----
Income before accounting change*.....	\$ 869	\$ (566)	\$ 303	\$ 74
	=====	=====	=====	=====
Earnings per share:				
--basic.....			\$ 0.73	
			=====	
--diluted.....			\$ 0.73	
			=====	
Outstanding shares at August 31, 2001:				
--basic.....			412,705,954 (g)	
			=====	
--diluted.....			1,008,163,290 (g)	
			=====	

-----

n/m = not meaningful

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

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

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Pro Forma Consolidated Income Statement for the Three Months Ended November 30,  
2000  
(Unaudited)

	As reported	Adjustments	Pro forma	As adjusted adjustments
	-----	-----	-----	-----
	(in millions, except percentages and share and			
Revenues:				
Revenues before reimbursements.....	\$2,831	\$ --	\$ 2,831	\$ --
Reimbursements.....	407	--	407	--
	-----	-----	-----	-----
Revenues.....	3,238	--	3,238	--
Operating expenses:				
Cost of services*:				
Cost of services before reimbursable expenses*.....	1,384	327 (a)	1,711	--
Reimbursable expenses.....	407	--	407	--
	-----	-----	-----	-----
Cost of services*.....	1,791	327	2,118	--
Sales and marketing*.....	202	125 (a)	327	--

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General and administrative costs*....	376	29 (a)	405	--
Reorganization and rebranding costs..	30	--	30	(30) (h)
	-----	-----	-----	-----
Total operating expenses*.....	2,399	481	2,880	(30)
	-----	-----	-----	-----
Operating income*.....	839	(481)	358	30
Gain on investments, net.....	219	--	219	--
Interest income.....	23	--	23	--
Interest expense.....	(5)	(5) (d)	(10)	--
Other income (expense).....	7	--	7	--
Equity in losses of affiliates.....	(20)	--	(20)	--
	-----	-----	-----	-----
Income before taxes*.....	1,063	(486)	577	30
Provision for taxes (1).....	53	180 (e)	233	12 (e)
	-----	-----	-----	-----
Income before minority interest and accounting change*.....	1,010	(666)	344	18
Minority interest.....	--	(203) (f)	(203)	(11) (f)
	-----	-----	-----	-----
Income before accounting change*.....	\$1,010	\$ (869)	\$ 141	\$ 7
	=====	=====	=====	=====
Earnings per share:				
--basic.....			\$ 0.34	\$
			=====	=====
--diluted.....			\$ 0.34	\$
			=====	=====
Outstanding shares at August 31, 2001:				
--basic.....			412,705,954 (g)	
			=====	=====
--diluted.....			1,008,163,290 (g)	
			=====	=====

-----  
n/m = not meaningful

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

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

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

(a) Adjustments totaling \$1,059 and \$481 for the year ended August 31, 2001 and for the three months ended November 30, 2000, respectively, reflect the effects of partner compensation and benefit costs as if our transition to a corporate structure had occurred on September 1, 2000. Prior to having a corporate structure, payments to our partners were generally accounted for as distributions of partners' income, rather than compensation expense. For the year ended August 31, 2001 and for the three months ended November 30, 2000, respectively, compensation and benefit costs of partners have been allocated 69% and 68% to cost of services, 27% and 26% to sales and

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marketing, and 4% and 6% to general and administrative costs based on an estimate of the time spent on each activity at the appropriate cost rates.

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

- (b) One-time reorganization costs were incurred during the year ended August 31, 2001. Reorganization costs for the year ended August 31, 2001 include \$89 of restructuring costs relating to our transition to a corporate structure and \$455 of indirect taxes, such as capital and stamp duty imposed on transfers of assets to the new corporate holding company structure.
  - (c) In connection with our initial public offering, 68,481,815 fully-vested restricted share units at \$14.50 per share were granted in July 2001 to certain partners, former partners and employees. The \$967 expense represents the fair value of fully vested restricted share units less \$26 relating to canceled liabilities for a deferred bonus plan for employees. Each restricted share unit represents an unfunded, unsecured right, which is nontransferable except in the event of death, of a participant to receive a Class A common share on the date specified in the participant's award agreement.
  - (d) Reflects adjustments of \$15 and \$5 for the year ended August 31, 2001 and for the three months ended November 30, 2000, respectively, representing estimated interest expense on early-retirement benefits payable to partners.
  - (e) Reflects adjustments for an estimated income tax provision as if we had operated in a corporate structure at a pro forma tax rate of 40%. The adjustment for the year ended August 31, 2001 is net of \$222 relating to the revaluation of deferred tax liabilities upon change in tax status, including income taxes relating to mandatory changes in tax accounting methods, from a partnership to a corporate structure. As a series of related partnerships and corporations under the control of our partners, we generally were not subject to income taxes. However, some of the corporations were subject to income taxes in their local jurisdictions.
  - (f) Minority interests for the year ended August 31, 2001 and for the three months ended November 30, 2000 are based on the assumption that minority interests as of August 31, 2001 existed throughout the fiscal year and do not give effect to the offering. As of August 31, 2001 partners owned a 59% minority interest in Accenture SCA and Accenture Canada Holdings. Since Accenture Ltd is the sole general partner of Accenture SCA and owns the majority of the voting shares, Accenture Ltd consolidates Accenture SCA and its subsidiaries. Although the other shareholders of Accenture SCA hold more than 50% of the economic interest in Accenture SCA, they do not have voting control and therefore are considered to be a minority interest.
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- (g) Earnings per share calculations for the year ended August 31, 2001 and for the three months ended November 30, 2000 are based on the assumption that shares and share equivalents outstanding as of August 31, 2001 were



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outstanding throughout the year and do not give effect to the offering. For the purposes of the pro forma earnings per share calculation, diluted outstanding shares include Accenture Class A common shares issuable or exchangeable upon redemption or exchange of shares held by SCA Class I common shareholders and Accenture Canada Holdings shareholders. The weighted average shares outstanding, basic and diluted, were calculated based on:

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

- (h) One-time rebranding costs were incurred during the year ended August 31, 2001 and during the three months ended November 30, 2000. Rebranding costs for the year ended August 31, 2001 and for the three months ended November 30, 2000 include \$157 and \$0, respectively, for the amortization of intangible assets relating to the final resolution of arbitration with Andersen Worldwide and Arthur Andersen as well as \$147 and \$30, respectively, from changing our name to Accenture. These amounts are considered pro forma as adjusted adjustments due to their nonrecurring nature.

### Three Months Ended November 30, 2001 Compared to Three Months Ended November 30, 2000

Our results of operations in respect of periods ended on or prior to May 31, 2001 reflect the fact that we operated as a series of related partnerships and corporations prior to that date, and our results of operations in respect of periods ending after May 31, 2001 reflect that we commenced operations in corporate structure on that date. Accordingly, in order to provide a more meaningful comparison of our results for the three months ended November 30, 2001 as compared to the three months ended November 30, 2000, we comment below on our results for those periods both on a historical basis and a pro forma as adjusted basis.

#### Revenues

Revenues for the three months ended November 30, 2001 were \$3,409 million, an increase of \$171 million, or 5%, over the three months ended November 30, 2000. Revenues before reimbursements for the three months ended November 30, 2001 were \$2,989 million, an increase of \$158 million, or 6%, over the three months ended November 30, 2000 in both U.S. dollars and local currency.

Our Communications & High Tech operating group achieved revenues before reimbursements of \$743 million in the three months ended November 30, 2001, a decrease of 14% from the three months ended November 30, 2000, primarily due to weakening in our Communications, Electronics & High Tech and Media & Entertainment industry groups in North America. Our Financial Services operating group achieved revenues before reimbursements of \$717 million in the three months ended November 30, 2001, a decrease of 6% from the three months ended November 30, 2000, primarily due to the impact of the economic downturn

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in the banking and insurance industries. The weakening in our Banking industry group in North America and Europe was partially offset by growth in our Health Services industry group in North America. Our Government operating group achieved revenues before reimbursements of \$337 million in the three months ended November 30, 2001, an increase of 58% over the three months

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ended November 30, 2000, primarily driven by strong growth in North America and Europe. Our Products operating group achieved revenues before reimbursements of \$650 million in the three months ended November 30, 2001, an increase of 22% over the three months ended November 30, 2000, as a result of strong growth in our Retail industry group in Europe. Our Resources operating group achieved revenues before reimbursements of \$541 million in the three months ended November 30, 2001, an increase of 17% over the three months ended November 30, 2000, as a result of strong growth in the Utilities, Chemicals, Forest Products and Metals & Mining industry groups in North America and Europe.

### Operating Expenses

Operating expenses in the three months ended November 30, 2001 were \$2,995 million, an increase of \$596 million, or 25%, over the three months ended November 30, 2000 and an increase as a percentage of revenues from 74% in the three months ended November 30, 2000 to 88% in the three months ended November 30, 2001.

Operating expenses for the three months ended November 30, 2001 increased \$145 million, or 5%, over the pro forma as adjusted operating expenses for the three months ended November 30, 2000, and remained constant as a percentage of revenues at 88%. Pro forma as adjusted operating expenses in the three months ended November 30, 2000 included partner variable compensation costs in respect of the large realized investment gains in the quarter. Operating expenses in the three months ended November 30, 2001 included costs related to the September 11 tragedy and the costs of completing severance programs initiated in prior quarters. The partner variable compensations costs in the first quarter of fiscal 2001 were comparable in size to the costs related to the September 11 tragedy and the costs of completing severance programs in the first quarter of fiscal 2002.

We continue to implement long-term and short-term cost management initiatives aimed at keeping overall growth in operating expenses less than the growth in revenues. Our 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. Our 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 \$2,226 million in the three months ended November 30,

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2001, an increase of \$435 million, or 24%, over the three months ended November 30, 2000 and an increase as a percentage of revenues from 55% in the three months ended November 30, 2000 to 65% in the three months ended November 30, 2001. Cost of services before reimbursable expenses was \$1,806 million in the three months ended November 30, 2001, an increase of \$422 million, or 31%, over the three months ended November 30, 2000 and an increase as a percentage of revenues before reimbursements from 49% in the three months ended November 30, 2000 to 60% in the three months ended November 30, 2001. These increases resulted from higher employee compensation costs. Following our transition to a corporate structure, cost of services includes partner compensation, which consists of salary, variable compensation and benefits, whereas historical financial statements in respect of periods ended on or prior to May 31, 2001 do not reflect any compensation or benefit costs for services rendered by the partners.

Cost of services before reimbursements for the three months ended November 30, 2001 increased \$95 million, or 6%, over the pro forma as adjusted cost of services for the three months ended November 30, 2000 and remained constant as a percentage of revenues at 53%.

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### Sales and Marketing

Sales and marketing expense was \$361 million in the three months ended November 30, 2001, an increase of \$159 million, or 78%, over the three months ended November 30, 2000 and an increase as a percentage of revenues from 6% in the three months ended November 30, 2000 to 11% in the three months ended November 30, 2001. This increase as a percentage of revenues resulted from higher employee compensation costs. Following our transition to a corporate structure, sales and marketing expense include partner compensation, which consists of salary, variable compensation and benefits. Our historical financial statements in respect of periods ended on or prior to May 31, 2001 do not reflect any compensation or benefit costs for services rendered by the partners.

Sales and marketing expense for the three months ended November 30, 2001 increased \$34 million, or 10%, over the pro forma as adjusted sales and marketing expense for the three months ended November 30, 2000, and increased as a percentage of revenues from 10% in the three months ended November 30, 2000 to 11% in the three months ended November 30, 2001. The slowdown in the global economy in the second half of fiscal year 2001 led us to increase our selling and marketing efforts in order to promote our business.

### General and Administrative Costs

General and administrative costs were \$408 million in the three months ended November 30, 2001, an increase of \$32 million, or 8%, over the three months ended November 30, 2000 and remained constant as a percentage of revenues at 12%.

General and administrative costs for the three months ended November 30, 2001 increased \$3 million, or 1%, over the pro forma as adjusted general and administrative costs for the three months ended November 30, 2000, and remained constant as a percentage of revenues at 12%.

### Reorganization and Rebranding Costs

Reorganization and rebranding costs were \$30 million, or 1% of revenues for the three months ended November 30, 2000. Rebranding costs resulted from

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changing our name to Accenture. These costs are excluded from our pro forma as adjusted financial results as they are considered to be one-time items. We incurred no reorganization and rebranding costs for the three months ended November 30, 2001 and no material costs are expected in fiscal year 2002.

### Operating Income

Operating income was \$414 million in the three months ended November 30, 2001, a decrease of \$425 million, or 51%, from the three months ended November 30, 2000 and a decrease as a percentage of revenues from 26% in the three months ended November 30, 2000 to 12% in the three months ended November 30, 2001. Operating income decreased as a percentage of revenues before reimbursements from 30% in the three months ended November 30, 2000 to 14% in the three months ended November 30, 2001.

Operating income for the three months ended November 30, 2001, increased \$26 million, or 7%, over the pro forma as adjusted operating income for the three months ended November 30, 2000 and remained constant as a percentage of revenues at 12%. Operating income remained constant as a percentage of revenues before reimbursements at 14% in the pro forma as adjusted results of operations for the three months ended November 30, 2000 and in the three months ended November 30, 2001.

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### Gain (Loss) on Investments

Loss on investments totaled \$95 million in the three months ended November 30, 2001, compared to a gain of \$219 million in the three months ended November 30, 2000. The net loss on investments in the three months ended November 30, 2001 is comprised of a \$3 million gain from the sale of securities, net of other-than-temporary impairment investment writedowns of \$90 million, and unrealized investment losses of \$8 million recognized according to SFAS 133. Other-than-temporary impairment writedowns consisted of \$11 million in publicly traded equity securities and \$79 million in privately held equity securities. The writedowns relate to investments in companies where the market value has been less than our cost for an extended time period, or the issuer has experienced significant financial declines or difficulties in raising capital to continue operations.

### Equity in Gains (Losses) of Affiliates

Equity in gains (losses) of affiliates was a \$6 million gain in the three months ended November 30, 2001, compared to a \$20 million loss in the three months ended November 30, 2000. Amortization of negative goodwill was \$13 million in the three months ended November 30, 2001 compared to \$4 million in the three months ended November 30, 2000.

### Provision for Taxes

The effective tax rate for the three months ended November 30, 2001 was 38%. On a pro forma as adjusted basis, the effective tax rate for the three months ended November 30, 2000 was 40%. The actual effective tax rate for the three months ended November 30, 2000 is not comparable to the effective tax rate for the three months ended November 30, 2001 because, prior to May 31, 2001, we operated as a series of related partnerships and corporations and, therefore, generally did not pay income taxes as a corporation.

### Minority Interest

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Minority interest was \$118 million in the three months ended November 30, 2001. Minority interest for the three months ended November 30, 2001 decreased \$96 million, or 45%, over the pro forma as adjusted minority interest for the three months ended November 30, 2000, and remained constant as a percentage of income at 59%.

### Cumulative Effect of Accounting Change

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

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

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

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### Revenues

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

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

Our Communications & High Tech operating group achieved revenues before reimbursements of \$3,238 million in 2001, an increase of 15% over 2000, primarily due to strong growth in our Communications and Electronics & High Tech industry groups in North America. Operations in Europe and Latin America also experienced significant growth. Our Financial Services operating group achieved revenues before reimbursements of \$2,894 million in 2001, an increase of 14% over 2000, primarily due to strong growth in our Banking industry group in Europe and North America and our Health industry group in North America. Our Government operating group achieved revenues before reimbursements of \$1,003 million in 2001, an increase of 26% over 2000, primarily driven by strong growth in North America and the United Kingdom. Our Products operating group

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achieved revenues before reimbursements of \$2,357 million in 2001, an increase of 22% over 2000, as a result of strong growth in our Retail and Consumer Goods & Services industry groups in Europe. Our Resources operating group achieved revenues before reimbursements of \$1,933 million in 2001, an increase of 16% over 2000, as a result of strong growth in the Chemicals, Forest Products, Metals & Mining and Utilities industry groups in North America.

### Operating Expenses

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

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

We continue to implement long-term and short-term cost management initiatives aimed at keeping overall growth in operating expenses less than the growth in revenues. The long-term initiatives focus on global reductions in infrastructure costs. 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.

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### Cost of Services

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

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

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lower cost distribution methods reduced our costs of delivering training.

### Sales and Marketing

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

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

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

### General and Administrative Costs

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

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

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

### Reorganization and Rebranding Costs

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

### Restricted Share Unit-based Compensation

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

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### Operating Income

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

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

### Gain on Investments

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

### Interest Income

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

### Interest Expense

Interest expense was \$44 million in 2001, an increase of \$20 million, or 83%, over 2000. Interest expense on a pro forma as adjusted basis was \$59 million for 2001, an increase of \$24 million, or 69%

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over interest expense on a pro forma basis of \$35 million in 2000 (which reflects an adjustment of \$11 million representing estimated interest expense on early-retirement benefits payable to partners). The increase resulted primarily from the increase in short-term bank borrowings during the third and fourth quarters of 2001.

### Other Income (Expense)

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

### Equity in Losses of Affiliates

Equity in losses of affiliates was a \$61 million loss in 2001, compared to a \$46 million loss in 2000. In 2001, amortization of negative goodwill of \$32



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million was reflected as a component of equity in losses of affiliates, compared to \$1 million in 2000.

### Provision for Taxes

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

### Minority Interest

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

### Cumulative Effect of Accounting Change

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

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

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

### Revenues

Revenues for 2000 were \$11,540 million, an increase of \$461 million, or 4%, over 1999. Revenues before reimbursements for 2000 were \$9,752 million, an increase of \$202 million, or 2%, over 1999.

Exchange rate fluctuations, specifically with respect to the euro, negatively affected revenue growth as measured in U.S. dollars. In local currency terms, revenues before reimbursements grew by 6% over 1999. Our revenue growth was achieved in the face of a challenging economic environment, which began in the second half of 1999 and was primarily related to Year 2000 events. Specifically, we experienced a slowdown in information technology spending by large companies as they completed large enterprise business systems installations in anticipation of the Year 2000. In addition, there was reluctance by large companies to commit to major new transformation and implementation projects until the impact of Year 2000 concerns was fully understood. However, at the same time, we experienced an increase in demand in

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the electronic commerce area. Accordingly, we focused on developing capabilities and new service offerings to meet the growing opportunities in these new areas. We retrained our workforce to maintain market relevance to meet the demands of our clients in the emerging new economy. During the second half of 2000, following the realization by our clients that Year 2000 disruptions were minimal, we experienced increased demand for our services, which led to stronger revenue growth beginning in the third quarter. Specifically, revenue growth was (1%), 0%, 7% and 11% in the first through fourth quarters of the year over the corresponding quarters in the previous year.

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

### Operating Expenses

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

### Cost of Services

Cost of services was \$7,274 million in 2000, an increase of \$288 million, or 4%, over 1999 and remained constant as a percentage of revenues at 63% in 1999 and 2000. Cost of services before reimbursable expenses was \$5,486 million in 2000, an increase of \$29 million, or 1%, over 1999 and a

decrease as a percentage of revenues before reimbursements from 57% in 1999 to 56% in 2000. We were able to maintain overall cost of services as a percentage of revenues and revenues before reimbursements at relatively constant levels

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through periods of slow growth in the first half of 2000, followed by periods of accelerated growth in the second half of 2000.

### Sales and Marketing

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

### General and Administrative Costs

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

### Operating Income

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

### Gain on Investments

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

### Interest Income

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

### Other Income (Expense)

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

### Equity in Losses of Affiliates

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

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### Provision for Taxes

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

### Quarterly Results

The following tables present unaudited quarterly financial information for each of our last nine 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
	(in millions, except per share amounts)				
<b>Revenues:</b>					
Revenues before reimbursements.....	\$2,412	\$2,272	\$2,561	\$2,507	\$2,831
Reimbursements.....	364	436	501	487	407
	2,776	2,708	3,062	2,994	3,238
Operating expenses*.....					
<b>Cost of services:*</b>					
Cost of services before reimbursable expenses*.....	1,356	1,304	1,340	1,487	1,384
Reimbursable expenses.....	364	436	501	487	407
	1,720	1,740	1,841	1,974	1,791
Sales and marketing*.....	199	222	230	232	202
General and administrative costs*.....	318	322	296	360	376
Reorganization and rebranding costs*...	--	--	--	--	30
Restricted share unit-based compensation.....	--	--	--	--	--
	2,237	2,284	2,367	2,566	2,399
Operating income (loss)*.....	539	424	695	428	839
Gain (loss) on investments, net.....	68	200	266	39	219
Interest income.....	14	13	18	22	23
Interest expense.....	(7)	(5)	(6)	(6)	(5)
Other income (expense).....	6	14	12	19	7
Equity in gains (losses) of affiliates..	(4)	(3)	(2)	(37)	(20)

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Income (loss) before taxes*.....	616	643	983	465	1,063
Provision for taxes.....	42	71	81	49	53
	-----	-----	-----	-----	-----
Income (loss) before minority interest and accounting change.....	574	572	902	416	1,010
Minority interest.....	--	--	--	--	--
	-----	-----	-----	-----	-----
Income before accounting change*.....	574	572	902	416	1,010
Cumulative effect of accounting change..	--	--	--	--	188
	-----	-----	-----	-----	-----
Partnership income (loss) before partner distributions*.....	\$ 574	\$ 572	\$ 902	\$ 416	\$1,198
	=====	=====	=====	=====	=====
Net income (loss).....					
Earnings (loss) per share--basic and diluted.....					

August 31, November 30,  
2001 2001

Revenues:		
Revenues before reimbursements.....	\$2,778	\$2,989
Reimbursements.....	429	420
	-----	-----
Revenues.....	3,207	3,409
Operating expenses*.....		
Cost of services:*		
Cost of services before reimbursable expenses*.....	1,690	1,806
Reimbursable expenses.....	429	420
	-----	-----
Cost of services*.....	2,119	2,226
Sales and marketing*.....	446	361
General and administrative costs*.....	386	408
Reorganization and rebranding costs*...	71	--
Restricted share unit-based compensation.....	967	--
	-----	-----
Total operating expenses*.....	3,989	2,995
	-----	-----
Operating income (loss)*.....	(782)	414
Gain (loss) on investments, net.....	(73)	(95)
Interest income.....	20	15
Interest expense.....	(17)	(9)
Other income (expense).....	(4)	(8)
Equity in gains (losses) of affiliates..	(9)	6
	-----	-----
Income (loss) before taxes*.....	(865)	323
Provision for taxes.....	82	123
	-----	-----
Income (loss) before minority interest and accounting change.....	(947)	200
Minority interest.....	577	(118)
	-----	-----

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Income before accounting change*.....	(370)	82
Cumulative effect of accounting change..	--	--
	-----	-----
Partnership income (loss) before partner distributions*.....		
Net income (loss).....	\$ (370)	\$ 82
	=====	=====
Earnings (loss) per share--basic and diluted.....	\$(1.25)	\$ 0.20
	=====	=====

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\* Excludes payments for partner distributions.

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### Liquidity and Capital Resources

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

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

Our balance of cash and cash equivalents was \$1,130 million at November 30, 2001 and \$1,880 million at August 31, 2001, a decrease of \$750 million, or 40%. The decrease is largely attributable to distributions to partners of partnership income earned for periods prior to our transition to a corporate structure and taxes paid in the U.S. related to our transition to a corporate structure, partially offset by earnings. Our balance of cash and cash equivalents at August 31, 2001 increased \$609 million, or 48%, from \$1,271 million at August 31, 2000. The increase is largely attributable to proceeds from the issuance of common shares, earnings and the sale of marketable securities, which were partially offset by distributions to partners, return of capital to partners and purchases of equity investments.

Net cash used in operating activities was \$197 million in the three months ended November 30, 2001, compared to net cash provided by operating activities of \$713 million in the three months ended November 30, 2000, primarily due to lower net income and the payment of taxes in the U.S. Net cash used in investing activities was \$64 million in the three months ended November 30, 2001, compared to net cash provided by investing activities of \$156 million in the three months ended November 30, 2000, primarily due to reduced proceeds from the sale of investments. Net cash used in financing activities was \$496

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million in the three months ended November 30, 2001, a decrease of \$266 million from the three months ended November 30, 2000, primarily due to reduced pre-incorporation earnings distributions to our partners. Net cash provided by operating activities was \$2,281 million for fiscal 2001, an increase of \$150 million from fiscal 2000. Net cash used by investing activities was \$411 million for fiscal 2001, an increase of \$518 million from fiscal 2000, as proceeds from the sale of investments of \$428 million were offset by purchases of new investments and by capital expenditures. Net cash used by financing activities was \$1,167 million for fiscal 2001, a decrease of \$867 million from fiscal 2000. This included net proceeds of \$1,791 million from the initial public offering and sale of the Accenture Ltd Class A common shares in the fourth quarter of fiscal 2001, offset by earnings distributions to partners of \$2,282 million, repayment of partners' capital totaling \$524 million, and a payment of \$314 million to Andersen Worldwide and Arthur Andersen of amounts due related to the final resolution of the arbitration.

Because we have historically deferred the distribution of a portion of our partners' current year earnings into the subsequent fiscal year, these earnings have been available for a period of time to meet liquidity and working capital requirements. These distributable earnings, temporarily retained and distributed in the subsequent fiscal year, totaled \$1,130 million and \$819 million at August 31, 2000 and 2001, respectively. At May 31, 2001, we reclassified the final distributable earnings from the capital

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accounts to current liabilities. Distribution to our partners of pre-incorporation earnings during the three months ended November 30, 2001 was \$489 million. The balance was paid in the second quarter of fiscal 2002.

We have two syndicated credit facilities providing \$450 million and \$420 million, respectively, of unsecured, revolving borrowing capacity for general working capital purposes. Committed financing is provided at the prime rate or at the London Interbank Offered Rate plus a spread, and bid option financing is available. These facilities mature in August 2003 and June 2002, respectively. We expect to be able to renew these facilities on comparable terms. The facilities require us to (1) limit liens placed on our assets to (a) liens incurred in the ordinary course of business (subject to certain limitations) and (b) other liens securing aggregate amounts not in excess of 30% of our total assets and (2) maintain a maximum debt to cash flow ratio of one to one. We are in compliance with these terms. As of November 30, 2001, we had no borrowings and \$19 million in letters of credit outstanding under these facilities.

We also maintain four separate bilateral, uncommitted, unsecured multicurrency revolving credit facilities. As of November 30, 2001, these facilities provided for up to \$369 million of local currency financing in countries that cannot readily access our syndicated facilities. We also maintain local guaranteed and non-guaranteed lines of credit. As of November 30, 2001, amounts available under these lines of credit facilities totaled \$230 million. At November 30, 2001, we had \$217 million outstanding under these various facilities. Interest rate terms on the bilateral revolving facilities and local lines of credit are at market rates prevailing in the relevant local markets.

During the three months ended November 30, 2000 and 2001, we made \$67 million and \$42 million in capital expenditures, respectively, and \$315 million and \$378 million for fiscal 2000 and 2001, respectively, primarily for technology assets, furniture and equipment and leasehold improvements to support our operations. We expect that our capital expenditures in the current

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fiscal year will be less than our capital expenditures in each of the last two fiscal years. During November 1999, we formed Accenture Technology Ventures to select, structure and manage a portfolio of equity investments. We made equity investments of \$85 million and \$31 million during the three months ended November 30, 2000 and 2001, respectively, and \$153 million and \$326 million during fiscal 2000 and 2001, respectively. See "Overview--Gain (Loss) on Investments" for a discussion of our plans with respect to our investment portfolio.

As of August 31, 2001 and November 30, 2001, we had commitments for investments of \$66 million and \$62 million, respectively. We also received \$21 million and \$1 million in the three months ended November 30, 2000 and 2001, respectively, and \$111 million and \$118 million in fiscal 2000 and 2001, respectively, in equity from our clients as compensation for current and future services. Amounts ultimately realized from these equity securities may be higher or lower than amounts recorded on the measurement dates. At February 28, 2002, we had authorization to repurchase up to an additional \$123 million of Accenture Ltd's Class A common shares. The cost of shares repurchased during the three months ended November 30, 2001 was \$21 million, and \$106 million during the three months ended February 28, 2002. In addition to our ongoing open-market share repurchases, we expect to repurchase shares pursuant to our Share Management Plan. See "Certain Relationships and Related Transactions--Share Management Plan." In certain countries we must use treasury shares, rather than newly issued shares, to satisfy our obligations upon the maturity of a restricted share unit or the exercise of an option in order for the transaction to receive the available tax deductability. We expect that we will use 6.4 million, 10.0 million and 7.5 million treasury shares for these purposes in fiscal 2002, 2003 and 2004, respectively.

In limited circumstances, we agree to extend financing to clients. The terms vary by engagement, but generally we contractually link payment for services to the achievement of specified performance

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milestones. We finance these client obligations primarily with existing working capital and bank financing in the country of origin. As of August 31, 2000, August 31, 2001 and November 30, 2001, \$223 million, \$182 million and \$180 million were outstanding for 14, 17 and 18 clients, respectively. These outstanding amounts are included in unbilled services and other non-current assets on our historical balance sheets.

Obligations and Commitments

As of November 30, 2001, we had the following obligations and commitments to make future payments under contracts, contractual obligations and commercial commitments:

	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
	(in thousands)				
Contractual Cash Obligations					
Long-term debt.....	\$ 5,787	\$ 1,425	\$ 4,362	\$ --	\$ --
Operating leases.....	2,831,237	216,732	350,036	371,765	1,892,704



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Client financing.....	180,000	118,000	62,000	--	--
Andersen services (1).....	660,000	120,000	240,000	240,000	60,000
Partner retirement benefits.....	61,782	2,635	9,345	8,485	41,317
Early retirement partner benefits	281,716	50,249	128,749	87,283	15,435

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(1) In addition, we are obligated to provide Andersen up to \$22,500 per year of services valued at then current retail billing rates for five years from 2001.

Market Risk

Foreign Currency Risk

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

For purposes of specific risk analysis, we use sensitivity analysis to determine the effects that market risk exposures may have on the fair value of our hedge portfolio. The foreign currency exchange risk is computed based on the market value of future cash flows as affected by the changes in the rates attributable to the market risk being measured. The sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the opposite gain or loss on the underlying transaction. As of August 31, 2000, a 10% decrease in the levels of foreign currency exchange rates against the U.S. dollar with all other variables held constant would result in an increase in the fair value of our financial instruments of \$6 million, while a 10% increase in the levels of foreign currency exchange rates against the U.S. dollar would have almost no effect on the fair value of our financial instruments due to the fact that our long and short forward positions almost completely offset each other. As of August 31, 2001, a 10% decrease in the levels of foreign currency exchange rates against the U.S. dollar with all other variables held constant would result in a decrease in the fair value of our financial instruments of \$4 million, while a 10% increase in the levels of foreign currency exchange rates against the U.S. dollar would result in an increase in the fair value of our financial instruments of \$4 million. As of November 30, 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 an increase in the fair value of our financial instruments of \$4 million, while a 10% increase in the levels of foreign currency exchange rates against the U.S. dollar would result in a decrease in the fair value of our financial instruments of \$4 million.

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

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### Interest Rate Risk

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

The interest rate risk associated with our borrowing and investing activities at August 31, 2000, August 31, 2001 and November 30, 2001 is not material in relation to our consolidated financial position, results of operations or cash flows. We have not used derivative financial instruments to alter the interest rate characteristics of our investment holdings or debt instruments.

### Equity Price Risk

We have marketable equity securities that are subject to market price volatility. Marketable equity securities include common stock, warrants and options. Our investment portfolio includes warrants and options in both publicly traded and privately held companies. Warrants in public companies and those that can be net share settled in private companies are deemed derivative financial instruments and are recorded on the Consolidated Balance Sheet at fair value. The privately held investments are inherently risky because the markets for the technologies or products developed by these companies are less established than those of most publicly traded companies and we may be unable to liquidate our investments if desired. Beginning September 1, 2000, warrants are deemed derivative financial instruments by SFAS 133. As such, they are recorded on the balance sheet at fair value with unrealized gains or losses recorded on the income statement. As of November 30, 2001, we have entered into a derivative contract to offset the risks associated with certain equity investments.

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

	Valuation of investments assuming indicated decrease			August 31, 2000 fair value	Valuation of investments assuming indicated increa		
	-30%	-20%	-10%		+10%	+20%	+30%
	(in thousands)						

Marketable Equity Securities....	\$528,016	\$603,446	\$678,877	\$754,308	\$829,739	\$905,170	\$980,6
----------------------------------	-----------	-----------	-----------	-----------	-----------	-----------	---------

	Valuation of investments assuming indicated decrease			August 31, 2001 fair value	Valuation of investments assuming indicated increa		
	-30%	-20%	-10%		+10%	+20%	+30%
	(in thousands)						

Marketable Equity Securities and Warrants Deemed Derivatives							
---	--	--	--	--	--	--	--

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by SFAS 133..... \$ 60,618 \$ 69,278 \$ 77,937 \$ 86,597 \$ 95,257 \$103,916 \$112,5

Valuation of investments assuming indicated decrease			November 30, 2001 fair value	Valuation of investments assuming indicated increa		
-----	-----	-----	-----	-----	-----	-----
-30%	-20%	-10%		+10%	+20%	+30%
-----	-----	-----	-----	-----	-----	-----

(in thousands)

Marketable Equity Securities and  
Warrants Deemed Derivatives

by SFAS 133..... \$ 56,741 \$ 64,846 \$ 72,952 \$ 81,058 \$ 89,164 \$ 97,270 \$105,3

See "--Overview--Gain (Loss) on Investments" for a discussion of our plans with respect to our investment portfolio.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

Financial Statements:

Consolidated Balance Sheets as of August 31, 2001 and November 30, 2001 (unaudited)

Combined Income Statement Before Partner Distributions for the three months ended November 30, 2001 and Consolidated Income Statement for the three months ended November 30, 2001 (unaudited)

Combined and Consolidated Cash Flows Statements for the three months ended November 30, 2001 (unaudited)

Notes to Combined and Consolidated Financial Statements (unaudited)

Report of Independent Accountants

Combined and Consolidated Balance Sheets as of August 31, 2000 and 2001

Combined Income Statements Before Partner Distributions for the years ended August 31, 1999 and Consolidated Income Statement for the year ended August 31, 2001

Combined Statements of Partners' Capital and Comprehensive Income for the years ended August 31, 1999 and 2000 and Consolidated Shareholders' Equity for the year ended August 31, 2001

Combined and Consolidated Cash Flows Statements for the years ended August 31, 1999, 2000 and 2001

Notes to Combined and Consolidated Financial Statements

(c) Exhibits:

23.1 Consent of PricewaterhouseCoopers LLP.

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## INDEX TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets as of August 31, 2001 and November 30, 2001 (unaudited).....	
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### ACCENTURE LTD

#### CONSOLIDATED BALANCE SHEETS

August 31, 2001 and November 30, 2001

(In thousands of U.S. dollars except share and per share amounts)

	August 31, 2001	November 30, 2001
	-----	-----
		(Unaudited)
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents.....	\$ 1,880,083	\$ 1,129,517
Receivables from clients, net.....	1,498,812	1,534,348
Unbilled services.....	731,802	930,389
Due from related parties.....	69,500	86,390
Deferred income taxes, net.....	166,372	173,665
Other current assets.....	233,068	219,234
	-----	-----

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Total current assets.....	4,579,637	4,073,543
-----		
NON-CURRENT ASSETS:		
Due from related parties.....	23,800	--
Investments.....	324,139	259,906
Property and equipment, net.....	822,318	787,121
Deferred income taxes, net.....	213,617	208,722
Other non-current assets.....	97,845	93,379
-----		
Total non-current assets.....	1,481,719	1,349,128
-----		
TOTAL ASSETS.....	\$ 6,061,356	\$ 5,422,671
=====		

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Short-term bank borrowings.....	\$ 189,872	\$ 217,017
Current portion of long-term debt.....	797	1,425
Accounts payable.....	371,794	360,724
Due to related parties.....	818,888	379,680
Deferred revenue.....	810,043	719,063
Accrued payroll and related benefits.....	1,050,385	1,107,426
Taxes payable.....	515,304	236,162
Deferred income taxes, net.....	29,373	19,750
Other accrued liabilities.....	392,364	319,550
-----		
Total current liabilities.....	4,178,820	3,360,797
-----		
NON-CURRENT LIABILITIES:		
Long-term debt.....	1,090	4,362
Retirement obligation.....	343,249	344,114
Deferred income taxes, net.....	50,969	22,569
Other non-current liabilities.....	797,114	811,689
-----		
Total non-current liabilities.....	1,192,422	1,182,734
-----		
MINORITY INTEREST.....	407,926	526,388
-----		
SHAREHOLDERS' EQUITY:		
Preferred shares, 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, 343,307,238 issued as of August 31, 2001 and 343,308,444 issued as of November 30, 2001.....	8	8
Class X common shares, par value \$0.0000225 per share, 1,000,000,000 shares authorized, 591,161,472 shares issued and outstanding.....	13	13
Restricted share units (related to Class A common shares), 68,481,815 units issued and outstanding as of August 31, 2001 and 68,273,504 units issued and outstanding as of November 30, 2001.....	993,380	989,280
Additional paid-in capital.....	832,731	832,731
Treasury shares, at cost 1,622,400 shares.....	--	(20,978)
Retained deficit.....	(1,435,310)	(1,353,634)
Accumulated other comprehensive loss.....	(108,634)	(94,668)
-----		
Total shareholders' equity.....	282,188	352,752
-----		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$ 6,061,356	\$ 5,422,671
=====		

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

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### ACCENTURE LTD

#### COMBINED INCOME STATEMENT BEFORE PARTNER DISTRIBUTIONS CONSOLIDATED INCOME STATEMENT

For the Three Months Ended November 30, 2000 and 2001  
(In thousands of U.S. dollars except share and per share amounts)  
(Unaudited)

	Combined Income Statement 2000	Consolidated Income Statement 2001
	-----	-----
<b>REVENUES:</b>		
Revenues before reimbursements.....	\$2,831,298	\$2,988,630
Reimbursements.....	406,994	419,880
	-----	-----
Revenues.....	3,238,292	3,408,510
<b>OPERATING EXPENSES:</b>		
Cost of services*:		
Cost of services before reimbursable expenses*.....	1,383,590	1,806,181
Reimbursable expenses.....	406,994	419,880
	-----	-----
Cost of services*.....	1,790,584	2,226,061
Sales and marketing*.....	201,818	360,235
General and administrative costs*.....	376,477	407,957
Reorganization and rebranding costs.....	30,010	--
	-----	-----
Total operating expenses*.....	2,398,889	2,994,253
	-----	-----
OPERATING INCOME*.....	839,403	414,257
Gain (loss) on investments, net.....	219,104	(94,737)
Interest income.....	22,549	14,785
Interest expense.....	(4,430)	(9,770)
Other income (expense).....	6,675	(7,933)
Equity in gains (losses) of affiliates.....	(20,441)	6,201
	-----	-----
INCOME BEFORE TAXES*.....	1,062,860	322,803
Provision for taxes.....	52,393	122,665
	-----	-----
INCOME BEFORE MINORITY INTEREST AND ACCOUNTING CHANGE*.....	1,010,467	200,138
Minority interest.....	--	(118,462)
	-----	-----
INCOME BEFORE ACCOUNTING CHANGE*.....	1,010,467	81,676
Cumulative effect of accounting change.....	187,974	--
	-----	-----

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PARTNERSHIP INCOME BEFORE PARTNER DISTRIBUTIONS*.....	\$1,198,441	=====
NET INCOME.....	\$ 81,676	=====
Weighted Average Class A Common Shares:.....		
Basic.....	-- 410,488,771	
Diluted.....	-- 1,014,448,500	
Earnings Per Class A Common Share:.....		
Basic.....	-- \$ 0.20	
Diluted.....	-- \$ 0.20	

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

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

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### ACCENTURE LTD

#### COMBINED AND CONSOLIDATED CASH FLOWS STATEMENTS

For the Three Months Ended November 30, 2000 and 2001

(In thousands of U.S. dollars)

(Unaudited)

	Combined Cash Flow 2000 -----	Consolidated Cash Flow 2001 -----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Partnership income before partnership distributions.....	\$1,198,441	
Net income.....		\$ 81,676 -----
Adjustments to reconcile partnership income and net income to net cash provided by (used in) operating activities--		
Depreciation.....	58,407	69,069
(Gain) loss on investments, net.....	(219,104)	94,737
Equity in (gains) losses of affiliates.....	20,441	(6,201)
Losses on disposal of property and equipment.....	--	8,582
Deferred income taxes.....	--	(40,421)
Minority interest.....	--	118,462
Other items, net.....	(936)	14,780
Cumulative effect of accounting change.....	(187,974)	--
Change in assets and liabilities--		
Increase in receivables from clients, net.....	(147,131)	(35,536)
Increase in unbilled services.....	(125,117)	(198,587)
Decrease in other current assets.....	49,633	13,834

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(Increase) decrease in other non-current assets.....	(17,255)	4,466
Increase (decrease) in accounts payable.....	46,356	(11,070)
Decrease in due to related parties.....	(14,106)	--
Decrease in deferred revenue.....	(81,279)	(88,650)
Increase in accrued payroll and related benefits.....	240,174	64,166
Decrease in taxes payable.....	(33,606)	(279,142)
Decrease in other accrued liabilities.....	(73,993)	(22,846)
Increase in other non-current liabilities.....	--	15,291
	-----	-----
Total adjustments.....	(485,490)	(279,066)
	-----	-----
Net cash provided by (used in) operating activities...	712,951	(197,390)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments.....	308,394	8,361
Proceeds from sales of property and equipment.....	--	257
Purchases of investments.....	(85,328)	(30,761)
Property and equipment additions.....	(67,228)	(42,057)
	-----	-----
Net cash provided by (used in) investing activities...	155,838	(64,200)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital paid in by partners.....	2,879	--
Repayment of paid-in capital to partners.....	(5,079)	--
Purchase of treasury shares.....	--	(20,978)
Distribution of partners' pre-incorporation income.....	(927,863)	(489,391)
Proceeds from issuance of long-term debt.....	--	3,935
Repayment of long-term debt.....	(1,175)	(35)
Proceeds from issuance of short-term bank borrowings.....	237,222	132,352
Repayments of short-term bank borrowings.....	(68,052)	(122,287)
	-----	-----
Net cash used in financing activities.....	(762,068)	(496,404)
Effect of exchange rate changes on cash and cash equivalents.....	(29,076)	7,428
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	77,645	(750,566)
CASH AND CASH EQUIVALENTS, beginning of period.....	1,270,516	1,880,083
	-----	-----
CASH AND CASH EQUIVALENTS, end of period.....	\$1,348,161	\$1,129,517
	=====	=====

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

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS  
(In thousands of U.S. dollars except share and per share amounts)  
(Unaudited)

#### 1. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Accenture Ltd (the "Company") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction



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with the consolidated financial statements and notes thereto for the fiscal year ended August 31, 2001, included in the Company's Annual Report on Form 10-K filed with the SEC. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and reflect all adjustments (consisting solely of normal, recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of results for these interim periods. The results of operations for the three months ended November 30, 2001, are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 2002. Certain prior period amounts have been reclassified to conform with the current period presentation.

### 2. COMPREHENSIVE INCOME

The components of comprehensive income for the three-month periods ended November 30, 2000 and 2001, respectively, are as follows:

	2000
	-----
Partnership Income Before Partner Distributions.....	\$1,198,44
Net Income.....	
Foreign currency translation adjustments.....	(29,07
Unrealized gains (losses) on marketable securities, net of reclassification adjustments	(596,99
	-----
Comprehensive income.....	\$ 572,37
	=====

### 3. INVESTMENTS

Management conducts a quarterly impairment review of each investment in the portfolio, including historical and projected financial performance, expected cash needs and recent funding events. Other-than-temporary impairments for investments are recognized if the market value of the investment is below its cost basis for an extended period or the issuer has experienced significant financial declines or difficulties in raising capital to continue operations. Other-than-temporary impairments were \$28,000 and \$90,000 for the three months ended November 30, 2000 and 2001, respectively.

### 4. SEGMENT REPORTING

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

Accenture's chief operating decision maker is the Chief Executive Officer. The operating segments are managed separately because each operating segment represents a strategic business unit that serves different markets. The reportable operating segments are the Company's five operating groups (formerly known as global market units), which are Communications & High Tech, Financial Services, Government, Products and Resources.

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NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share and per share amounts)  
(Unaudited)

Certain changes have been made to the prior-period amounts in order to conform with the current period presentation. The most significant of these changes was the elimination of interest expense from the five operating groups' operating income and the elimination of interest credits from Other's operating income. Also, the consolidated affiliated companies' revenues and operating income (loss) results are included in the five operating groups' results rather than being reported in Other.

### Reportable Segments

Three months ended November 30, 2000	Comm. & High Tech	Financial Services	Government	Products	Resources	Other	Total
Revenues before reimbursements	\$864,870	\$758,563	\$213,103	\$532,404	\$460,750	\$1,608	\$2,831,298
Operating income *.....	260,698	270,636	30,474	148,466	121,933	7,196	839,403

Three months ended November 30, 2001	Comm. & High Tech	Financial Services	Government	Products	Resources	Other	Total
Revenues before reimbursements	\$743,215	\$716,707	\$336,519	\$649,829	\$540,908	\$1,452	\$2,988,630
Operating income.....	55,319	90,805	62,898	120,316	81,501	3,418	414,257

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

### 5. EARNINGS PER SHARE (EPS)

Reconciliation of Net income and Earnings per share for the three months ended November 30, 2001:

	Basic	Diluted
Net income available for Class A common shareholders.....	\$ 81,676	\$ 81,676
Minority interest (1).....	--	118,418
Net income for per share calculation.....	\$ 81,676	\$ 200,094
Weighted average Class A common shares outstanding.....	410,448,771	410,448,771
Class A common shares issuable upon redemption of minority interest (1)	--	595,457,300
Employee compensation related to Class A common shares.....	--	8,542,300
	410,448,771	1,014,448,371

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Earnings per Class A common share..... \$ 0.20 \$ 0.

-----

(1) Accenture Class A common shares issuable or exchangeable upon redemption or exchange of shares held by Accenture SCA Class I common shareholders and Accenture Canada Holdings Inc. shareholders.

In respect of periods ended on or prior to May 31, 2001, the Company operated as a series of related partnerships and corporations under the control of the partners. There is no single capital structure upon which to calculate historical earnings per share information. Accordingly, historical earnings per share information has only been presented for periods following the Company's transition to a corporate structure.

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ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share and per share amounts)  
(Unaudited)

6. EMPLOYEE SHARE PURCHASE PLAN

On October 1, 2001, a six-month offering period commenced under the plan. At November 30, 2001, accrued payroll and related benefits includes \$20,523 of payroll withholdings from employees.

7. RELATED PARTIES

Amounts due to/due from related parties at August 31, 2001 and November 30, 2001 were payable to/receivables from those individuals who were partners of Accenture prior to May 31, 2001, in respect of pre-incorporation transactions.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Accenture Ltd:

In our opinion, the accompanying combined and consolidated balance sheets and the related combined income statements before partner distributions/consolidated income statement, combined statements of partners' capital and comprehensive income/consolidated shareholders' equity statement and combined and consolidated cash flows statements present fairly, in all material respects, the financial position of Accenture Ltd and its subsidiaries at August 31, 2000 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended August 31, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable

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assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, in 2001 the Company changed its method of accounting for derivative instruments and hedging activities.

/s/ PricewaterhouseCoopers LLP  
 October 11, 2001, except as to Note 18 which is as of March 15, 2002  
 Chicago, Illinois

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### ACCENTURE LTD

#### COMBINED AND CONSOLIDATED BALANCE SHEETS

August 31, 2000 and 2001

(In thousands of U.S. dollars except share amounts)

	Combined Balance Sheet 2000	Consolidated Balance Sheet 2001
	-----	-----
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents.....	\$1,270,516	\$ 1,880,083
Short-term investments.....	395,620	--
Receivables from clients, net.....	1,450,555	1,498,812
Unbilled services.....	682,935	731,802
Due from related parties.....	58,287	69,500
Deferred income taxes, net.....	--	166,372
Other current assets.....	141,372	233,068
	-----	-----
Total current assets.....	3,999,285	4,579,637
	-----	-----
<b>NON-CURRENT ASSETS:</b>		
Due from related parties.....	81,220	23,800
Investments.....	509,665	324,139
Property and equipment, net.....	705,508	822,318
Deferred income taxes, net.....	--	213,617
Other non-current assets.....	155,619	97,845
	-----	-----
Total non-current assets.....	1,452,012	1,481,719
	-----	-----
<b>TOTAL ASSETS.....</b>	<b>\$5,451,297</b>	<b>\$ 6,061,356</b>
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term bank borrowings.....	\$ 164,765	\$ 189,872
Current portion of long-term debt.....	29,921	797
Accounts payable.....	233,737	371,794

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Due to related parties.....	339,877	818,888
Deferred revenue.....	948,390	810,043
Accrued payroll and related benefits.....	700,843	1,050,385
Taxes payable.....	283,731	515,304
Deferred income taxes, net.....	--	29,373
Other accrued liabilities.....	282,715	392,364
	-----	-----
Total current liabilities.....	2,983,979	4,178,820
	-----	-----
NON-CURRENT LIABILITIES:		
Long-term debt.....	98,865	1,090
Retirement obligation.....	--	343,249
Deferred income taxes, net.....	--	50,969
Other non-current liabilities.....	--	797,114
	-----	-----
Total non-current liabilities.....	98,865	1,192,422
	-----	-----
MINORITY INTEREST.....	--	407,926
	-----	-----
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred shares, 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, 343,307,238 shares issued and outstanding.....	--	8
Class X common shares, par value \$0.0000225 per share, 1,000,000,000 shares authorized, 591,161,472 shares issued and outstanding.....	--	13
Restricted share units (related to Class A common shares), 68,481,815 units issued and outstanding.....	--	993,380
Additional paid-in capital.....	--	832,731
Retained earnings (deficit).....	--	(1,435,310)
Partners' paid-in capital.....	403,483	--
Partners' undistributed earnings.....	1,347,905	--
Accumulated other comprehensive income (loss).....	617,065	(108,634)
	-----	-----
Total shareholders' equity.....	2,368,453	282,188
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$5,451,297	\$ 6,061,356
	=====	=====

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

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ACCENTURE LTD

COMBINED INCOME STATEMENTS BEFORE PARTNER DISTRIBUTIONS

CONSOLIDATED INCOME STATEMENT

For the Years Ended August 31, 1999, 2000 and 2001  
(In thousands of U.S. dollars)

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	Combined Income Statement 1999	Combined Income Statement 2000	Consolidated Income Statement 2001
	-----	-----	-----
<b>REVENUES:</b>			
Revenues before reimbursements.....	\$ 9,549,856	\$ 9,752,085	\$11,443,720
Reimbursements.....	1,529,543	1,787,865	1,904,152
	-----	-----	-----
Revenues.....	11,079,399	11,539,950	13,347,872
<b>OPERATING EXPENSES:</b>			
Cost of services*:			
Cost of services before reimbursable expenses*....	5,456,559	5,486,292	6,199,213
Reimbursable expenses.....	1,529,543	1,787,865	1,904,152
	-----	-----	-----
Cost of services*.....	6,986,102	7,274,157	8,103,365
Sales and marketing*.....	790,246	883,276	1,217,343
General and administrative costs*.....	1,271,357	1,296,398	1,515,683
Reorganization and rebranding costs*.....	--	--	848,615
Restricted share unit-based compensation.....	--	--	967,110
	-----	-----	-----
Total operating expenses*.....	9,047,705	9,453,831	12,652,116
	-----	-----	-----
OPERATING INCOME*.....	2,031,694	2,086,119	695,756
Gain on investments, net.....	92,542	573,220	107,016
Interest income.....	60,039	67,244	79,778
Interest expense.....	(27,200)	(24,071)	(43,278)
Other income (expense).....	(5,309)	51,042	16,973
Equity in losses of affiliates.....	(6,472)	(46,853)	(61,388)
	-----	-----	-----
INCOME BEFORE TAXES*.....	2,145,294	2,706,701	794,857
Provision for taxes.....	122,640	242,807	502,616
	-----	-----	-----
INCOME BEFORE MINORITY INTEREST AND ACCOUNTING CHANGE*.....	2,022,654	2,463,894	292,241
Minority interest.....	--	--	577,188
	-----	-----	-----
INCOME BEFORE ACCOUNTING CHANGE*.....	2,022,654	2,463,894	869,429
Cumulative effect of accounting change.....	--	--	187,974
	-----	-----	-----
PARTNERSHIP INCOME BEFORE PARTNER DISTRIBUTIONS*.....	\$ 2,022,654	\$ 2,463,894	
	=====	=====	
NET INCOME*.....			\$ 1,057,403
			=====

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

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

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ACCENTURE LTD

COMBINED STATEMENTS OF PARTNERS' CAPITAL AND COMPREHENSIVE INCOME

CONSOLIDATED SHAREHOLDERS' EQUITY STATEMENT

For the Years Ended August 31, 1999, 2000 and 2001  
(In thousands of U.S. dollars and in thousands of share amounts)

	Preferred Shares	Class A Common Shares \$ No. Shares	Class X Common Shares \$ No. Shares
Balance, at August 31, 1998.....	\$--	\$--	-- \$--
Comprehensive income.....			
Partnership income before partner distributions.....			
Other comprehensive income.....			
Unrealized gains on marketable securities, net of reclassification adjustment.....			
Foreign currency translation.....			
Other comprehensive income.....			
Comprehensive income.....			
Capital paid in by partners.....			
Repayment of paid-in capital to partners.....			
Distribution of partners' income.....			
Balance at August 31, 1999.....	--	--	-- --
Comprehensive income.....			
Partnership income before partner distributions.....			
Other comprehensive income.....			
Unrealized gains on marketable securities, net of reclassification adjustment.....			
Foreign currency translation.....			
Other comprehensive income.....			
Comprehensive income.....			
Capital paid in by partners.....			
Repayment of paid-in capital to partners.....			
Distribution to AW-SC.....			
Distribution of partners' income.....			
Balance at August 31, 2000.....	--	--	-- --
Comprehensive income.....			
Partnership income before partner distributions for the nine months ended May 31, 2001.....			
Net loss for the three months ended August 31, 2001.....			
Other comprehensive income (loss).....			
Unrealized losses on marketable securities, net of reclassification adjustment.....			
Foreign currency translation.....			
Other comprehensive income (loss).....			

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Comprehensive income.....					
Capital paid in by partners.....					
Repayment of paid-in capital to partners.....					
Distribution to AW-SC.....					
Distribution of partners' income.....					
Partner retirement and vacation benefits.....					
Transfer to retained earnings (deficit).....					
Issuance of shares:					
Shares issued upon reorganization to corporate structure....	5	212,257	13	591,1	
Initial public offering, net.....	3	131,050			
Restricted share units.....					
Minority interest.....					
	---	-----	---	-----	
Balance at August 31, 2001.....	\$--	\$ 8 343,307	\$13	591,1	
	===	=====	===	=====	

	Additional Paid-in Capital	Retained Earnings (Deficit)	Paid-in Capital
	-----	-----	-----
Balance, at August 31, 1998.....	\$ --	\$ --	\$ 276,025
Comprehensive income.....			
Partnership income before partner distributions.....			
Other comprehensive income.....			
Unrealized gains on marketable securities, net of reclassification adjustment.....			
Foreign currency translation.....			
Other comprehensive income.....			
Comprehensive income.....			
Capital paid in by partners.....			93,211
Repayment of paid-in capital to partners.....			(17,731)
Distribution of partners' income.....			
	-----	-----	-----
Balance at August 31, 1999.....	--	--	351,505
Comprehensive income.....			
Partnership income before partner distributions.....			
Other comprehensive income.....			
Unrealized gains on marketable securities, net of reclassification adjustment.....			
Foreign currency translation.....			
Other comprehensive income.....			
Comprehensive income.....			
Capital paid in by partners.....			99,895
Repayment of paid-in capital to partners.....			(47,917)
Distribution to AW-SC.....			
Distribution of partners' income.....			
	-----	-----	-----
Balance at August 31, 2000.....	--	--	403,483
Comprehensive income.....			
Partnership income before partner distributions for the nine months ended May 31, 2001.....			
Net loss for the three months ended August 31, 2001.....		(369,782)	
Other comprehensive income (loss).....			
Unrealized losses on marketable securities, net of			



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reclassification adjustment.....			
Foreign currency translation.....			
Other comprehensive income (loss).....			
Comprehensive income.....			
Capital paid in by partners.....			146,328
Repayment of paid-in capital to partners.....			(549,811)
Distribution to AW-SC.....			
Distribution of partners' income.....			
Partner retirement and vacation benefits.....			
Transfer to retained earnings (deficit).....		(1,065,528)	
Issuance of shares:			
Shares issued upon reorganization to corporate structure....			
Initial public offering, net.....	1,791,441		
Restricted share units.....			
Minority interest.....	(958,710)		
Balance at August 31, 2001.....	\$ 832,731	\$ (1,435,310)	\$ --

		Total	
		-----	
Balance, at August 31, 1998.....	\$ 1,506,611		
Comprehensive income.....			
Partnership income before partner distributions.....	2,022,654		
Other comprehensive income.....			
Unrealized gains on marketable securities, net of			
reclassification adjustment.....	185,881		
Foreign currency translation.....	(19,948)		
Other comprehensive income.....			
Comprehensive income.....	2,188,587		
Capital paid in by partners.....	93,211		
Repayment of paid-in capital to partners.....	(17,731)		
Distribution of partners' income.....	(1,562,545)		
Balance at August 31, 1999.....	2,208,133		
Comprehensive income.....			
Partnership income before partner distributions.....	2,463,894		
Other comprehensive income.....			
Unrealized gains on marketable securities, net of			
reclassification adjustment.....	408,998		
Foreign currency translation.....	(45,075)		
Other comprehensive income.....			
Comprehensive income.....	2,827,817		
Capital paid in by partners.....	99,895		
Repayment of paid-in capital to partners.....	(47,917)		
Distribution to AW-SC.....	(826,156)		
Distribution of partners' income.....	(1,893,319)		
Balance at August 31, 2000.....	2,368,453		
Comprehensive income.....			

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Partnership income before partner distributions for the nine months ended May 31, 2001.....	1,427,185
Net loss for the three months ended August 31, 2001.....	(369,782)
Other comprehensive income (loss).....	
Unrealized losses on marketable securities, net of reclassification adjustment.....	(700,857)
Foreign currency translation.....	(24,842)
Other comprehensive income (loss).....	-----
Comprehensive income.....	331,704
Capital paid in by partners.....	146,328
Repayment of paid-in capital to partners.....	(549,811)
Distribution to AW-SC.....	(268,781)
Distribution of partners' income.....	(3,106,350)
Partner retirement and vacation benefits.....	(465,487)
Transfer to retained earnings (deficit).....	--
Issuance of shares:	
Shares issued upon reorganization to corporate structure....	18
Initial public offering, net.....	1,791,444
Restricted share units.....	993,380
Minority interest.....	(958,710)
	-----
Balance at August 31, 2001.....	\$ 282,188
	=====

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

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ACCENTURE LTD

COMBINED AND CONSOLIDATED CASH FLOWS STATEMENTS

For the Years Ended August 31, 1999, 2000 and 2001  
(In thousands of U.S. dollars)

	Combi
	Cash
	199
	-----
CASH FLOWS FROM OPERATING ACTIVITIES:	
Partnership income before partnership distributions.....	\$ 2,02
Net income.....	-----
Adjustments to reconcile partnership income and net income for the year to the net cash provided by operating activities--	
Depreciation.....	21
Amortization.....	(9
Gain on investments, net.....	
Equity in losses of affiliates.....	
Losses on disposal of property and equipment.....	
Restricted share unit-based compensation.....	
Deferred income taxes.....	
Minority interest.....	

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Other items, net.....	(
Cumulative effect of accounting change.....	
Change in assets and liabilities--	
(Increase) in receivables from clients.....	(6
(Increase) in unbilled services.....	(10
(Increase) in due from / (decrease) in due to related parties.....	(3
(Increase) decrease in other current assets.....	3
(Increase) decrease in other non-current assets.....	(2
Increase in accounts payable.....	2
Increase (decrease) in deferred revenue.....	1
Increase in accrued payroll and employee benefits.....	12
Increase in taxes payable.....	2
Increase in other accrued liabilities.....	5
Increase in other non-current liabilities.....	
	-----
Total adjustments.....	17
	-----
Net cash provided by operating activities.....	2,19
	-----
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales of investments.....	9
Proceeds from sales of property and equipment.....	
Purchases of investments.....	(1
Purchase of intangible assets.....	
Property and equipment additions.....	(30
	-----
Net cash provided by (used in) investing activities.....	(23
	-----
CASH FLOWS FROM FINANCING ACTIVITIES:	
Capital paid in by partners.....	9
Repayment of paid-in capital to partners.....	(1
Issuance of common stock.....	
Distribution of partners' income.....	(1,56
Payment to AW-SC.....	(8
Proceeds from issuance of long-term debt.....	
Repayment of long-term debt.....	(
Proceeds from issuance of short-term bank borrowings.....	9
Repayments of short-term bank borrowings.....	(8
	-----
Net cash used in financing activities.....	(1,57
Effect of exchange rate changes on cash and cash equivalents.....	(1
	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS.....	37
CASH AND CASH EQUIVALENTS, beginning of period.....	73
	-----
CASH AND CASH EQUIVALENTS, end of period.....	\$ 1,11
	=====
Supplemental cash flow information	
Interest paid.....	\$ 2
Income taxes paid.....	\$ 8

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

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ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS  
(In thousands of U.S. dollars except share data)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Description of Business

Accenture is the world's leading provider of management and technology consulting services and solutions, with more than 75,000 employees in 47 countries delivering a wide range of specialized capabilities and solutions to clients across all industries. Accenture operates globally with one common brand and business model designed to enable the company to serve clients on a consistent basis around the world. Under its strategy, Accenture is building a network of businesses to meet the full range of any organization's needs - consulting, technology, outsourcing, alliances and venture capital. The principal markets for Accenture are North America, Western Europe, Japan and Australia.

#### Principles of Consolidation and Combination

The consolidated financial statements include the accounts of Accenture Ltd, a Bermuda company, and its controlled subsidiary companies (together "Accenture"). In May 2001, the Accenture Worldwide Organization completed a transition to a corporate structure with Accenture Ltd becoming the holding company.

Accenture Ltd's only business is to hold shares and to act as the sole general partner of its subsidiary, Accenture SCA, a Luxembourg partnership limited by shares. Accenture operates its business through Accenture SCA and subsidiaries of Accenture SCA. Accenture Ltd controls Accenture SCA's management and operations and consolidates Accenture SCA's results in its financial statements. Accenture Ltd has a 58% voting interest in Accenture SCA assuming the issuance of 68,481,815 Accenture SCA Class I common shares. These shares will be issued in connection with the delivery of the 68,481,815 Accenture Ltd Class A common shares underlying 68,481,815 restricted share units which generally are considered fully vested and will be issued for no consideration solely upon the passage of time.

Prior to the transition to a corporate structure, the Accenture Worldwide Organization operated as a series of related partnerships and corporations under the control of the partners and shareholders of these entities. These individuals became executive employees of Accenture following its transition, but retain the "partner" title. In connection with the transition to a corporate structure, the partners received Accenture Ltd Class A common shares or, in the case of partners resident in specified countries, Class I common shares issued by Accenture SCA or exchangeable shares issued by Accenture Canada Holdings Inc., an indirect subsidiary of Accenture SCA, in lieu of their interests in these partnerships and corporations. The transition to a corporate structure was accounted for as a reorganization at carryover basis as there were no changes in the rights, obligations or economic interests of Accenture's partners upon the exchange of their interests for shares in Accenture Ltd, Accenture SCA or Accenture Canada Holdings Inc., except for those applied consistently among the partners or those resulting from Accenture's transition from a series of related partnerships and corporations to a corporate structure.

The shares of Accenture SCA and Accenture Canada Holdings Inc. held by the partners are treated as a minority interest in the consolidated financial statements of Accenture Ltd. However, the future exchange and/or redemption of Accenture SCA shares or Accenture Canada Holdings Inc. exchangeable shares will be accounted for at carryover basis.

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ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

The accompanying financial statements, in respect of periods ended on or prior to May 31, 2001, have been prepared on a combined basis and reflect the accounts of the Accenture Worldwide Organization which prior to May 31, 2001, included Accenture Partners Societe Cooperative (Geneva, Switzerland -- the administrative coordinating entity, "APSC") and a number of entities, many of which operated as partnerships, that had entered into Member Firm Interfirm Agreements ("MFIAs") with APSC ("Member Firms"), together with all entities controlled by them. Prior to January 1, 2001, Accenture was known as Andersen Consulting. Prior to August 7, 2000, the Accenture Member Firms and the entities controlled by them were parties to MFIAs with Andersen Worldwide Societe Cooperative ("AW-SC"). AW-SC also contracted with the Member Firms of Arthur Andersen (hereinafter, "AA" and "AA Member Firms") and other entities controlled by them. APSC was incorporated to implement the agreement of the Accenture Member Firms and the partners of Accenture to remain together, on substantially the same terms as with AW-SC, as a result of the successful outcome of the arbitration described in Note 16. Each Accenture Member Firm entered into an MFIA with APSC, effective as of August 7, 2000, that was identical in all substantial terms with the prior agreement such Member Firm had with AW-SC.

The equity method of accounting is used for unconsolidated investments in which Accenture exercises significant influence. All other investments are accounted for under the cost method. All significant intercompany/interfirm transactions and profits have been eliminated.

The Combined financial statements in respect of periods ended on or prior to May 31, 2001 and the Consolidated financial statements from May 31, 2001 onward are collectively referred to as the Consolidated financial statements in these footnotes.

## Revenue Recognition

Revenues include all amounts that are billable to clients. Revenues are recognized on a time and materials basis, or on a percentage of completion basis, depending on the contract, as services are provided by employees and subcontractors. Revenue from time and material service contracts is recognized as the services are provided. Revenue from fixed price long-term contracts is 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 entire contract. Losses on contracts are recognized during the period in which the loss first becomes probable and reasonably estimable. Contract losses are determined to be the amount by which the estimated direct and indirect costs of the contract exceed the estimated total revenues that will be generated by the contract. Losses recognized during each of the three years ended August 31, 2001 were insignificant. Revenue recognized in excess of billings is recorded as Unbilled services. Billings in excess of revenue recognized are recorded as Deferred revenue until the above revenue recognition criteria are met. 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.

## Operating Expenses

Subcontractor costs are included in Cost of services when they are

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incurred. Training costs were \$644,760, \$553,698 and \$691,513 in 1999, 2000 and 2001, respectively. Research and development and advertising costs are expensed as incurred. Research and development costs were \$255,905 in 1999, \$251,764 in 2000 and \$271,336 in 2001. Advertising costs were \$46,500 in 1999, \$69,000 in 2000 and \$149,900 in 2001.

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

#### Translation of Non-U.S. Currency Amounts

The net assets and operations of entities outside of the United States are translated into U.S. dollars using appropriate exchange rates. Assets and liabilities are translated at year-end exchange rates and income and expense items are translated at average exchange rates prevailing during the year.

Foreign currency translations on assets and liabilities denominated in currencies other than their functional currency resulted in gains/(losses) of (\$9,642) in 1999, \$27,567 in 2000 and (\$1,279) in 2001, which are included in Other income (expense).

#### Provision for Taxes

Income taxes are accounted for in accordance with Statement of Financial Accounting Standards ("SFAS") 109, "Accounting for Income Taxes." Tax provisions are recorded at statutory rates for taxable items included in the Consolidated Income Statements regardless of the period for which such items are reported for tax purposes. Deferred income taxes are recognized for temporary differences between the financial reporting and income tax bases of assets and liabilities.

#### Partnership Income Before Partner Distributions

Partnership Income Before Partner Distributions is not comparable to net income of a corporation similarly determined. Also, partnership income is not executive compensation in the customary sense of that term 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 the combined financial statements in respect of periods ended on or prior to May 31, 2001.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid investments with original maturities of three months or less, including time deposits and certificates of deposit of \$486,661 and \$224,278 at August 31, 2000 and 2001, respectively. As a result of certain subsidiaries' cash management systems, checks issued but not presented to the banks for payments may create negative book cash payables. Such negative balances are classified as Short-term bank borrowings.

#### Concentrations of Credit Risk

Accenture's financial instruments that are exposed to concentrations of credit risk consist primarily of Cash and cash equivalents and Receivables from

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clients. Accenture places its Cash and cash equivalents with financial institutions and limits the amount of credit exposure with any one financial institution. Accenture actively evaluates the creditworthiness of the financial institutions with which it invests. The Receivables from clients are dispersed across many different industries and geographies; therefore, concentrations of credit risk are limited. As of and for the years ended August 31, 1999, 2000 and 2001, the allowance for uncollectible accounts and bad debt expense are immaterial.

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

#### Investments

Investments in marketable equity securities are recorded at fair value. All investments recorded at fair value have been classified as available-for-sale, and accordingly, the difference between cost and fair value is recorded in Accumulated other comprehensive income (loss). The cost of securities sold is determined on an average cost basis.

Accenture receives warrants issued by other companies primarily in exchange for services, alliances and directorships. At the measurement date, these warrants are recorded at fair value. Warrants received in connection with services and alliances are recorded as Revenues. Warrants received in connection with directorships are recorded as Other income (expense). Warrants in public companies and those that can be net share settled in private companies are deemed derivative financial instruments and are recorded on the Consolidated Balance Sheet at fair value. Changes in fair value of these warrants are recognized in the Consolidated Income Statement and included in Gain on investments, net.

Management conducts a quarterly impairment review of each investment in the portfolio, including historical and projected financial performance, expected cash needs and recent funding events. Other-than-temporary impairments for investments are recognized if the market value of the investment is below its cost basis for an extended period or the issuer has experienced significant financial declines or difficulties in raising capital to continue operations.

#### Foreign Exchange Instruments

In the normal course of business, Accenture uses derivative financial instruments to manage foreign currency exchange rate risk. These instruments are subject to fluctuations in foreign exchange rates and credit risk. The instruments are used to hedge underlying business exposures such that the impact of foreign exchange rate fluctuations is offset by opposite movements in the underlying exposure. Credit risk is managed through careful selection of sound financial institutions as counterparties.

In its hedging programs, Accenture uses a combination of forward and option contracts to hedge its major foreign currency exchange rate exposures. These instruments are generally short term in nature, with maturities of less than one year.

In accordance with SFAS 133, "Accounting for Derivative Instruments and Hedging Activities", all derivatives are recognized as either assets or

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liabilities at fair value. Hedges of committed exposure are marked-to-market each period with the changes in value included in Net Income. Hedges of anticipated exposures are marked-to-market each period. The changes in value are included in other comprehensive income for those hedges that are considered effective according to SFAS 133; otherwise, the changes in value are included in Net Income.

### Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation of property and equipment is computed on a straight-line basis over the following useful lives:

Buildings.....	20 to 25 years
	Term of lease,
Leasehold improvements.....	15 years maximum
Computers, related equipment and software	3 to 5 years
Furniture and fixtures.....	7 to 10 years

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

### Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is assessed by a comparison of the carrying amount of the asset to the estimated future net cash flows expected to be generated by the asset. If estimated future undiscounted net cash flows are less than the carrying amount of the asset, the asset is considered impaired and expense is recorded in an amount required to reduce the carrying amount of the asset to its then fair value.

### Earnings Per Share

In respect of periods ended on or prior to May 31, 2001, Accenture operated as a series of related partnerships and corporations under the control of the partners. There is no single capital structure upon which to calculate historical earnings per share information. Accordingly, historical earnings per share information has only been presented in Note 20, "Quarterly Data" for periods following Accenture's transition to a corporate structure, and has not been presented in the Consolidated financial statements.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts that are reported in the Consolidated financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that Accenture may undertake in the future, actual results may be different from the estimates.



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### Reclassifications

Certain amounts reported in previous years have been reclassified to conform to the 2001 presentation.

#### 2. ACCOUNTING CHANGE

Effective September 1, 2000, Accenture adopted SFAS 133, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the Consolidated Balance Sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in Net Income. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in Accumulated other comprehensive income (loss) and are recognized in the Consolidated Income Statement when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in the Consolidated Income Statement. The adoption of SFAS 133 resulted in an increase to Net Income of \$187,974 based upon the recognition of the fair value at September 1, 2000, of Accenture's warrants and options in public companies and those that can be net share settled in private companies. For the year ended August 31, 2001, Gain on investments, net includes \$191,892 of unrealized investment losses recognized in accordance with SFAS 133.

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

#### 3. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of Accumulated other comprehensive income (loss) at August 31, are:

	2000	2001
	-----	-----
Foreign currency translation adjustments.....	\$ (75,101)	\$ (99,943)
	-----	-----
Unrealized gains (losses) on securities:		
Unrealized holding gains (losses).....	1,004,176	(159,394)
Less: reclassification adjustments.....	(595,178)	(541,463)
	-----	-----
Net unrealized gains (losses).....	408,998	(700,857)
Unrealized gains on securities, beginning of year	283,168	692,166
	-----	-----
Net unrealized gains (losses).....	692,166	(8,691)
	-----	-----
Accumulated other comprehensive income (loss)....	\$ 617,065	\$ (108,634)
	=====	=====

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Investments were held in the U.S. or special purpose entities during 2000 and 2001. In respect of periods ended on or prior to May 31, 2001, the investments were primarily held by partnerships or other non-tax paying entities; therefore, no income taxes would apply to those gains. Subsequent to May 31, 2001, the investments were held by special purpose entities which were not subject to income tax on investment gains and, similarly, losses generated in these entities are not deductible.

### 4. PROPERTY AND EQUIPMENT

Property and equipment, net at August 31, is composed of the following:

	2000	2001
	-----	-----
Buildings and land.....	\$ 72,953	\$ 75,371
Leashold improvements.....	286,177	332,126
Computers, related equipment and software	782,107	837,878
Furniture and fixtures.....	252,905	272,512
Total accumulated depreciation.....	(688,634)	(695,569)
	-----	-----
	\$ 705,508	\$ 822,318
	=====	=====

### 5. INVESTMENTS

Investments which are intended to be sold in the following twelve months are classified in current assets as Short-term investments. All other investments are classified as long-term investments. Investments held at August 31, are as follows:

	2000	2001
	-----	-----
Marketable equity securities: short-term..	\$395,620	\$ --
Marketable equity securities: long-term...	358,688	85,516
Non-marketable and other.....	150,977	238,623
	-----	-----
Total.....	\$905,285	\$324,139
	=====	=====

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ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

#### Marketable Equity Securities

Marketable equity securities include common stock, warrants and options, all of which are classified as available-for-sale. The unrealized gains and

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losses on these investments included in Accumulated other comprehensive income (loss) at August 31, is as follows:

	2000	2001
Fair value.....	\$754,308	\$85,516
Cost.....	62,142	94,207
Gross unrealized gains.....	697,228	633
Gross unrealized losses.....	(5,062)	(9,324)

### Equity Method Investments

Accenture has investments in various entities that are accounted for under the equity method. Under the equity method, investments are stated at initial cost and are adjusted for subsequent contributions and Accenture's share of earnings, losses and distributions. The underlying equity in net assets of these investments exceeded Accenture's carrying value by approximately \$49,528 and \$154,455, at August 31, 2000 and 2001, respectively. The negative goodwill is being amortized over three years on a straight-line basis. Amortization of negative goodwill of \$0, \$1,376 and \$31,545 was reflected as a component of Equity in losses of affiliates in the accompanying Consolidated Income Statements for the years ended August 31, 1999, 2000 and 2001, respectively.

### Other-Than-Temporary Writedowns

For the years ended August 31, 1999, 2000 and 2001, Accenture recorded other-than-temporary impairment writedowns of \$2,929, \$0, and \$94,489, respectively. Of the \$94,489 recorded in 2001, \$18,998 was reclassified from Other comprehensive income to Gain on investments, net and \$75,491 was directly expensed to Gain on investments, net.

## 6. BORROWINGS AND INDEBTEDNESS

### Lines of Credit

At August 31, 2001, Accenture has a \$450,000 unsecured multicurrency revolving credit facility with a syndicate of banks led by Morgan Guaranty Trust Company of New York under which it may borrow from the participants ratably in proportion to their respective commitments. The facility also provides a \$100,000 sublimit for the issuance of letters of credit. The facility, which is available through August 31, 2003, provides for committed borrowings at the prime rate or at LIBOR plus a borrowing margin and also offers a competitive bid option. Borrowings under this facility were \$66,980 and \$0 at August 31, 2000 and 2001, respectively. Letters of credit outstanding at August 31, 2000 and 2001 were \$38,000 and \$19,247, respectively. The facility is subject to annual commitment fees. The commitment fees paid for the year ended August 31, 2001 were \$456.

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ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

## Edgar Filing: ACCENTURE LTD - Form 8-K

On June 22, 2001, Accenture entered into a \$420,000 unsecured 364-day revolving credit facility with a syndicate of banks led by Bank of America, N.A. The terms of the Bank of America facility are substantially similar to the terms of the Morgan Guaranty facility. Borrowings under this facility were \$0 at August 31, 2001. The facility is subject to annual commitment fees. The commitment fees paid for the year ended August 31, 2001 were \$0.

At August 31, 2001, Accenture also has in place unsecured multicurrency credit agreements and local lines of credit of \$369,023 and \$258,846, respectively, in the form of committed and non-committed facilities at interest rates that vary from country to country depending on local market conditions. Borrowings under these facilities were \$97,785 and \$187,533 at August 31, 2000 and 2001, respectively. Certain of the agreements are subject to annual commitment fees.

The most restrictive of these credit agreements requires Accenture to maintain certain financial ratios and meet certain indebtedness tests. All these requirements were met throughout the three years ended August 31, 2001.

The weighted average interest rate on borrowings under the multicurrency credit agreements and lines of credit, based on the average annual balances, was approximately 12% in 1999, 7% in 2000 and 8% in 2001.

### Long-Term Debt

Long-term debt at August 31, consisted of the following:

	2000	2001
	-----	-----
Joint Debt--		
--Unsecured notes payable due upon maturity at various dates through 2002 with interest due semiannually at fixed rates ranging from 7.52% to 8.49%.....	\$ 75,000	\$ -
--Collateral trust note payable in fixed annual installments through 2011 with interest due semiannually at 9.26%.....	34,342	-
Collateral trust note payable in varying annual installments through 2007 with interest due annually at 8.12%, secured by real property.....	18,060	-
Other.....	1,384	1,88
	-----	-----
	128,786	1,88
Less--Current portion.....	29,921	79
	-----	-----
Total Long-term debt.....	\$ 98,865	\$1,09
	=====	=====

### 7. FINANCIAL INSTRUMENTS

At August 31, 2000 and 2001, the carrying amount of Cash and cash equivalents and Short-term bank borrowings approximates their fair value because of their short maturities. For all other financial instruments, the following methods and assumptions were used to approximate fair value. At August 31, 2001, Accenture has not designated any of its derivatives as hedges as defined by SFAS 133.

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NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

### Investments

Quoted market prices are used to determine the fair value for the common equity and debt securities that were issued by publicly traded entities. Those debt and equity securities issued by non-public entities were valued by reference to the most recent round of financing as an approximation of the market value. The fair value and cost of the warrants and options were approximated using the Black-Scholes valuation model after considering restrictions on exercisability or sale.

Type of Investment	2000		2001	
	Cost	Fair Value	Cost	Fair Value
Debt and equity securities (cost method)				
--Issued by public entities, short-term..	\$ 600	\$395,620	\$ --	\$ --
--Issued by public entities, long-term..	31,442	159,205	41,787	33,096
--Issued by non-public entities.....	134,094	174,573	271,532	298,523
Warrants				
--Issued by public entities, long-term..	30,100	199,483	52,420	52,420
--Issued by non-public entities.....	30,946	27,161	1,081	1,081

### Long-Term Debt

The fair value of Long-term debt, including current maturities, was estimated to be \$132,362 and \$1,887 at August 31, 2000 and 2001, respectively, based on the borrowing rates currently available to Accenture for loans with similar terms and average maturities.

### Foreign Exchange Instruments

Market quoted exchange rates are used to determine the fair value of the instruments. The notional values and fair values of derivative foreign exchange instruments at August 31, are as follows:

	2000		2001	
	Notional Value	Fair Value	Notional Value	Fair Value
Foreign currency forward exchange contracts--				
To sell.....	\$100,768	\$ 3,300	\$ 87,563	\$1,542
To buy.....	107,361	(2,814)	127,067	(513)
Option contracts				
Put options.....	\$ 84,732	\$12,269	\$ --	\$ --
Call options.....	26,264	--	--	--

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### 8. INCOME TAXES

Prior to its transition to a corporate structure, Accenture operated through partnerships in many countries and generally was not subject to income taxes in those countries. Taxes related to income earned by the partnerships were the responsibility of the individual partners. In some non-U.S. countries, Accenture operated through corporations and was subject to local income taxes. In addition, Accenture was subject to local unincorporated business taxes in some jurisdictions. Effective with the transition to a corporate structure on May 31, 2001, Accenture became subject to U.S. federal and other national, state and local corporate income taxes.

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#### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

The components of the provision for income taxes reflected on the Consolidated Income Statement for the year ended August 31, 2001 include the following:

Current taxes:	
U.S. federal.....	\$ 382,690
U.S. state and local.....	66,080
Non-U.S.....	330,590
	-----
Total current tax expense.....	779,360
	-----
Deferred taxes:	
U.S. federal.....	(85,520)
U.S. state and local.....	(19,612)
Non-U.S.....	(171,612)
	-----
Total deferred tax expense.....	(276,744)
	-----
Total.....	\$ 502,616
	=====

A reconciliation of the U.S. federal statutory income tax rate to Accenture's effective income tax rate for the year ended August 31, 2001 is set forth below:

U.S. federal statutory income tax rate.....	35.0%
U.S. state and local taxes, net.....	1.0
Other.....	3.0
Rate benefit for partnership period.....	(49.0)
Revaluation of deferred tax liabilities(1)..	13.6
Costs of transition to a corporate structure	59.6
	-----
Effective income tax rate.....	63.2%
	=====

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- (1) The revaluation of deferred tax liabilities upon change in tax status is a deferred tax expense recognized upon Accenture's change in tax status from partnership to corporate form.

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ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

Significant components of Accenture's deferred tax assets and liabilities at August 31, 2001 are as follows:

Deferred tax assets:	
Pensions.....	\$ 122,376
Revenue recognition.....	78,336
Compensation and benefits.....	190,799
Investments.....	54,473
Tax credit carryforwards.....	16,632
Net operating loss carryforwards.	15,935
Depreciation and amortization....	70,028
Other.....	37,410
	-----
	585,989
Valuation allowance(1).....	(76,187)
	-----
Total deferred tax assets.....	509,802
	-----
Deferred tax liabilities:	
Pensions.....	(21,822)
Revenue recognition.....	(55,787)
Compensation and benefits.....	(17,482)
Investments.....	(30,717)
Depreciation and amortization....	(56,961)
Other.....	(27,386)
	-----
Total deferred tax liabilities...	(210,155)
	-----
Net deferred tax assets.....	\$ 299,647
	=====

-----

- (1) Accenture has recognized a valuation allowance of \$76,187 relating to the ability to recognize the tax benefits associated with capital losses on certain U.S. investments and with specific tax net operating loss carryforwards and tax credit carryforwards of certain non-U.S. operations.

Accenture has net operating loss carryforwards at August 31, 2001 of \$48,938. Of this amount, \$42,209 expires at various dates through 2011 and \$6,729 has an indefinite carryforward period. Accenture has tax credit carryforwards at August 31, 2001 of \$16,632 that expire at various dates through 2016.

If Accenture or one of its non-U.S. subsidiaries were classified as a

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foreign personal holding company, Accenture's U.S. shareholders would be required to include in income, as a dividend, their pro rata share of Accenture's (or Accenture's relevant non-U.S. subsidiary's) undistributed foreign personal holding company income.

Because of the application of complex U.S. tax rules regarding attribution of ownership, Accenture meets the definition of a foreign personal holding company this year. However, there is no foreign personal holding company income that its U.S. shareholders are required to include in income this year. In the event that Accenture has net foreign personal holding company income, Accenture may distribute a dividend to shareholders to avoid having taxable income imputed under these rules. Under certain

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### ACCENTURE LTD

#### NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (In thousands of U.S. dollars except share data)

circumstances, such a distribution could create additional income tax costs to Accenture. Since Accenture does not have any foreign personal holding company income this year, no such taxes have been provided.

#### 9. PARTNERS' CAPITAL

Partners' capital represented the capital of partners who were the owners of Accenture Member Firms. Paid-in-capital was repayable within 60 days following a partner's resignation, retirement or death. Interest was paid to the partners on their paid-in capital accounts and recorded as a distribution of partners' income. Undistributed earnings, contained within Partners' Capital, represented Partnership Income Before Distributions which had not been paid to the partners. Partners were not paid interest on Undistributed earnings. The average balance of the Undistributed earnings and Paid-in-capital during the years ended August 31, 1999 and 2000 was \$1,687,197 and \$1,853,190, respectively.

Upon retirement, all qualifying Accenture partners or their qualifying surviving spouses were entitled to receive basic retirement benefits for life. This plan was eliminated for active partners after May 15, 2001 in connection with the transition to a corporate structure. All qualifying participants prior to May 15, 2001 will receive 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 of \$1,268 in 1999, \$1,759 in 2000 and \$2,268 in 2001 were paid to retired partners. The projected benefit obligation ("PBO") and the accrued benefit cost of the basic retirement benefits at August 31, 2001 is \$63,537 as the plan is not funded. The accumulated benefit obligation at August 31, 2001 was \$59,588. The PBO was estimated based on a discount rate of 8% and an assumed rate of increase in future benefits of 1.9%.

In respect of periods ended on or prior to May 15, 2001, early retirement benefits were paid to certain Accenture partners who retired between the ages of 56 and 62. Partners retiring after age 56 and prior to age 62 received early retirement benefits based on two years' earnings on a straight-line declining basis that resulted in no payout to partners retiring at age 62. Retired partners could elect to receive early retirement benefits in the form of a lump-sum payment or ten-year installment payments. This plan was eliminated for active partners after May 15, 2001, in connection with the transition to a corporate structure.



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Early retirement benefits of \$12,483 in 1999, \$28,967 in 2000 and \$37,685 in 2001 were paid to retired partners. The amount due for early retirement benefits is \$283,097 at August 31, 2001, which is being paid out over the period through 2010.

Both the basic and early retirement benefit liabilities were recorded as reductions of partners' capital as of May 31, 2001, as payments related to these obligations were previously recorded as distributions of partners' income.

In connection with the transition to a corporate structure, Accenture returned partners' paid-in-capital of \$549,811. In addition, undistributed earnings as of May 31, 2001 are expected to be paid to the partners in one or more installments on or prior to December 31, 2001. At August 31, 2001, \$818,888 of undistributed earnings was included in Due to related parties on the Consolidated Balance Sheet.

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

Effective September 1, 2000, 1,286 employees were admitted as partners of Accenture, which approximately doubled the number of partners. This increased number of partner admissions was designed to incentivize Accenture's professionals at an earlier stage in their careers. As a result, the Consolidated financial statements for the year ended August 31, 2001 reflect compensation expense for these 1,286 additional partners only for the three month period from June 1, 2001 to August 31, 2001, as compared to twelve months of compensation expense for these individuals for the years ended August 31, 1999 and 2000.

#### 10. SHAREHOLDERS' EQUITY

##### Class A Common Shares

Holders of Accenture Ltd's Class A common shares are entitled to one vote per share. Shareholders of Accenture Ltd do not have cumulative voting rights. Each Class A common share is entitled to a pro rata part of any dividend at the times and in the amounts, if any, which Accenture Ltd's board of directors from time to time determines to declare, subject to any preferred dividend rights attaching to any preferred shares. Finally, each Class A common share is entitled on a winding-up of Accenture Ltd to be paid a pro rata part of the value of the assets of Accenture Ltd remaining after payment of its liabilities, subject to any preferred rights on liquidation attaching to any preferred shares.

On July 24, 2001, Accenture Ltd issued 115 million Class A common shares in an initial public offering. Accenture's proceeds from the initial public offering, net of underwriting discounts of \$78,200 and other estimated expenses of \$19,667, were \$1,569,633. On August 14, 2001, an additional 16.05 million Class A common shares were issued in connection with the exercise of the underwriters' over allotment option, resulting in net proceeds of \$221,811. Of these net proceeds, \$355,000 were used to repay amounts outstanding under revolving credit facilities, a portion was used to cover the costs incurred in connection with the transition to a corporate structure, and the balance was used for working capital, which was previously funded by the partners, and for

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general corporate purposes.

In August 2001, Accenture's board of directors authorized the repurchase of up to \$150,000 of the Class A common shares of Accenture Ltd.

### Class X Common Shares

Holders of Accenture Ltd's Class X common shares are entitled to one vote per share. Class X common shares are not entitled to dividends and are not entitled to be paid any amount upon winding up of Accenture Ltd. Most of Accenture's partners receiving Accenture SCA Class I common shares or Accenture Canada Holdings Inc. exchangeable shares in connection with the transition to a corporate structure received a corresponding number of Accenture Ltd Class X common shares. 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. 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 Inc. exchangeable shares held by that holder, as the case may be. Accenture Ltd will redeem Accenture Ltd Class X common shares upon redemption or exchange of Accenture SCA Class I common shares and

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## ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

Accenture Canada Holdings Inc. exchangeable shares so that the aggregate number of Class X common shares outstanding at any time does not exceed the aggregate number of Accenture SCA Class I common shares and Accenture Canada Holdings Inc. exchangeable shares outstanding.

### Voting Agreement

#### Persons and Shares Covered

Accenture Ltd and each of the Accenture partners who own Accenture Ltd Class A or Class X common shares have entered into a voting agreement and each other person who becomes a partner will be required to enter into the voting agreement. The parties to the voting agreement, other than Accenture Ltd, are referred to as "covered persons."

The Accenture Ltd shares covered by the voting agreement generally include (1) any Accenture Ltd Class X common shares that are held by a partner, (2) any Accenture Ltd Class A common shares beneficially owned by a partner at the time in question and also as of or prior to the offering and (3) any Accenture Ltd Class A common shares if they are received from Accenture while an employee, a partner or in connection with becoming a partner or otherwise acquired if the acquisition is required by Accenture. The shares covered by the voting agreement are referred to as "covered shares." Accenture Ltd Class A common shares purchased by a covered person in the open market or, subject to certain limitations, in a subsequent underwritten public offering, will not generally be subject to the voting agreement. When a covered person ceases to be an employee of Accenture, the shares held by that covered person will no longer be subject to the voting provisions of the voting agreement described below.

### Transfer Restrictions

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By entering into the voting agreement, each covered person has agreed, among other things, to:

- . except as described below, maintain beneficial ownership of his or her covered shares received on or prior to the date of the offering for a period of eight years thereafter; and
- . maintain beneficial ownership of at least 25% of his or her covered shares received on or prior to the date of the offering as long as he or she is an employee of Accenture.

Covered persons who continue to be employees of Accenture will be permitted to transfer a percentage of the covered shares owned by them on each anniversary of the offering commencing on the first anniversary of Accenture Ltd's initial public offering and in increasing amounts over the subsequent seven years. Class X common shares of Accenture Ltd may not be transferred at any time, except upon the death of a holder of Class X common shares or with the consent of Accenture Ltd. Accenture Canada Holdings Inc. exchangeable shares held by covered persons are also subject to the transfer restrictions in the voting agreement.

### Voting

Under the voting agreement, prior to any vote of the shareholders of Accenture Ltd, a separate, preliminary vote of the covered shares owned by covered persons who are employees of Accenture will be

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

taken on each matter upon which a vote of the shareholders is proposed to be taken. Subsequently, all of these covered shares will be voted in the vote of the shareholders of Accenture Ltd in accordance with the majority of the votes cast in the preliminary vote.

Notwithstanding the foregoing, in elections of directors, all covered shares owned by covered persons who are employees of Accenture will be voted in favor of the election of those persons receiving the highest numbers of votes cast in the preliminary vote. In the case of a vote for an amendment to Accenture Ltd's constituent documents, or with respect to an amalgamation, liquidation, dissolution, sale of all or substantially all of its property and assets or any similar transaction with respect to Accenture Ltd, all covered shares owned by covered persons who are employees will be voted against the proposal unless at least 66 2/3% of the votes in the preliminary vote are cast in favor of that proposal, in which case all of these covered shares will be voted in favor of the proposal.

So long as the covered shares owned by covered persons that are employees of Accenture represent a majority of the outstanding voting power of Accenture Ltd, partners from any one country will not have more than 50% of the voting power in any preliminary vote under the voting agreement.

### Term and Amendment

The voting agreement will continue in effect until the earlier of 50 years

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from the date of the voting agreement and the time it is terminated by the vote of 66 2/3% of the votes represented by the covered shares owned by covered persons who are employees of Accenture. The transfer restrictions will not terminate upon the expiration or termination of the voting agreement unless they have been previously waived or terminated under the terms of the voting agreement. The voting agreement may generally be amended at any time by the affirmative vote of 66 2/3% of the votes represented by the covered shares owned by covered persons who are employees of Accenture. Amendment of the transfer restrictions also requires the consent of Accenture Ltd.

### Waivers and Adjustments

The transfer restrictions and the other provisions of the voting agreement may be waived at any time by the partners' representatives in specified circumstances. Subject to the foregoing, the provisions of the voting agreement may generally be waived by the affirmative vote of 66 2/3% of the votes represented by the covered shares owned by covered persons who are employees of Accenture. A general waiver of the transfer restrictions also requires the consent of Accenture Ltd.

### 11. MINORITY INTEREST

#### Accenture SCA Class I Common Shares

Partners in Australia, Denmark, France, Italy, Norway, Spain, Sweden and the United States received Accenture SCA Class I common shares. Each Class I common share of Accenture SCA entitles its holder to one vote on all matters submitted to a vote of shareholders 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 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

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## ACCENTURE LTD

### NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (In thousands of U.S. dollars except share data)

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. 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 exchange ratio would require an adjustment.

#### Accenture SCA Transfer Rights Agreement

##### Persons and Shares Covered

Accenture SCA and each of the partners who own shares of Accenture SCA have entered into a transfer rights agreement. The parties to the transfer rights agreement, other than Accenture SCA, are referred to as "covered persons."

The Accenture SCA shares covered by the transfer rights agreement generally

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include all Class I common shares of Accenture SCA owned by a covered person. The shares covered by the transfer rights agreement are referred to as "covered shares."

### Transfer Restrictions

The articles of association of Accenture SCA provide that shares of Accenture SCA (other than those held by Accenture Ltd) may be transferred only with the consent of the Accenture SCA supervisory board or its delegate, the Accenture SCA partners committee. In addition, by entering into the transfer rights agreement, each party (other than Accenture Ltd) agrees, among other things, to:

- . except as described below, maintain beneficial ownership of his or her covered shares received on or prior to the date of the offering for a period of eight years thereafter; and
- . maintain beneficial ownership of at least 25% of his or her covered shares received on or prior to the date of the offering as long as he or she is an employee of Accenture.

Covered persons who continue to be employees of Accenture will be permitted to transfer a percentage of the covered shares owned by them on each anniversary of the offering commencing on the first anniversary of Accenture Ltd's initial public offering and in increasing amounts over the subsequent seven years.

In addition, at any time after the third anniversary of the date of the consummation of the transition to a corporate structure, covered persons holding Accenture SCA Class I common shares may, without restriction, require Accenture SCA to redeem any Accenture SCA Class I common share held by such holder for a redemption price per share generally equal to the lower of the market price of an Accenture Ltd Class A common share and \$1. Accenture SCA may, at its option, pay this redemption price in cash or by delivering Accenture Ltd Class A common shares.

All transfer restrictions applicable to a covered person under the transfer rights agreement terminate upon death.

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

### Term and Amendment

The transfer rights agreement will continue in effect until the earlier of 50 years from the date of the transfer rights agreement and the time it is terminated by the vote of 66 2/3% of the votes represented by the covered shares owned by covered persons who are employees of Accenture. The transfer restrictions will not terminate upon the expiration or termination of the transfer rights agreement unless they have been previously waived or terminated under the terms of the transfer rights agreement. The transfer rights agreement may generally be amended at any time by the affirmative vote of 66 2/3% of the votes represented by the covered shares owned by covered persons who are employees of Accenture. Amendment of the transfer restrictions also requires the consent of Accenture SCA.

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### Waivers and Adjustments

The transfer restrictions and other provisions of the transfer rights agreement may be waived at any time by the Accenture SCA partners committee in specified circumstances. Subject to the foregoing, the provisions of the transfer rights agreement may generally be waived by the affirmative vote of 66 2/3% of the votes represented by the covered shares owned by covered persons who are employees of Accenture. A general waiver of the transfer restrictions also requires the consent of Accenture SCA.

### Accenture Canada Holdings Inc. Exchangeable Shares

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

### Minority Interest Income/Expense

Upon completion of the transition to a corporate structure in May 2001, the minority ownership percentage in Accenture SCA and Accenture Canada Holdings Inc. aggregated 74%. This minority interest percentage declined to 59% by August 31, 2001 due to shares issued in connection with the initial public offering and restricted share units granted and vested prior to August 31, 2001. The calculation of the minority interest percentage at August 31, 2001 reflects the assumed issuance to Accenture Ltd of the 68,481,815 Accenture SCA Class I common shares that will be issued in connection with the delivery of the 68,481,815 Accenture Ltd Class A common shares underlying 68,481,815 restricted share units which generally are considered fully vested and will be issued for no consideration solely upon the passage of time.

Minority interest income of \$577,188 reflected in the Consolidated Income Statement for the year ended August 31, 2001 represents the pro rata ownership interest of the minority shareholders in the \$946,970 of loss before minority interest of Accenture SCA for the three months ended August 31, 2001.

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

#### 12. EMPLOYEE SHARE PLANS

##### Share Incentive Plan

The Accenture Ltd 2001 Share Incentive Plan (the "share incentive plan") permits the grant of nonqualified share options, incentive stock options, share appreciation rights, restricted shares, restricted share units and other share-based awards to employees, directors, third-party consultants, former United States employees or former partners of, or other persons who perform

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services for, Accenture Ltd and its affiliates. A maximum of 375 million Class A common shares may be subject to awards under the share incentive plan. Class A common shares covered by awards that expire, terminate or lapse will again be available for the grant of awards under the share incentive plan. The share incentive plan is administered by a committee of the board of directors of Accenture Ltd, which may delegate its duties and powers in whole or in part as it determines.

### Options

Accenture shall determine the exercise price for each option, provided, however, that an incentive share option must generally have an exercise price that is at least equal to the fair market value of the Class A common shares on the date the option is granted.

Options currently outstanding under the share incentive plan have a maximum term of ten years. Options vest under varying schedules. At August 31, 2001, 241,798,292 shares were available for future grants under the share incentive plan. The following tables summarize information about share options activity during the year.

Stock option activity for fiscal 2001 was as follows:

	Shares	Weighted Average Exercise Price
	-----	-----
Outstanding, beginning of year	--	\$ --
Granted.....	96,360,395	14.54
Exercised.....	--	--
Forfeited.....	539,964	14.51
Expired.....	--	--
	-----	-----
Outstanding, end of year.....	95,820,431	\$14.54
	=====	=====

The following table summarizes information about stock options outstanding at August 31, 2001:

Range of Exercise Prices	Shares Outstanding	Weighted Average Remaining Contractual Life (Years)
-----	-----	-----
\$14.50	90,267,779	9.9
15.15	5,442,744	9.9
15.50	109,908	9.9
	-----	---
	95,820,431	9.9
	=====	=====

Options exercisable, end of year.....	--	
Options available for grant, end of year.....	241,798,292	
Weighted average fair value of options granted \$	7.74	

ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
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Pro Forma Fair Value Disclosures

Accenture elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," ("APB 25") in accounting for its employee share options rather than, as discussed below, the alternative fair value accounting provided for under SFAS 123, "Accounting for Stock-Based Compensation". Under APB 25, because the exercise price of Accenture's employee share options equals the market price of the underlying shares on the date of grant, no compensation expense is recognized in Accenture's financial statements.

Pro forma information regarding net income and earnings per share is required by SFAS 123. This information is required to be determined as if Accenture had accounted for its employee share options under the fair value method of that statement. The fair value of options granted in 2001 reported below was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Stock Option Plans	2001	
	Partners	Non-partners
Expected life (in years).....	6	5
Risk-free interest rate.....	4.93%	4.73%
Volatility.....	50%	50%
Dividend yield.....	0%	0%

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods. The following pro forma information reflects the amortized expense from the date of grant:

	2001
Net income.....	\$1,057,403
Pro forma expenses--estimated fair value of options.....	5,201
Pro forma net income.....	\$1,052,202

Restricted Share Units and Other Share-Based Awards



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Under the share incentive plan, the committee may grant awards of restricted share units, Class A common shares, restricted shares and awards that are valued in whole or in part by reference to, or are otherwise based on the fair market value of, Class A common shares. The restricted share units and other share-based awards will be subject to the terms and conditions established by the committee.

Under the share incentive plan, participants may be granted restricted share units without cost to the participant. Each restricted share unit awarded to a participant represents an unfunded, unsecured right, which is nontransferable except in the event of death, of the participant to receive a Class A common share on the date specified in the participant's award agreement. The restricted share units granted under this plan vest at various times, generally ranging from immediate vesting to vesting over a five year period. In fiscal 2001, 68,481,815 restricted share units were granted to participants with a weighted average fair value of \$1,025,563, while, \$967,110 was charged to expense which was net of \$26,270 related to cancelled liabilities on the deferred bonus plan for employees.

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

#### Employee Share Purchase Plan

The Accenture Ltd 2001 Employee Share Purchase Plan is a nonqualified plan and allows eligible employee participants to purchase Class A common shares at a discount through payroll deductions or contributions. Eligible employees may elect to contribute 1% to 10% of their compensation each offering period to purchase Class A common shares under the plan, but are not permitted to purchase, during any calendar year, Class A common shares with an aggregate fair market value in excess of \$25. The purchase price will be set by the committee, but cannot be less than 85% of the lesser of the fair market value of the shares on the first or last day of the offering period. A maximum of 75 million Class A common shares may be issued under the plan. As of August 31, 2001, there were no offerings and 75 million shares were reserved for future issuance.

#### 13. PROFIT SHARING AND RETIREMENT PLANS

In the United States, Accenture maintains and administers a trustee profit sharing plan that includes 19,800 active Accenture employees. The annual profit sharing contribution is determined by management. The contribution to the profit sharing plan was \$79,708 in 1999, \$87,189 in 2000 and \$97,439 in 2001, which approximated 6% of plan members' compensation.

In the United States, and certain other countries, Accenture also maintains and administers noncontributory retirement and postretirement medical plans for active, retired and resigned Accenture employees. Benefits under the noncontributory employee retirement plans are based on years of service and compensation during the years immediately preceding retirement. Plan assets of the noncontributory employee retirement plans consist of investments in equities, fixed income securities and cash equivalents. Annual contributions are made at such times and in amounts as required by law and may, from time to time, exceed minimum funding requirements.

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In addition, certain postemployment benefits are provided to former or inactive employees after employment but before retirement, including severance benefits, disability-related benefits (including worker's compensation) and continuation of benefits such as healthcare benefits and life insurance coverage. These costs are substantially provided for on an accrual basis.

The following schedules provide information concerning the material defined benefit pension and postretirement benefit plans.

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

	Pension Benefits		Other Benefits	
	2000	2001	2000	2001
Changes in projected benefit obligation				
Projected benefit obligation, beginning of year	\$314,425	\$308,599	\$ 28,392	\$ 30,463
Service cost.....	49,626	39,825	3,205	4,136
Interest cost.....	21,232	21,465	2,123	2,426
Amendments.....	--	1,558	--	--
Participants contributions.....	260	223	--	--
Actuarial (gain)/loss.....	(64,802)	33,082	(3,151)	14,895
Benefits paid.....	(6,432)	(9,867)	(106)	(158)
Exchange rate (gain).....	(5,710)	(7,290)	--	--
Projected benefit obligation, end of year.....	\$308,599	\$387,595	\$ 30,463	\$ 51,762
Changes in plan assets				
Fair value of plan assets, beginning of year...	\$278,172	\$310,066	\$ 12,552	\$ 15,126
Expected return on plan assets.....	27,038	23,964	1,033	1,147
Actuarial (loss).....	(1,982)	(53,617)	(488)	(265)
Employer contributions.....	16,072	108,349	2,135	4,305
Participants contributions.....	260	223	--	--
Benefits paid.....	(6,432)	(9,867)	(106)	(158)
Exchange rate (loss).....	(3,062)	(5,139)	--	--
Fair value of plan assets, end of year.....	\$310,066	\$373,979	\$ 15,126	\$ 20,155
Reconciliation of funded status				
Funded status.....	\$ 1,467	\$ (13,616)	\$ (15,337)	\$ (31,607)
Unrecognized transitional obligation.....	2,553	1,717	1,083	997
Unrecognized loss/(gain).....	(70,290)	22,788	2,166	17,324
Unrecognized prior service cost.....	12,154	11,419	--	--
(Accrued) benefit cost as of 6/30.....	(54,116)	22,308	(12,088)	(13,286)
Contribution between 6/30 - 8/31.....	--	--	3,308	2,261
Adjustment.....	685	--	--	--
Prepaid (accrued) benefit cost as of 8/31.....	\$ (53,431)	\$ 22,308	\$ (8,780)	\$ (11,025)

Amounts recognized in the Combined and

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Consolidated Balance Sheets consist of:

Prepaid benefit cost.....	\$ 560	\$ 60,023	\$ --	\$ --
Accrued benefit liability.....	(53,991)	(37,715)	(8,780)	(11,025)
	-----	-----	-----	-----
Net amount recognized at year-end.....	\$ (53,431)	\$ 22,308	\$ (8,780)	\$ (11,025)
	=====	=====	=====	=====
Components of pension expense				
Service cost.....	\$ 49,626	\$ 39,825	\$ 3,205	\$ 4,136
Interest cost.....	21,232	21,465	2,123	2,426
Expected return on plan assets.....	(27,038)	(23,964)	(1,033)	(1,147)
Amortization of transitional obligation.....	667	601	87	87
Amortization of loss.....	(326)	(5,230)	142	--
Amortization of prior service cost.....	2,293	2,293	--	--
	-----	-----	-----	-----
Total.....	\$ 46,454	\$ 34,990	\$ 4,524	\$ 5,502
	=====	=====	=====	=====

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ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

	Pension		Other Benefits	
	Benefits			
	-----	-----	-----	-----
	2000	2001	2000	2001
	----	----	-----	-----

Weighted-average assumptions

Discount rate.....	7.07%	6.83%	8.00%	7.50%
Expected return on plan assets.....	7.78%	7.99%	8.0%/6.0%	8.0%/6.0%
Rate of increase in future compensation	7.37%	7.62%	N/A	N/A

The projected benefit obligations and fair value of plan assets for defined benefit pension plans with projected benefit obligations in excess of plan assets were \$308,599 and \$310,066, respectively, as of August 31, 2000 and \$387,595 and \$373,979, respectively, as of August 31, 2001. The accumulated benefit obligations and fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets were \$38,300 and \$19,800, respectively, as of August 31, 2000 and \$41,000 and \$17,300, respectively, as of August 31, 2001.

Assumed Health Care Cost Trend

Annual rate increases in the per capita cost of health care benefits of 10.0% (under 65) and 11.5% (over 65) were assumed for the plan year ending June 30, 2002. The trend rate assumptions are changed beginning for the plan year ending June 30, 2002. The rate is assumed to decrease on a straight-line basis to 5.0% for the plan year ending June 30, 2009 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one percentage point change in assumed health care cost trend would have the following effects:

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	One Percentage Point Increase	
	2000	2001
Effect on total of service and interest cost components	\$ 875	\$ 1,445
Effect on year-end postretirement benefit obligation...	5,600	7,336

  

	One Percentage Point Decrease	
	2000	2001
Effect on total of service and interest cost components	\$ (796)	\$ (1,256)
Effect on year-end postretirement benefit obligation...	(4,500)	(6,367)

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ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

Deferred Bonus Plan

On September 1, 2000, Accenture implemented a deferred bonus plan for employees based on tenure and performance. The plan provided for a loyalty award, which vested immediately, and a performance award, which vested over a period of three years. In connection with the grant of restricted share units, Accenture terminated the deferred bonus plan for employees on July 19, 2001. At August 31, 2001, the liability for the liquidated investments was \$73,218, which will be paid out in the first quarter of fiscal 2002 in partial settlement of vested benefits. For the remaining vested, and unvested benefits, 7,968,826 restricted share units were granted to employees on July 19, 2001.

14. LEASE COMMITMENTS

Accenture has various lease agreements, principally for office space, with various renewal options. Rental expense (net of sublease income from third parties of \$2,154 in 1999, \$3,273 in 2000 and \$12,911 in 2001) including operating costs and taxes, was \$196,577 in 1999, \$217,675 in 2000 and \$207,757 in 2001. Future minimum rental commitments under non-cancelable operating leases as of August 31, 2001, are as follows:

2002.....	\$ 216,732
2003.....	186,537
2004.....	163,499
2005.....	132,614
2006.....	111,151
Thereafter.....	420,704
	-----
	\$1,231,237
	=====

15. REORGANIZATION AND REBRANDING

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Reorganization and rebranding costs include one-time costs, beginning September 2000, to rename the organization Accenture and other costs related to the transition to a corporate structure. Reorganization and rebranding costs were \$848,615 for the year ended August 31, 2001 and included \$157,000 of amortization of intangible assets acquired in connection with the Memorandum of Understanding with AW-SC and AA, as described in Note 16. The intangible assets related to the forbearance by AW-SC and Arthur Andersen to use, and the limited use by Accenture of, the Andersen Consulting name or variations of that name and related domain names. The intangible assets were amortized over periods ranging from three to six months.

### 16. RELATED PARTIES

In prior years, Accenture engaged in various transactions with AA/AW-SC, which was then a related party as described in Note 1. Below is a summary of those transactions.

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### ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

	1999	2000
	-----	-----
Nature of Transaction		
Rental expense.....	\$36,353	\$23,948
Andersen Worldwide costs allocated.....	24,163	18,975
Professional education and development costs	52,582	38,577
Professional services.....	31,880	34,710
Interest expense.....	12,955	3,950

The Combined Income Statements Before Partner Distributions include expenses that were allocated to Accenture by AW-SC on a specific identification basis. In addition, AW-SC incurred certain costs on behalf of Accenture which were allocated to Accenture primarily based on square footage, partner units, net assets employed or number of training participants.

Until August 7, 2000, AW-SC, as an agent for the Accenture and AA Member Firms, facilitated various MFIA's among the individual Accenture and AA Member Firms. Amounts due to AW-SC from Accenture Member Firms under these MFIA's were \$279,776 in 1999 and \$313,832 in 2000.

On December 17, 1997, the Accenture Member Firms requested binding arbitration, pursuant to their respective MFIA's with AW-SC, of claims that the AA Member Firms and AW-SC, among other things, had breached or failed to perform material obligations owed to the Accenture Member Firms. The MFIA's provided that performance thereunder should continue if reasonably possible pending the resolution of the arbitration subject to the right to discharge payment obligations at issue in such an arbitration by placing amounts in escrow. On August 18, 1998, certain Accenture Member Firms placed into escrow \$195,000, which represented the majority of the \$232,548 payable under the member firm agreements to AA Member Firms for 1998. Accenture Member Firms

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placed the remaining \$37,548 into escrow on December 22, 1998. On August 27, 1999, \$50,000 was placed into escrow, representing a portion of the \$279,776 payable under the member firm agreements to AA Member Firms for 1999. Accenture Member Firms placed the remaining \$229,776 into escrow in December 1999. Under the terms of the escrow agreement these funds, including interest earned, could only be distributed out of escrow in accordance with the Final Award of the Tribunal in the aforementioned arbitration.

By its Final Award dated July 28, 2000, and notified to the parties on August 7, 2000, the Tribunal appointed by the International Chamber of Commerce ("ICC") ruled that AW-SC had breached its material obligations under the MFIA's in fundamental respects and the Accenture Member Firms were excused from any further obligations to AW-SC and AA Member Firms under the MFIA's as of August 7, 2000. The ruling further stated that the escrowed funds plus accrued interest should be paid to AA as directed by AW-SC and allocated the costs of the proceeding among the parties. The escrowed funds, along with net accumulated interest on investments, were transferred to AA by the escrow agent on various dates in September, 2000.

On December 19, 2000, AW-SC, Arthur Andersen LLP and the other AA Member Firms, APSC, Accenture LLP and the other Accenture Member Firms, on their own behalves and on behalf of their respective partners, shareholders, other principals and affiliates, executed a binding Memorandum of Understanding ("MOU") to implement the award of the arbitrator in the ICC arbitration described above and the separation of the Accenture Member Firms from AW-SC and AA.

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### ACCENTURE LTD

#### NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (In thousands of U.S. dollars except share data)

The MOU provided for the release to AA of \$512,324 previously placed in escrow, plus accumulated interest, and for payments to AA of \$556,000, including the payment for 2000 of \$313,832 referred to above, the purchase by APSC of intangible assets for \$157,000 and a payment to AA of \$85,000, including settlement of all interfirm payables. In addition, pursuant to the MOU, Accenture and AA entered into (1) a six-year services agreement under which AA will provide certain services to Accenture for payments to AA of \$60,000 per year, (2) a five-year agreement under which AA will provide certain training facilities to Accenture for payments to AA of \$60,000 per year, and (3) a five-year agreement under which Accenture will provide \$22,500 per year of certain services at no cost to AA; each agreement was effective January 1, 2001.

Accenture recorded all elements of the MOU at fair value, and recorded the excess of our contractual obligations over fair value as a reduction of undistributed earnings because the related transactions were entered into in connection with the separation of the Accenture member firms from AW-SC and AA.

In addition, Accenture recorded an accrual of \$190,962 equal to the excess of the contractual obligations under the service agreements referred to above over the fair value of the services to be provided thereunder and recorded a reduction of undistributed earnings of \$268,781 for the accrual for the services contracts and other cash payments. Payments due under the five-year and six-year services agreements will be based upon rates established by AA that Accenture has determined will exceed the rates that they charge for

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similar services to unrelated parties (the fair value of those services). The excess of the present value of the amounts payable to AA over the fair value of those services has been recorded as a liability and a distribution to partners as of December 2000. Accenture is obligated to provide AA up to \$22,500 per year of services valued at then current retail billing rates for five years. The present value of the fair value of these services determined by reference to the fees usually received for such services has been recorded as a liability and as a distribution to partners as of December 2000. These liabilities, which aggregated \$190,962, are reported as distributions to partners because the liabilities were incurred in connection with Accenture's separation from AA.

At August 31, 2001, amounts due to/from AA/AW-SC and Accenture are no longer classified as related party balances. Amounts due to/due from related parties at August 31, 2001 are payable to/receivable from those individuals who were partners of Accenture prior to May 31, 2001.

### 17. COMMITMENTS AND CONTINGENCIES

At August 31, 2001, Accenture or its present personnel had been named as a defendant in various litigation matters involving present or former clients. All of these are civil in nature. Based on the present status of these litigation matters, the management of Accenture believes the liability will not ultimately have a material effect on the results of operations or the financial position and cash flows of Accenture.

### 18. SEGMENT REPORTING

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

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## ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

Accenture's chief operating decision maker is the Chief Executive Officer. The operating segments are managed separately because each operating segment represents a strategic business unit that serves different markets. The reportable operating segments are the five operating groups (formerly known as market units), which are Communications & High Tech, Financial Services, Government, Products and Resources.

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

Reportable Segments

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Year ended August 31, 1999	Comm. & High Tech	Financial Services	Government	Products	Resources	Other
Revenues before reimbursements	\$2,498,460	\$2,736,416	\$ 777,028	\$1,699,066	\$1,812,369	\$ 26,517
Depreciation (1).....	59,745	67,459	18,285	31,651	39,892	--
Operating income (loss).....	557,169	824,206	102,733	263,360	285,196	(970)
Assets at August 31 (2).....	\$ 368,414	\$ 227,894	\$ 141,795	\$ 154,383	\$ 169,884	\$ 20,750
Year ended August 31, 2000	Comm. & High Tech	Financial Services	Government	Products	Resources	Other
Revenues before reimbursements	\$2,806,506	\$2,541,900	\$ 796,862	\$1,932,302	\$1,660,868	\$ 13,647
Depreciation (1).....	65,425	62,633	19,005	43,805	46,210	--
Operating income (loss).....	671,111	666,620	79,618	416,053	264,070	(11,353)
Assets at August 31 (2).....	\$ 492,220	\$ 302,138	\$ 123,933	\$ 188,252	\$ 178,750	\$ 6,418
Year ended August 31, 2001	Comm. & High Tech	Financial Services	Government	Products	Resources	Other
Revenues before reimbursements	\$3,238,256	\$2,893,567	\$1,003,235	\$2,356,440	\$1,933,225	\$ 18,997
Depreciation (1).....	76,901	65,897	21,053	45,316	47,905	--
Operating income (loss).....	448,452	536,783	75,292	363,085	235,126	(962,982)
Assets at August 31 (2).....	\$ 500,762	\$ 325,641	\$ 161,584	\$ 219,486	\$ 258,146	\$ 17,523

(1) This amount includes depreciation on property and equipment controlled by each operating segment as well as an allocation for depreciation on property and equipment they do not directly control.

(2) Operating segment assets directly attributed to an operating segment and provided to the chief operating decision maker include Receivables from clients, Unbilled services, Deferred revenue and a portion of Other long-term assets that represent balances for clients with extended payment terms.

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ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

Geographic Information

Revenues for the years ended August 31, are indicated below. Revenues are attributed to geographic areas based on the country of assignment of the partners and employees performing the services.

	1999	2000	2001
Americas....	\$ 6,070,883	\$ 6,259,859	\$ 7,204,523
EMEA (1)...	4,244,441	4,391,095	5,203,225



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Asia/Pacific	764,075	888,996	940,124
Total....	\$11,079,399	\$11,539,950	\$13,347,872

At August 31, long-lived assets, which represent property and equipment, net were as follows:

	1999	2000	2001
Americas....	\$446,089	\$500,133	\$567,987
EMEA(1)...	169,053	158,184	199,296
Asia/Pacific	43,575	47,191	55,035
Total....	\$658,717	\$705,508	\$822,318

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(1) EMEA(1) includes Europe, the Middle East, Africa and India.

The accounting policies of the operating segments are the same as those described in Note 1, Summary of Significant Accounting Policies, except for the one-time cost of restricted share units and interest expense as described above.

### 19. ACCENTURE SCA

Because Accenture Ltd's only business is to hold its equity interest in Accenture SCA and to act as the sole general partner of Accenture SCA, there are no material differences between the consolidated financial statements of Accenture Ltd and consolidated financial statements that would be prepared for Accenture SCA except (1) the minority interest included in Accenture SCA consolidated financial statements would be limited to the Accenture Canada Holdings Inc. exchangeable shares and (2) the shareholders' equity section of an Accenture SCA consolidated balance sheet would reflect the Accenture SCA Class I common shares and the Accenture SCA Class II common shares, as shown below.

	For the year ended August 31, 2001		
	Accenture Ltd, as reported	Adjustments	Accenture SCA
Revenues.....	\$13,347,872	\$ --	\$13,347,872
Operating income.....	695,756	--	695,756
Income before taxes.....	794,857	--	794,857
Income before minority interest and accounting change.....	292,241	--	292,241
Minority interest.....	577,188	(569,248)	7,940
Income before accounting change.....	869,429	(569,248)	300,181
Net income.....	\$ 1,057,403	\$ (569,248)	\$ 488,155

ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS--(Continued)  
(In thousands of U.S. dollars except share data)

	August 31, 2001		
	Accenture Ltd, as reported	Adjustments	Accenture SCA
	-----	-----	-----
Current assets.....	\$4,579,637	\$ --	\$4,579,637
Non-current assets.....	1,481,719	--	1,481,719
	-----	-----	-----
Total assets.....	\$6,061,356	--	\$6,061,356
	=====	=====	=====
Current liabilities.....	\$4,178,820	--	\$4,178,820
Non-current liabilities.....	1,192,422	--	1,192,422
Minority interest.....	407,926	(402,336)	5,590
Shareholders' equity.....	282,188	402,336	684,524
	-----	-----	-----
Total liabilities and shareholders' equity	\$6,061,356	\$ --	\$6,061,356
	=====	=====	=====

20. QUARTERLY DATA (unaudited)

Quarterly financial information for 2000 and 2001 is as follows:

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	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Fiscal 2000					
Revenues.....	\$2,775,448	\$2,708,626	\$3,061,692	\$2,994,184	\$11,539,95
Operating income.....	539,150	424,373	694,662	427,934	2,086,11
Partnership income before partner distributions.....	573,524	571,907	902,436	416,027	2,463,89
Fiscal 2001					
Revenues.....	\$3,238,292	\$3,384,059	\$3,519,264	\$3,206,257	\$13,347,87
Operating income (loss).....	839,403	522,698	115,572	(781,917)	695,75
Income (loss) before accounting change..	1,010,467	419,539	(190,795)	(369,782)	869,42
Partnership income (loss) before partner distributions.....	1,198,441	419,539	(190,795)		1,427,18
Net income (loss).....				(369,782)	(369,78
Earnings (loss) per share:					
Basic and diluted (1).....	n/a	n/a	n/a	(1.25)	n/
Common stock prices per share:					
High.....	n/a	n/a	n/a	15.50	n/
Low.....	n/a	n/a	n/a	14.05	n/

n/a = not applicable

(1) Certain common share equivalents have been excluded from the earnings (loss)-per-share calculation as their effect is antidilutive. In addition, for the purpose of the above calculation of earnings (loss)-per-share, the weighted average number of shares is based upon the periods the shares have been outstanding. The weighted average basic shares were 295,392,338 and the diluted shares were 899,711,420.

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SIGNATURES

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

ACCENTURE LTD

By: /s/ DOUGLAS G. SCRIVNER

Name: Douglas G. Scrivner

Title: General Counsel and Secretary

Date: April 12, 2002

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