

ACCENTURE LTD
Form DEF 14A
June 05, 2002

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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for the Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement

 Definitive Additional Materials

 Soliciting Material Pursuant to §240.14a-12

Accenture Ltd

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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 - 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:
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Joe W. Forehand
Chairman & CEO

June 4, 2002

Dear Fellow Shareholder:

The board of directors of Accenture Ltd is pleased to announce that the 2002 Annual General Meeting of Shareholders (the Annual Meeting) will be held at 10:00 a.m., local time, on July 11, 2002 at The Fairmont Hamilton Princess Hotel, 76 Pitt s Bay Road, Pembroke HM 08, Bermuda.

At this year s meeting you will vote on the appointment of five directors, the re-appointment of four additional directors and the appointment of KPMG LLP as our independent auditors. The audited, consolidated financial statements of Accenture Ltd and its subsidiaries for the fiscal year ended August 31, 2001 will be received at the Annual Meeting.

We have included with this letter a Notice of the Annual Meeting and a proxy statement that describes the meeting and the items being voted upon at the meeting. In addition, we have included additional information about our business, including our financial statements and other information.

Your vote is very important to us. Please let us know whether you plan to attend the Annual Meeting by marking the appropriate box on your proxy card. If you do not plan to attend the meeting, we encourage you to read the enclosed proxy statement and submit your completed proxy prior to the Annual Meeting so that your shares will be represented and voted. **You may submit your proxy either by returning the enclosed proxy card or by submitting your proxy over the telephone or the Internet.** If you plan to attend the Annual Meeting, you can submit your proxy before the meeting and still vote in person at the meeting.

We are pleased to offer our shareholders the opportunity to receive shareholder communications electronically. You can find more information on receiving these communications electronically in the Electronic Delivery of Shareholder Communications section on page 19 of the proxy statement. By choosing to receive these materials electronically, you help support us in controlling our printing and postage costs, and we hope that you find this service convenient and useful.

You will be able to access a written transcript of the Annual Meeting on our website at www.accenture.com, which will be posted shortly after the meeting.

Thank you for your continued support.

JOE W. FOREHAND
Chairman & CEO

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NOTICE OF 2002 ANNUAL GENERAL MEETING OF SHAREHOLDERS
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The 2002 Annual General Meeting of Shareholders of Accenture Ltd will be held at The Fairmont Hamilton Princess Hotel, 76 Pitt s Bay Road, Pembroke HM 08, Bermuda, on July 11, 2002 at 10:00 a.m., local time, for the following purposes:

To receive the report of our independent auditors and the financial statements for our fiscal year ended August 31, 2001, and to vote upon the following items:

1. to appoint Joe W. Forehand, Joel P. Friedman, Blythe J. McGarvie, Sir Mark Moody-Stuart and Masakatsu Mori as Class I directors for terms expiring at the 2005 Annual General Meeting of Shareholders; and to re-appoint Steven A. Ballmer and Dina Dublon as Class II directors for terms expiring at the 2003 Annual General Meeting of Shareholders and Robert I. Lipp and Wulf von Schimmelmann as Class III directors for terms expiring at the 2004 Annual General Meeting of Shareholders;
2. to appoint KPMG LLP as independent auditors of Accenture Ltd for a term expiring at the 2003 Annual General Meeting of Shareholders and to authorize the board of directors to determine their remuneration; and
3. to transact any other business that may properly come before the meeting and any adjournment or postponement of the meeting.

The board of directors has set May 24, 2002 as the record date for the Annual Meeting. This means that only those persons who were registered holders of Accenture Ltd s Class A common shares and Class X common shares at the close of business on that date will be entitled to receive notice of the meeting and to attend and vote at the meeting.

By order of the board of directors,

DOUGLAS G. SCRIVNER
General Counsel and Secretary

June 4, 2002

PLEASE SUBMIT A COMPLETED PROXY BY MARKING, SIGNING, DATING AND RETURNING YOUR PROXY IN THE ENCLOSED ENVELOPE OR BY SUBMITTING YOUR PROXY BY TELEPHONE OR THE INTERNET

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PROXY STATEMENT

GENERAL INFORMATION

The board of directors of Accenture Ltd (Accenture) is soliciting your proxy for use at the 2002 Annual General Meeting of Shareholders (the Annual Meeting) to be held on July 11, 2002. These proxy materials are being sent to shareholders beginning on or about June 7, 2002. Accenture maintains a registered office in Bermuda at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda. Accenture 's telephone number is +1 441 296 8262. We also have major offices in the world 's leading business centers, including New York, Chicago, Dallas, Los Angeles, San Francisco, London, Frankfurt, Madrid, Milan, Paris, Sydney and Tokyo. You may visit us at our website located at www.accenture.com. Information contained on our website is not a part of this proxy statement.

Date, Time and Place

We will hold the Annual Meeting at The Fairmont Hamilton Princess Hotel, 76 Pitt 's Bay Road, Pembroke HM 08, Bermuda, on July 11, 2002, at 10:00 a.m., local time, subject to any adjournments or postponements.

Who Can Vote; Votes Per Share

All persons who are registered holders of Accenture 's Class A common shares or Class X common shares at the close of business on May 24, 2002 are shareholders of record for the purposes of the Annual Meeting and will be entitled to vote at the Annual Meeting. As of the close of business on that date there were outstanding 419,048,200 Class A common shares, held by 1,222 shareholders of record, and 527,973,399 Class X common shares, held by 1,468 shareholders of record. These shareholders of record will be entitled to one vote per Class A common share and one vote per Class X common share on all matters submitted to a vote of shareholders, so long as those votes are represented at the Annual Meeting in person or by proxy. Your shares will be represented if you attend and vote at the Annual Meeting or if you submit a proxy.

How to Vote; Submitting Your Proxy

If you are identified on Accenture 's shareholder register as a shareholder of record, you may vote your shares either by voting in person at the Annual Meeting or by submitting a completed proxy. By completing and submitting the enclosed proxy, you are legally designating another person to vote your shares. The enclosed proxy designates Joe W. Forehand, Harry L. You and Douglas G. Scrivner to vote your shares in accordance with the votes you have indicated on the proxy.

If your shares are held not in your name but in the street name of a bank, broker or other holder of record (a nominee), then the nominee will be entitled to vote your shares. If you hold shares in street name, then your name will not appear in Accenture 's register of shareholders. In order to be admitted to the Annual Meeting, you must bring a letter or account statement showing that you beneficially own the shares held by the nominee. Even if you attend the Annual Meeting, you will not be able to vote the shares that you hold in street name. Rather, you should instruct your nominee how to vote those shares on your behalf.

If you appoint Joe W. Forehand, Harry L. You and Douglas G. Scrivner as your proxies but do not indicate how your shares are to be voted, your shares will be voted by these individuals in accordance with the Board of Directors' recommendations, which are contained in this proxy statement. In addition, if any matters other than the proposals contained in this proxy statement are properly brought up at the Annual Meeting, Joe W. Forehand, Harry L. You or Douglas G. Scrivner, as your designated proxies, will have the discretionary authority to vote your shares on those matters in accordance with their discretion and judgment. The Board of Directors currently does not know of any matters to be raised at the Annual Meeting other than the proposals contained in this proxy statement.

You may submit your proxy by mailing the enclosed proxy card or by telephone at the number set forth on the enclosed proxy card or via the Internet at www.proxyvote.com. In order for your proxy to be validly submitted and for your shares to be voted in accordance with your proxy, we must receive your mailed proxy by 5:00 p.m., Eastern Daylight Time, on July 10, 2002. If you submit your proxy by telephone or via the Internet, then you may submit your voting instructions up until 11:59 p.m., Eastern Daylight Time, on July 10, 2002.

Revoking Your Proxy

You may revoke your proxy at any time before it is voted at the Annual Meeting, either by (1) sending a written notice, which must be received by one hour prior to the beginning of the Annual Meeting on July 11, 2002, to our Secretary at the address of our registered office in Bermuda; (2) signing, dating and submitting a new and different proxy card, which we must receive by 5:00 p.m., Eastern Daylight Time, on July 10, 2002; or (3) voting your shares in person at the meeting. Attending the Annual Meeting alone will not revoke your proxy.

Proxy Solicitation

We will bear the costs of soliciting proxies from the holders of our Class A common shares and Class X common shares. We are initially soliciting these proxies by mail and e-mail, but our directors, officers and selected other Accenture employees also may solicit proxies by personal interview, telephone or e-mail. These persons who help us in the solicitation will not be specially compensated for those services, but they may be reimbursed for out-of-pocket expenses incurred in connection with the solicitation. Brokerage houses, nominees, fiduciaries and other custodians will be requested to forward soliciting materials to beneficial owners and will be reimbursed for their reasonable out-of-pocket expenses incurred in sending proxy materials to beneficial owners. A representative of ADP-ICS has agreed to act as our Inspector of Election at the Annual Meeting and to assist us in tabulating the proxies.

Quorum and Voting Requirements

In order to establish a quorum at the Annual Meeting, there must be at least two shareholders represented at the meeting, either in person or by proxy, who have the right to attend and vote at the meeting, and who hold shares representing more than 50 percent of the votes that may be cast by all shareholders of record. For purposes of determining a quorum, abstentions and broker non-votes are counted as represented. A non-vote occurs when a nominee (such as a broker) holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that proposal and has not received instructions from the beneficial owner on how to vote those shares.

In order to be approved, each proposal being considered requires the affirmative vote of a majority of the votes cast. Abstentions and broker non-votes will not affect the voting results.

2001 Audited Financial Statements

At the Annual Meeting, we will present the audited consolidated financial statements for our fiscal year ended August 31, 2001. Copies of these financial statements and other financial information are attached to this proxy statement in Annex A. Annex A contains information about Accenture derived from Accenture's prior filings with the Securities and Exchange Commission.

Voting Agreement; Preliminary Vote

Accenture and each of our partners who owns Accenture Class A common shares or Class X common shares have entered into a voting agreement, and each person who becomes a partner will be required to enter into the voting agreement. Those persons who are parties to the voting agreement, other than Accenture, are referred to as covered persons. The shares covered by the voting agreement generally include (1) any Accenture Class X common shares that are held by a partner, (2) any Accenture Class A common shares beneficially owned by a partner at the time in question and also as of or prior to the initial public offering of the Accenture Class A common shares and (3) any Accenture Class A common shares if they are received from us while our employee, a partner or in connection with becoming a partner or otherwise acquired if the acquisition is required by us. We refer to the shares covered by the voting agreement as covered shares. Under the voting agreement, prior to any vote to be submitted to the shareholders of Accenture, the covered persons who are employees of Accenture will take a separate, preliminary vote on the matter to be voted on. When the vote is submitted to the shareholders, all of the covered shares will be voted in the shareholder vote in accordance with the majority of the votes cast in the preliminary vote. The vote will be made by the persons designated under the voting agreement as the partners representatives, who also were designated as the proxies for all of the covered persons. For a shareholder vote concerning the appointment of directors, all of the covered shares will be voted to elect the person receiving the highest number of votes cast in the preliminary vote. See Certain Transactions and Relationships Voting Agreement in Annex B for a description of the voting agreement.

At the Annual Meeting, an aggregate of 185,467,378 Class A common shares and an aggregate of 494,100,869 Class X common shares, or approximately 71.8% of all of the shares entitled to vote at the Annual Meeting, will be voted in accordance with the preliminary vote. The preliminary vote will be concluded on or about June 28, 2002.

We use the term partner to refer to the partners and shareholders of the series of related partnerships and corporations through which Accenture operated its business prior to its transition to a corporate structure. These individuals became executive employees of Accenture following its transition to a corporate structure but retain the partner title. Where the context permits, the term also refers to Accenture's employees and others who have been or are in the future named as partners in this executive sense.

PROPOSAL NO. 1 APPOINTMENT OF DIRECTORS

Accenture's board of directors (the Board) currently has 14 members who are classified into three classes. At each Annual General Meeting of Shareholders, one class of Board membership expires, and the shareholders vote at that meeting to appoint the new directors for that expiring class to hold office for a three-year term.

Class I Directors

At this year's Annual Meeting, all of the Class I directorships expire. The Board is nominating five individuals for appointment as Class I directors, each for a term expiring at the 2005 Annual General Meeting of Shareholders. All of the nominated individuals are current Board members:

Joe W. Forehand

Joel P. Friedman

Blythe J. McGarvie

Sir Mark Moody-Stuart

Masakatsu Mori

Accenture and each of our partners have entered into a partner matters agreement that establishes procedures for the continued involvement of our partners in the governance of Accenture. The partner matters agreement sets forth, among other things, a procedure by which the partners will select certain nominees who will be recommended by the Board for appointment as directors. The Class I director nominees who were selected pursuant to these procedures are Joel P. Friedman and Masakatsu Mori.

Re-appointment of Current Directors

Since the initial public offering of our Class A common shares in July 2001, the Board has appointed six additional individuals to serve as directors on the Board. Two of these individuals, Blythe J. McGarvie and Sir Mark Moody-Stuart, were appointed as Class I directors. Accenture's bye-laws require that directors appointed by the Board hold office only until the next annual general meeting of shareholders. The Board is therefore recommending the other four individuals for re-appointment by Accenture's shareholders, to serve out the remainder of their terms as Class II and Class III directors.

Two of these individuals are being recommended for re-appointment as Class II directors, each for a term expiring at the 2003 Annual General Meeting of Shareholders. These individuals are:

Steven A. Ballmer

Dina Dublon

The other two individuals are being recommended by the Board for re-appointment as Class III directors, each for a term expiring at the 2004 Annual General Meeting of Shareholders. These individuals are:

Robert I. Lipp

Wulf von Schimmelmann

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE APPOINTMENT OF THE NINE (9) NOMINEES.

If you submit the enclosed proxy designating Joe W. Forehand, Harry L. You and Douglas G. Scrivner as your proxies but you do not indicate how your shares should be voted, then your shares will be voted in favor of the appointment of all of the nominees. If any nominee is unwilling or unable to serve as a director, then the Board will propose another person in place of that original nominee, and the individuals designated as your proxies will vote to appoint that proposed person, unless the Board decides to reduce the number of directors constituting the full Board. It is currently anticipated that all of the nominees are willing and able to serve as directors.

Director Biographies

Set forth below are the biographies of our directors and director nominees.

Class I Director Nominees

<p>Joe W. Forehand 54 years old Chairman of the Board Nominee for Class I Director</p>	<p>Joe W. Forehand has been Chairman of the Board since February 2001 and has been our Chief Executive Officer since November 1999. He currently serves as Chairman of our Management Committee, our Executive Committee and our Global Leadership Council. From June 1998 to November 1999, Mr. Forehand was responsible for our Communications & High Tech operating group. From September 1997 to June 1998, he was responsible for our Products operating group. From September 1994 to September 1997, Mr. Forehand was responsible for our Products group in the Americas.</p>
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<p>Joel P. Friedman 54 years old Member, Nominating Committee Nominee for Class I Director</p>	<p>Joel P. Friedman has been a director since June 2001, Managing General Partner Accenture Technology Ventures since March 2002 and Managing General Partner Accenture Technology Ventures, Americas since May 2001. Mr. Friedman currently serves as a director on the board of Calico Commerce Inc., a publicly traded Accenture portfolio company. From 1997 to 2000, he was responsible for our Banking industry group globally.</p>
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<p>Blythe J. McGarvie 45 years old Chair, Audit Committee Nominee for Class I Director</p>	<p>Blythe J. McGarvie has been a director since October 2001. She is executive vice president and chief financial officer of BIC Group, one of the world's leading manufacturers of writing instruments, correction fluids, disposable lighters and shavers. The company also manufactures sailboards. Ms. McGarvie is also a member of the board of directors of The Pepsi Bottling Group, Inc. Prior to joining BIC, she was senior vice president and CFO of Hannaford Bros. Co., a supermarket retailer, for five years. She has also held senior financial positions at Sara Lee Corp. and Kraft General Foods.</p>
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Sir Mark Moody-Stuart

61 years old
Chair, Compensation Committee
Member, Nominating Committee
Nominee for Class I Director

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

Masakatsu Mori

55 years old
Member, Nominating Committee
Nominee for Class I Director

Masakatsu Mori has been a director since June 2001. He has been the Country Managing Director of our Japan practice since 1989.

Class II Director Nominees for Re-appointment

Steven A. Ballmer

46 years old
Member, Nominating Committee
Nominee for Class II Director

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

Dina Dublon

48 years old
Member, Compensation Committee
Nominee for Class II Director

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

Class III Director Nominees for Re-appointment

Robert I. Lipp

64 years old
Member, Audit Committee
Lead Outside Director
Nominee for Class III Director

Robert I. Lipp has been a director since October 2001. He is chairman and chief executive officer of Travelers Property Casualty Corp. Until December 2000 he was Vice Chairman and Member of the Office of the Chairman of Citigroup Inc., a leading global financial services company, and CEO of Citigroup's Global Consumer Business. He joined Travelers Group in 1986 and held a number of senior positions there, including the CEO and chairman title from 1993 to 2000.

Wulf von Schimmelmann

55 years old
Chair, Nominating Committee
Member, Audit Committee
Nominee for Class III Director

Wulf von Schimmelmann has been a director since October 2001. He is chief executive officer of Postbank, Germany's largest independent retail bank and among the largest commercial banks in the German market. He is also a member of the board of directors of Deutsche Post World Net Group.

Other Current Directors

William D. Green

48 years old
Class II Director
Member, Compensation Committee

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

Stephan A. James

55 years old
Class II Director

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

Diego Visconti

52 years old
Class II Director

Diego Visconti has been a director since June 2001. He has been responsible for our Communications & High Tech operating unit in Europe and Latin America since 1995. Mr. Visconti was the Country Managing Director of our Italy practice from 1997 until May 2002.

Karl-Heinz Flöther

49 years old
Class III Director

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

Jackson L. Wilson, Jr.

54 years old
Class III Director

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

Board Meetings and Committees

The Board held one meeting from the closing of our initial public offering on July 24, 2001 through the end of our fiscal year on August 31, 2001 (fiscal 2001). None of the directors who served during fiscal 2001 attended less than 75 percent of the aggregate of all Board meetings and meetings of any Board committee on which he or she served during fiscal 2001, except for Diego Visconti, who was unable to attend the first Board meeting.

The Board maintains an Audit Committee, a Compensation Committee and a Nominating Committee. These committees are described in the following paragraphs.

Audit Committee

The Audit Committee consists of three of our outside directors. These individuals are Blythe J. McGarvie, who chairs the committee, Robert I. Lipp and Wulf von Schimmelfmann. Each of these committee members meets the independence and experience requirements of the New York Stock Exchange. The Audit Committee was formed in October 2001 and did not hold any meetings during fiscal 2001. The Audit Committee did meet, however, in fiscal 2002 to review the fiscal 2001 financial statements. The Audit Committee's primary duties and responsibilities are to:

review the performance of our independent accountants and make recommendations to the Board regarding the appointment or termination of our independent accountants;

oversee that management has maintained the reliability and integrity of our accounting policies and financial reporting and disclosure practices;

oversee that management has established and maintained procedures designed to support a functioning and adequate system of internal controls; and

oversee that management has established and maintained procedures designed to facilitate our compliance with applicable laws, regulations and corporate policy.

In fulfilling these purposes, the Audit Committee operates pursuant to an Audit Committee Charter which was adopted by the Board on November 27, 2001. A copy of the current charter is attached to this proxy statement as Annex C.

The Report of the Audit Committee for fiscal 2001 can be found on page 10.

Compensation Committee

The Compensation Committee consists of three of our directors. These individuals are Sir Mark Moody-Stuart, who chairs the committee, Dina Dublon and William D. Green. The Compensation Committee was formed in October 2001 and did not hold any meetings during fiscal 2001.

The Compensation Committee's primary duties and responsibilities are to:

- oversee our equity-based benefits plans;
- review and approve salaries and other matters relating to the compensation of our executive officers, based in part on the recommendation of a committee of our partners; and
- review and make recommendations to the full Board regarding Board compensation.

Because Accenture's 2001 fiscal year ended on August 31, 2001, the Compensation Committee did not have these responsibilities during fiscal 2001. The Report of the Compensation Committee on Executive Compensation can be found on page 13.

Nominating Committee

The Nominating Committee consists of five of our directors. These individuals are Wolf von Schimmelfmann, who chairs the committee, Steven A. Ballmer, Joel P. Friedman, Sir Mark Moody-Stuart and Masakatsu Mori. The Nominating Committee was formed in October 2001 and did not hold any meetings during fiscal 2001.

The Nominating Committee's primary duties and responsibilities are to:

- make recommendations to the Board regarding the size and composition of the Board;
- work with a committee of our partners to discuss desired characteristics in prospective partner nominees for director positions on the Board;
- establish procedures for nominating directors who are not affiliated with us;
- recommend candidates for appointment to the Board; and
- nominate officers for appointment by the Board.

The Nominating Committee has not adopted formal procedures for submissions of shareholder recommendations for nominees for Board membership. If you would like to recommend a nominee for Board membership, you can submit a written recommendation with the name and other pertinent information of the nominee to: Mr. Wulf von Schimmelfmann, Chairman of the Nominating Committee, c/o Accenture, 1661 Page Mill Road, Palo Alto, California, 94304, USA, Attention: General Counsel and Secretary.

Report of the Audit Committee

Accenture became a public company following its initial public offering in July 2001. In May 2001, Accenture completed its transition from a partnership structure to a corporate structure following a vote of the partners in April 2001. The Audit Committee was constituted in October 2001 as required by NYSE listing requirements and held its first meeting in November 2001 in order to issue this report.

Accenture management is responsible for preparing and presenting Accenture's financial statements, and Accenture's independent auditors are responsible for performing an independent audit of these financial statements in accordance with generally accepted auditing standards. In connection with the preparation of the financial statements as of and for the year ended August 31, 2001, the Audit Committee performed the following tasks:

- (1) reviewed and discussed the audited financial statements with management;
- (2) discussed with the auditors the matters required to be discussed under generally accepted auditing standards, including Statement on Auditing Standards No. 61 (as amended by Statement on Auditing Standards No. 90);
- (3) received the written disclosures and the letter from the auditors as required by Independence Standards Board Standard No. 1, and discussed with the auditors the independence of the auditors from management and from Accenture; and
- (4) considered the compatibility of non-audit services with the auditors' independence.

Based upon these reviews and discussions, the Audit Committee recommended, and the Board approved, that Accenture's audited financial statements be included in Accenture's Annual Report on Form 10-K for the fiscal year ended August 31, 2001, for filing with the Securities and Exchange Commission.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not experts in the fields of accounting or auditing, including with respect to the issue of auditor independence. The members of the Audit Committee rely on the information provided to them and on the representations made by management and the independent auditors and do not independently verify this information. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine whether management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions in this report do not assure that the audit of Accenture's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that PricewaterhouseCoopers LLP was in fact independent.

THE AUDIT COMMITTEE

Blythe J. McGarvie, Chair
Robert I. Lipp
Wulf von Schimmelmann

INDEPENDENT AUDITORS FEES AND OTHER MATTERS**Principal Accounting Firm Fees**

The following table presents the fees for audit and other services by our former principal accounting firm, PricewaterhouseCoopers LLP, for fiscal 2001:

(Dollars in millions)	2001
Audit fees	\$ 2.9
Financial information systems design and implementation fees	\$
All other fees	
Audit-related fees(1)	\$ 5.8
Other non-audit service fees(2)	\$ 24.6
Total all other fees	\$ 30.4

- (1) Audit-related fees consisted principally of audits of the financial statements as of and for the three years ended August 31, 2000, review of registration statements and the issuance of consents.
- (2) Includes fees for tax planning, compliance and other services primarily relating to our transition to a corporate structure.

Change In Independent Public Accountants

At the request of the Audit Committee, PricewaterhouseCoopers LLP resigned as our independent accountants effective as of November 27, 2001. We did not make this request due to concerns about the quality of PricewaterhouseCoopers' work or due to any disagreements with PricewaterhouseCoopers. Rather, we requested PricewaterhouseCoopers' resignation due to the continued competitive situation between our practice and PricewaterhouseCoopers' consulting practice, which was not eliminated as we had expected. We engaged KPMG LLP as our independent accountants effective as of November 27, 2001.

The reports of PricewaterhouseCoopers on the financial statements for the past two fiscal years did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

In connection with the audit referred to above and through PricewaterhouseCoopers' resignation, there were no: (1) disagreements between Accenture and PricewaterhouseCoopers on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which disagreements, if not resolved to the satisfaction of PricewaterhouseCoopers, would have caused them to make reference to the subject matter of the disagreement or disagreements in their report on the financial statements for that fiscal year; or (2) reportable events involving PricewaterhouseCoopers that would have required disclosure under Item 304(a)(1)(v) of Regulation S-K.

PROPOSAL NO. 2 APPOINTMENT OF INDEPENDENT AUDITORS

Under Section 89 of the Companies Act 1981 of Bermuda, our shareholders have the authority to appoint Accenture's independent auditors and to authorize the Board to determine the auditors' remuneration. Upon the recommendation of the Audit Committee, the Board appointed KPMG LLP as the independent auditors to audit Accenture's consolidated financial statements for the fiscal year ending August 31, 2002. The Board is asking our shareholders to approve the appointment of KPMG LLP as auditors to hold office until the 2003 Annual General Meeting of Shareholders and to approve the Board's authority to determine the auditors' remuneration.

Representatives of both KPMG LLP (our current independent auditors) and PricewaterhouseCoopers LLP (our former auditors) are expected to be present at the Annual Meeting. Each of these representatives will have the opportunity to make a statement, if they desire, and are expected to be available to respond to any questions.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE APPOINTMENT OF KPMG LLP AND THE BOARD'S AUTHORITY TO DETERMINE KPMG LLP'S REMUNERATION.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Report of the Compensation Committee

Accenture became a public company following its initial public offering in July 2001. In preparation for the initial public offering, in May 2001 Accenture completed its transition from a partnership structure to a corporate structure. The Compensation Committee was constituted in October 2001 and accordingly had no role in the determination of compensation for fiscal 2001, which ended on August 31, 2001.

Prior to Accenture's transition to a corporate structure, partner compensation, including for Accenture's chief executive officer and other executive officers, was comprised of distributions of current earnings on a relative, or unit, basis. A partners' income committee consisting of Accenture's chief executive officer and more than 50 partners he appointed, reviewed evaluations and recommendations concerning the performance of partners to determine each partner's relative level of compensation, or unit allocation. This determination was then submitted to all partners for approval.

Following Accenture's transition to a corporate structure, Accenture's partners, including the chief executive officer and other executive officers, continue to be compensated on a unit basis. Under the terms of an agreement among the partners, the partners' income committee continues to determine unit allocation on an annual basis. The allocation is then submitted to the partners for approval. If approved, the unit allocation is submitted to the Compensation Committee as a recommendation with respect to the unit allocation among our executive officers and, unless Accenture's board of directors determines otherwise, becomes binding with respect to the unit allocation among all partners other than Accenture's executive officers (subject to the impact on overall unit allocation of determinations by the Compensation Committee of the unit allocation for the executive officers). The purpose and design of this structure is to recognize and reward those partners making the greatest relative contribution to Accenture's performance. Partner contribution is assessed in the context of client and marketplace value creation, long-term Accenture strategic positioning, financial contributions and people development. Mr. Forehand's unit allocation reflects the scope and impact of his role, with a particular emphasis on his ability to articulate and implement a strategic business model that achieves share owner value over time.

Since Accenture's transition to a corporate structure, as part of its budgeting process, Accenture's board of directors sets budgeted amounts for Accenture's results and cash compensation to its partners, with each partner receiving his or her portion based on his or her unit allocation. Accenture pays a portion of the total budgeted compensation to partners as a fixed component of compensation and may pay the remainder of the budgeted amount, or more, as a bonus based on actual operating results compared to budgeted amounts. No such bonuses were paid in fiscal 2001.

Section 162(m) of the Internal Revenue Code of 1986 places a limit on the tax deduction for compensation in excess of \$1 million paid to certain covered employees of a publicly held corporation (generally the corporation's chief executive officer and its next four most highly compensated executive officers in the year that the compensation is paid). Pursuant to a transition rule that applies to companies that become subject to section 162(m) by reason of becoming publicly held, such as Accenture, the deductibility of Accenture's compensation payments is not currently subject to the limitations of section 162(m).

THE COMPENSATION COMMITTEE

Sir Mark Moody-Stuart, Chair
Dina Dublon
William D. Green

Summary Compensation Table

The following table sets forth, for fiscal 2000 and 2001, the compensation for such periods for our chief executive officer and for each of our four most highly compensated executive officers, other than the chief executive officer, serving as executive officers at the end of fiscal 2001. We refer to these five persons, collectively, as the Named Executive Officers.

	Year	Annual Compensation			Long-Term Compensation Awards		
		Salary(1) (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Share Unit Award(s) (\$)	Securities Underlying Options (#)	All Other Compensation (\$)
Joe W. Forehand	2001	5,294,095					
Chief Executive Officer and Chairman of the Board of Directors	2000	4,000,000					
Jackson L. Wilson, Jr.	2001	4,395,697					
Corporate Development Officer	2000	4,600,000					
Stephan A. James	2001	4,476,101					
Chief Operating Officer	2000	4,200,000					
Michael G. McGrath	2001	4,309,092					
Chief Risk Officer	2000	3,900,000					
William D. Green	2001	3,317,096					
Group Chief Executive Communications & High Tech Operating Group	2000	3,500,000					

(1) Amounts in the table with respect to periods prior to the consummation of Accenture's transition to a corporate structure on May 31, 2001 consist of distributions of partnership income, including realized gains on investments and return on capital at risk. These amounts are not comparable to executive compensation in the customary sense. With respect to periods subsequent to May 31, 2001, amounts in this table reflect the salary actually paid to the Named Executive Officers.

Compensation Committee Interlocks and Insider Participation

Our board of directors did not have a compensation committee during fiscal 2001. In fiscal 2001, each partner's compensation, including the compensation of our executive officers, was determined based on his or her unit level. Units is an internal term we have used historically to quantify the relative level of participation our individual partners had in our income. At the beginning of fiscal 2001, a partners' income committee consisting of our chief executive officer and more than 50 partners that he appointed, reviewed evaluations and recommendations concerning the performance of partners and determined relative levels of income participation, or unit allocation. Based on its review, the partners' income committee prepared a partners' income plan, which was then submitted to the partners for their approval.

Compensation of Outside Directors

Each director who is not an employee of Accenture or its subsidiaries receives the following compensation:

an initial, one-time grant of an option to purchase 25,000 Class A common shares upon appointment to the Board;

an annual retainer of \$50,000, either in the form of cash, fully-vested restricted share units or a combination of cash and restricted share units; and

an annual grant of an option to purchase 10,000 Class A common shares.

Each option grant vests fully after one year (or sooner upon death, disability or involuntary termination or removal from the Board) and generally expires after 10 years. Robert I. Lipp receives an additional annual retainer of \$75,000 for his service as Lead Outside Director (payable in cash, fully vested restricted share units or a combination of cash and restricted share units), and Steven A. Ballmer has elected not to receive director compensation.

PERFORMANCE GRAPH

The performance graph below shows the cumulative total shareholder return on the Class A common shares for the period starting on July 19, 2001, which was the initial trading date of the Class A common shares, to August 31, 2001, which was the end of fiscal 2001. This is compared with the cumulative total returns over the same period of the S&P 500 Index and a peer group index consisting of Cap Gemini SA, Computer Sciences Corporation, Electronic Data Systems Corporation, Hewlett-Packard Company, International Business Machines Corporation and KPMG Consulting, Inc. The graph assumes that on July 19, 2001, \$100 was invested in our Class A common shares and \$100 was invested in each of the other two indices, with dividends reinvested on the date of payment without payment of any commissions. The performance shown in the graph represents past performance and should not be considered an indication of future performance.

* The graph is based on an initial price per share of \$14.50 for the Class A common shares, which was the initial public offering price on July 19, 2001. The last sale price on that date on the New York Stock Exchange was \$15.17.

BENEFICIAL OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information regarding the beneficial ownership of Accenture's Class A common shares and Class X common shares on May 24, 2002 by: (1) each director, director nominee and Named Executive Officer; and (2) all of our directors, director nominees and executive officers as a group. To our knowledge, unless it is otherwise stated in the footnotes, each person listed below has sole voting and investment power with respect to his or her shares beneficially owned. For purposes of the tables below, a person or group of persons is deemed to have beneficial ownership of any shares that such person has the right to acquire within 60 days after May 24, 2002. For purposes of computing the percentage of outstanding Class A common shares and/or Class X common shares held by each person or group of persons, any shares that such person or persons has the right to acquire within 60 days after May 24, 2002 are deemed to be outstanding but are not included as outstanding for the purpose of computing the percentage ownership of any other person.

Name	Accenture Ltd Class A common shares		Accenture Ltd Class X common shares		Percentage of the total number of Class A and Class X common shares beneficially owned
	shares beneficially owned	% of shares beneficially owned	shares beneficially owned	% of shares beneficially owned	
Directors, director nominees and named executive officers:					
Joe W. Forehand (1)(2)	1,000	*%	1,406,889	**%	***%
Stephan A. James (1)(3)		*	1,148,676	**	***
Steven A. Ballmer		*		**	***
Dina Dublon		*		**	***
Karl-Heinz Flöther (1)	926,347	*		**	***
Joel P. Friedman (1)(4)		*	810,257	**	***
William D. Green (1)(5)		*	1,000,947	**	***
Robert I. Lipp	125,000	*		**	***
Blythe J. McGarvie		*		**	***
Mark Moody-Stuart		*		**	***
Masakatsu Mori (1)	892,495	*		**	***
Wulf von Schimmelmann		*		**	***
Diego Visconti (1)(6)		*		**	***
Jackson L. Wilson, Jr. (1)(7)		*	1,127,063	**	***
Michael G. McGrath (1)(8)		*	1,057,938		
All directors, director nominees and executive officers as a group (27 persons)	3,489,874	0.8%	12,221,400	2.3%	1.7%

* Less than 1% of Accenture's Class A common shares outstanding.

** Less than 1% of Accenture's Class X common shares outstanding.

*** Less than 1% of the total number of Accenture's Class A common shares and Class X common shares outstanding.

- (1) c/o Accenture, 1661 Page Mill Road, Palo Alto, California 94304 USA. Excludes the common shares subject to the voting agreement referred to below that are owned by other parties to the voting agreement. Each of Joe W. Forehand, Stephan A. James, Karl-Heinz Flöther, Joel P. Friedman, William D. Green, Masakatsu Mori, Diego Visconti, Jackson L. Wilson, Jr. and Michael G. McGrath is a party to the Voting Agreement. Each of these individuals, however, disclaims beneficial ownership of the common shares subject to the voting agreement other than those specified above for him individually. See "Certain Transactions and Relationships" Voting Agreement in Annex B.
- (2) Joe W. Forehand owns 1,406,889 Class I common shares of Accenture SCA. Subject to contractual transfer restrictions, Accenture SCA is obligated, at the option of the holder of its shares and at any time, to redeem any outstanding Accenture SCA Class I common shares held by the holder. The redemption price per share generally is equal to the market price of an Accenture Class A common share at the time of the redemption. Accenture SCA has the option to pay this redemption price with cash or by delivering Accenture Class A common shares on a one-for-one basis. Each time an Accenture SCA Class I common share is redeemed from a holder, Accenture has the option, and intends to, redeem an Accenture Class X common share from that holder, for a redemption price equal to the par value of the Accenture Class X common share, or \$0.0000225.
- (3) Stephan A. James owns 1,148,676 Class I common shares of Accenture SCA. See note (2) above regarding Accenture SCA.
- (4) Joel P. Friedman owns 810,257 Class I common shares of Accenture SCA. See note (2) above regarding Accenture SCA.
- (5) William D. Green owns 1,000,947 Class I common shares of Accenture SCA. See note (2) above regarding Accenture SCA.
- (6) Diego Visconti owns 870,582 Class I common shares of Accenture SCA. See note (2) above regarding Accenture SCA.
- (7) Jackson L. Wilson, Jr. owns 1,127,063 Class I common shares of Accenture SCA. See note (2) above regarding Accenture SCA.
- (8) Michael G. McGrath owns 1,057,938 Class I common shares of Accenture SCA. See note (2) above regarding Accenture SCA.

BENEFICIAL OWNERS OF MORE THAN FIVE PERCENT

The following table sets forth information as of May 24, 2002 about persons whom we know to be beneficial owners of more than 5 percent of Accenture's issued and outstanding Class A common shares or Class X common shares.

Name and Address of Beneficial Owner	Accenture Ltd Class A common shares		Accenture Ltd Class X common shares		Percentage of the total number of Class A and Class X common shares beneficially owned
	shares beneficially owned	% of shares beneficially owned	shares beneficially owned	% of shares beneficially owned	
Parties to the voting provisions of the Voting Agreement					
c/o Accenture Ltd					
Cedar House, 41 Cedar Avenue					
Hamilton HM12, Bermuda (1)					
	185,467,378	44.3%	421,008,575	79.7%	64.0%
Stichting Naritaweg I					
Naritaweg 155					
1043 BW Amsterdam					
The Netherlands					
			34,737,706	6.6%	3.7%
Stichting Naritaweg II					
Naritaweg 155					
1043 BW Amsterdam					
The Netherlands					
			38,354,588	7.3%	4.1%

(1) Each party to the voting agreement disclaims beneficial ownership of the shares subject to the voting agreement that are owned by each other party to the agreement. See "Certain Transactions and Relationships - Voting Agreement" in Annex B.

Two Dutch foundations, Stichting Naritaweg I and Stichting Naritaweg II, hold Class X common shares that otherwise would have been held by some of our partners. The shares held by these foundations will be voted at the Annual Meeting in accordance with the preliminary vote to be taken by our partners under the voting agreement and our partners will accordingly control the votes of these shares, although the foundations will not participate in the preliminary vote. See "Certain Transactions and Relationships - Voting Agreement" in Annex B.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the federal securities laws, our directors, executive officers and 10% shareholders are required to report to the Securities and Exchange Commission transactions and holdings in our

Class A common shares and Class X common shares. Based on our review of the forms filed with the Securities and Exchange Commission and on written representations from certain reporting persons that no annual corrective filings were required for those persons, we believe that during fiscal year 2001, all of the filing requirements were timely satisfied. Mary Tolan, an executive officer, failed to report a purchase of 1,900 shares on November 21, 2002. This failure was inadvertent, and the purchase was subsequently reported on an amended Form 4 filed on April 9, 2002.

CERTAIN TRANSACTIONS AND RELATIONSHIPS

Please refer to Annex B for a description of certain transactions that have occurred during our last fiscal year and certain relationships.

SUBMISSION OF FUTURE SHAREHOLDER PROPOSALS

Accenture's 2003 Annual General Meeting of Shareholders is expected to occur in February 2003. In accordance with the rules established by the Securities and Exchange Commission, any shareholder proposal submitted pursuant to Rule 14a-8 to be included in the proxy statement for that meeting must be received by Accenture a reasonable time before we begin to print and mail the proxy materials relating to that meeting. If you would like to submit a shareholder proposal to be included in those proxy materials, you should send your proposal to Accenture's General Counsel and Secretary at 1661 Page Mill Road, Palo Alto, California, 94304, USA. In order for your proposal to be included in the proxy statement, the proposal must comply with the requirements established by the Securities and Exchange Commission.

Bermuda law provides that Accenture shareholders who collectively hold at least 5 percent of the total voting rights of Accenture's outstanding Class A common shares and Class X common shares, or any group comprised of at least 100 or more registered Accenture shareholders, may require a proposal to be submitted to an annual general meeting of shareholders. Generally, notice of the proposal must be deposited at Accenture's registered office in Bermuda at least six weeks before the date of the meeting. Under Securities and Exchange Commission Rule 14a-4, proxies may be voted on matters properly brought before the 2003 Annual General Meeting under this procedure in the discretion of management without additional proxy statement disclosure about the matter unless Accenture is notified about the matter a reasonable time before it mails its proxy materials.

INCORPORATION BY REFERENCE

To the extent that this proxy statement is incorporated by reference into any other filing by Accenture under the Securities Act of 1933 or the Securities Exchange Act of 1934, the sections of this proxy statement entitled Report of the Compensation Committee, Report of the Audit Committee (to the extent permitted by the rules of the Securities and Exchange Commission) and Performance Graph, as well as the information in Annex A and the Audit Committee Charter attached as Annex C, will not be deemed incorporated, unless specifically provided otherwise in that other filing.

SUBMITTING YOUR PROXY BY TELEPHONE OR VIA THE INTERNET

You may submit your proxy either by mail, by telephone or via the Internet. Please see the proxy card that accompanies this proxy statement for specific instructions on how to submit your proxy through any of these methods.

If you submit your proxy by telephone or via the Internet, then in order for your vote to be counted, your proxy must be received by 11:59 p.m., Eastern Daylight Time, on July 10, 2002. Even if you submit your proxy by telephone or via the Internet, you can still vote your shares in person if you decide to attend the Annual Meeting.

The telephone and Internet proxy submission procedures are designed to authenticate shareholders' identities, to allow shareholders to give their voting instructions and to confirm that shareholders' instructions have been recorded properly. We have been advised that the Internet proxy submission procedures that have been made available to you are consistent with the requirements of applicable law. If you submit your proxy via the Internet, then you should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, which you must bear.

ELECTRONIC DELIVERY OF SHAREHOLDER COMMUNICATIONS

Our shareholder communications are available electronically. You may elect to receive or access future copies of these materials electronically as an alternative to receiving printed copies by mail. By signing up for electronic delivery, you can receive shareholder communications as soon as they are available without waiting for them to arrive in the mail. You can also reduce the number of bulky documents in your personal files, eliminate duplicate mailings, conserve natural resources and help us reduce our printing and mailing costs. If you are an employee shareholder, then you will receive these materials electronically but will have the right to receive printed copies by mail.

To sign up for electronic delivery, please submit your proxy via the Internet at www.proxyvote.com and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

HOUSEHOLDING OF SHAREHOLDER DOCUMENTS

We may send a single set of shareholder documents to any household at which two or more shareholders reside. This process is called householding. This reduces the volume of duplicate information received at your household and helps us to reduce our costs. Your materials may be household based on your prior express or implied consent. If your materials have been household and you wish to receive separate copies of these documents, you may write or call our Investor Relations Group at the following address or phone number: Accenture, 1345 Avenue of the Americas, New York, New York 10105 USA, or you may make a request through our website at www.accenture.com.

June 4, 2002

BUSINESS

Overview

Accenture is the world's leading management consulting and technology services organization. We had approximately \$11.6 billion of revenues before reimbursements for the 12 months ended February 28, 2002. As of April 30, 2002, we had more than 75,000 employees based in over 110 offices in 47 countries delivering to our clients a wide range of consulting, technology and outsourcing services. We operate globally with one common brand and business model designed to enable us to serve our clients on a consistent basis around the world. We work with clients of all sizes and have extensive relationships with the world's leading companies and governments.

Our leading position in the management consulting and technology services markets results from the fact that we have more consulting professionals than any other consulting firm, with nearly 54,000 professionals working within our operating groups, complemented by nearly 8,000 professionals dedicated full time to our service lines. In addition, we have deep industry knowledge in 18 distinct industry groups and broad service offering expertise through our service lines and solution units. Based on our knowledge of our business and the business of our competitors, we believe that no other consulting firm provides as broad a range of management consulting and technology services and solutions to as many industry groups in as many geographic markets as we do.

Management Consulting and Technology Services and Solutions

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

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

Operating Groups

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

Operating Groups

Communications & High Tech	Financial Services	Products	Resources	Government
Communications Electronics & High Tech Media & Entertainment	Banking Health Services Insurance	Automotive Consumer Goods & Services Industrial Equipment Pharmaceuticals & Medical Products Retail Transportation & Travel Services	Chemicals Energy Forest Products Metals & Mining Utilities	Government

Communications & High Tech

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

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

Communications. Our Communications industry group serves many of the world’s leading wireline, wireless, cable and satellite communications companies. We provide a wide range of services designed to help our communications clients increase margins and market share, improve customer retention, increase revenues, reduce overall costs and accelerate sales cycles.

Electronics & High Tech. Our Electronics & High Tech industry group serves the aerospace, defense, electronics, high technology and network communications industries. This industry group provides services in areas such as electronic commerce and strategy and supply chain management.

Media & Entertainment. Our Media & Entertainment industry group serves entertainment, print and publishing companies, as well as innovative new ventures and Internet companies. Our Media & Entertainment industry group provides an array of services ranging from customer relationship management to digital content infrastructure and electronic business solutions.

Financial Services

Our Financial Services operating group focuses on the growth opportunities created by our clients’ need to adapt to changing market conditions, including increased cost pressures, industry consolidation, regulatory changes, the creation of common industry standards and protocols, and the move to a more seamless and interconnected industry model. We help clients meet these challenges through a variety of

offerings, including outsourcing strategies to increase cost efficiency and transform businesses, and customer-relationship-management initiatives that enable them to acquire new customers, retain profitable customers and improve their cross-selling capabilities.

Our Financial Services operating group comprises the following industry groups:

Banking. Our Banking industry group works with commercial and savings banks, diversified financials and securities companies. We also work with a variety of new entrants and innovators, such as online banks and brokerages. We help these organizations develop and execute strategies to target, acquire and retain customers more effectively, expand product and service offerings, and leverage new technologies and distribution channels.

Health Services. Our Health Services industry group serves integrated health care providers, health insurers, managed care organizations, biotech and life sciences companies and policy-making authorities. We are helping our clients in the health plan and health insurance area in North America accelerate their business by connecting consumers, physicians and other stakeholders through electronic commerce. In Europe, we are helping create new connections between governments, physicians and insurers.

Insurance. Our Insurance industry group helps property and casualty insurers, life insurers, reinsurance firms and insurance brokers improve business processes, develop Internet insurance businesses and improve the quality and consistency of risk selection decisions. Our Insurance industry group has also developed a claims management capability that enables insurers to provide better customer service while optimizing claims costs.

Products

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

Automotive. Our Automotive industry group works with auto manufacturers, suppliers, dealers, retailers and service providers. Our automotive industry professionals work with clients to develop and implement solutions focused on customer service and retention, channel strategy and management, branding, buyer-driven business models, cost reduction, customer relationship management and integrated supplier partnerships.

Consumer Goods & Services. Our Consumer Goods & Services industry group helps food, beverage, tobacco, household products, cosmetics and apparel companies move beyond incremental cost cutting to establish bolder innovation and growth agendas. This industry group adds value to companies through innovative service offerings that address, among other things, new ways of reaching the retail trade and consumers through precision consumer marketing, maximizing brand synergies and cost reductions in mergers and acquisitions, improving supply chain efficiencies through collaborative commerce business models, and enhancing the efficiency of their internal operations.

Industrial Equipment. Our Industrial Equipment industry group serves the industrial and electrical equipment, construction, consumer durable and heavy equipment industries. We help our clients increase operating and supply chain efficiency by improving processes and leveraging technology. We also work with clients to generate value from strategic mergers and acquisitions. Our Industrial Equipment industry group also develops and deploys innovative solutions in the areas of channel management, collaborative product design, remote field maintenance, enterprise application integration and outsourcing.

Pharmaceuticals & Medical Products. Our Pharmaceuticals & Medical Products industry group serves pharmaceuticals, biotechnology, medical products and other industry-related companies. With knowledge in discovery, development, manufacturing, supply chain, and sales and marketing issues, we help companies identify and exploit opportunities for value creation, such as reducing the time it takes to develop and deliver new drugs to market through process improvements and implementation of technology. Our Pharmaceuticals & Medical Products industry group also helps clients integrate new discovery technologies, realize the potential of genomics and biotechnology, become more patient-centric and create new business models that deliver medical breakthroughs more rapidly.

Retail. Our Retail industry group serves a wide spectrum of retailers ranging from convenience stores to destination stores, including supermarkets, specialty premium retailers and large mass-merchandise discounters. Our Retail industry group professionals work with retailers worldwide to create sustainable value measured by improved profitability and customer satisfaction, revenue growth, decreased costs and, where relevant, shareholder value.

Transportation & Travel Services. Our Transportation & Travel Services industry group serves clients in the airline, freight transportation, third-party logistics, hospitality, gaming, car rental, passenger rail and travel distribution industries. We help clients develop and implement strategies and solutions to improve customer relationship management capabilities, operate more-efficient networks, integrate supply chains, develop procurement and electronic business marketplace strategies and more effectively manage maintenance, repair and overhaul processes and expenses.

Resources

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

Our Resources operating group comprises the following industry groups:

Chemicals. Our Chemicals industry group has significant resources in Europe, Asia, Japan and the Americas and works with a wide cross-section of industry segments, including specialty chemicals, industrial chemicals, polymers and plastics, gases and life science companies. We also have long-term operations contracts with many of the industry leaders.

Energy. Our Energy industry group serves a wide range of companies in the oil and gas industry, including upstream, downstream and oil services companies. We help clients create cross-industry synergies and operational efficiencies through our multi-client outsourcing centers, forge alliances to advance integrated industry solutions, build and enhance trading and risk management operations, and exploit new business technologies.

Forest Products. The Forest Products industry group helps our clients in the pulp and paper business achieve improvements in business performance. We also help our Forest Products clients use electronic commerce and the Internet to drive incremental value.

Metals & Mining. Our Metals & Mining industry group serves metals industry companies located in the world's key mining regions, including North America, Latin America, South Africa, Australia and South East Asia, working with clients in areas such as electronic commerce, including procurement, supply-chain management and customer service.

Utilities. Our Utilities industry group works with electric, gas and water utilities around the world to respond to an evolving and highly competitive marketplace. Our work includes helping utilities transform themselves from state-owned, regulated local entities to global deregulated corporations, as well as developing diverse products and service offerings to help our clients deliver higher levels of convenience and service to their customers. These offerings include trading and risk management, supply chain optimization and customer relationship management.

Government

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

Our Government clients typically are national, provincial or state-level government organizations, and to a lesser extent, cities and other local governments. We advise on, implement and in some cases operate government services, enabling our clients to use their resources more efficiently and to deliver citizen-centric services. And, as governments are pressed to do more with less, Accenture is introducing innovative contract models from the private sector that are becoming increasingly popular with governments. We are also working with clients to transform their back-office operations, build Web interfaces and enable services to be delivered over the Internet.

Capability Groups

Our two capability groups, Business Consulting and Technology & Outsourcing, are the innovation engines through which we develop and deliver a full spectrum of services and solutions that address business opportunities and challenges common across industries. Together, our two capability groups comprise eight service lines and three solution units. Our service lines are responsible for developing our knowledge capital, world-class skills and innovative capabilities. As of April 30, 2002, more than 8,000 Accenture professionals were dedicated full-time to specific service lines, helping to develop knowledge and assets for clients across all of the industries we serve. These subject matter experts complement the nearly 54,000 professionals working within our operating groups who apply their knowledge of specific service lines to clients within specific industry groups.

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

Business Consulting Capability Group

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

Strategy & Business Architecture Service Line

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

Customer Relationship Management Service Line

Professionals in our Customer Relationship Management service line help companies increase the value of their customer relationships and enhance the economic value of their brands to acquire new customers and retain existing ones. We offer a full range of capabilities that have positioned us as a pioneer in the reinvention of marketing and customer relationship management. These include proprietary approaches to improving the return on marketing investments, innovative methods for uncovering insight into customers purchasing preferences and habits and tailoring products and services based on that insight, and sophisticated techniques for integrating information so that it is available to customers at any point of interaction. Together with our alliance partners, we bring in-depth skills to our clients, helping them create superior customer experiences and enhance the value of their customer relationships.

Supply Chain Management Service Line

We help clients gain competitive advantage by working with them to optimize their supply chains and build networks to facilitate collaboration with suppliers and business partners. Professionals in our Supply Chain Management service line are dedicated to developing innovative approaches to solve supply chain problems across a broad range of industries. This includes designing more-efficient procurement processes, optimizing product planning, strengthening supplier relationships, and streamlining product development cycles. In addition, our Supply Chain Management service line uses its expertise in areas such as strategic sourcing, manufacturing strategy and operations, and logistics to provide strategic advice and technology solutions that leverage the Web for procurement, fulfillment and product design.

Human Performance Service Line

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

Finance & Performance Management Service Line

The professionals in our Finance & Performance Management service line work with our clients key financial managers, including chief financial officers, treasurers and controllers, to support management of and reporting by finance departments. Among the services we provide are strategic consulting with

regard to the design and structure of the finance function, particularly post-merger or acquisition, and the establishment of shared service centers for streamlining transaction processing. Our professionals work with financial executives to develop and implement solutions that help them align their companies' investments with their business objectives, use the Internet to manage the treasury functions, and establish security around the exchange of information to reporting institutions. Our services also address pricing and yield management, billing, credit, lending and debt recovery.

e-peopleserve Solution Unit

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

Accenture Learning Solution Unit

Our Accenture Learning solution unit draws on Accenture's extensive experience with enterprise-wide workforce performance transformation; the strength of our business processing outsourcing capabilities; our internal training and knowledge management solution, myLearning; and the expertise of our Indeliq affiliate, which develops scalable performance simulation electronic learning applications. Our Accenture Learning professionals work with companies and governments to provide outsourced transformational learning solutions that reduce employees' time to competency, increase knowledge retention, lower the costs of administering complex training content and manage multiple learning delivery vehicles and vendors.

Technology & Outsourcing Capability Group

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

Technology Research & Innovation Service Line

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

Solutions Engineering Service Line

Professionals in our Solutions Engineering service line design, build and deploy complex industry-specific, reusable and scalable solutions that typically integrate business processes, technology and human performance components. Among other things, they maintain and enhance our methods and practices for building technology-based solutions in an efficient and predictable manner. We have expertise and capabilities in a wide range of areas, including electronic commerce infrastructure, security, enterprise resource planning, enterprise application integration, data warehousing and pre-packaged business solution delivery.

Solutions Operations Service Line

Our Solutions Operations service line provides a range of outsourcing solutions for managing technology infrastructure, applications and business processes and is our primary source of strategy and capability for executing initiatives in business transformation outsourcing. We are differentiated in our delivery of outsourcing services through our creation of solutions that help transform the way industries work and our ability to combine industry, technology and functional expertise with outsourcing capabilities. In addition, we are expanding our outsourcing capabilities through a variety of shared-service solutions, including customer information, billing systems, information technology services, supply chain management and human resources administration.

Avanade Solution Unit

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

Alliances

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

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

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

Strategic Delivery Capability

Our global strategic delivery approach emphasizes quality, reduced risk, speed to market and predictability. Our ultimate goal is to deliver to clients price-competitive solutions and services that create value. One of our key strengths is our ability to create and capture replicable components of methodologies and technologies, which we can customize to create tailored solutions for our clients in a cost-effective manner and under demanding time constraints. Our global network of delivery centers' facilities where teams of Accenture professionals use proven methodologies and existing assets to create business solutions for clients' enhances our ability to capitalize on our vast array of methodologies, tools and technology to deliver value to our clients. Client teams use these centers to complete comprehensive,

effective and customized implementations in less time than would be required to develop solutions from the ground up. Our delivery centers improve the efficiency of our engagement teams as they are able to reuse solution designs, team-member experience, infrastructure and software. Reuse also increases solution longevity and reduces technology risks and application maintenance.

Affiliates

If a capability that we do not already possess is of strategic importance and value to us and our clients, we may form a new business, sometimes with one or more third parties, to develop that capability. We call these businesses affiliates. If an affiliate provides a service or solution across many industries, it serves as a solution unit or part of a solution unit within one of our capability groups. If an affiliate provides a service or solution specific to only one industry, it may serve as a solution unit within one of our operating groups. These entities can rapidly advance a particular opportunity by building upon our global platform of clients, professionals and business expertise. Our affiliates include Avanade, e-peopleserve, Imagine Broadband, Indeliq and Navitaire. Avanade focuses on large-scale technology integration surrounding Microsoft's enterprise platform. e-peopleserve is a provider of outsourced human resources services that we created with British Telecommunications. Imagine Broadband provides interactive broadband solutions and platform implementation to cable, satellite and telecommunications network operators worldwide. Indeliq develops scalable performance simulation electronic learning applications based on our patents and technology, which we contributed to the company. Navitaire provides airlines with reservations, ticketing and revenue management services.

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

Research and Innovation

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

Accenture Organizational Structure

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

Prior to our transition to a corporate structure in fiscal 2001, we operated as a series of related partnerships and corporations under the control of our partners. In connection with our transition to a corporate structure, our partners generally exchanged all of their interests in these partnerships and

corporations for Accenture Ltd Class A common shares or, in the case of partners in certain countries, Accenture SCA Class I common shares or exchangeable shares issued by Accenture Canada Holdings Inc., an indirect subsidiary of Accenture SCA. Generally, partners who received Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares also received a corresponding number of Accenture Ltd Class X common shares which entitle their holders to vote at Accenture Ltd shareholders' meetings but do not carry any economic rights.

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

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

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

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

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

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

We use the term *partner* to refer to the partners and shareholders of the series of related partnerships and corporations through which Accenture operated its business prior to its transition to a corporate structure. These individuals became executive employees of Accenture following its transition to a corporate structure but retain the *partner* title. Where the context permits, the term also refers to Accenture's employees and others who have been or are in the future named as *partners* in this executive sense.

Employees

Our most important asset is our people. We are deeply committed to the long-term development of our employees. Each professional receives extensive and focused technical and managerial skills development training throughout his or her career with us. We seek to reinforce our employees' commitment to our clients, culture and values through a comprehensive performance review system and a competitive compensation philosophy that reward individual performance and teamwork. We strive to maintain a work environment that reinforces our partnership culture and the collaboration, motivation, alignment of interests and sense of ownership and reward that our partnership culture has sustained.

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

Competition

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

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

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

Intellectual Property

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

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

Legal Matters and Insurance

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

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

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

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

Properties

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

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MANAGEMENT

Directors and Executive Officers

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

<u>Name</u>	<u>Age</u>	<u>Years with Accenture</u>	<u>Position</u>
Joe W. Forehand	54	29	Chief Executive Officer and Chairman of the Board of Directors
Stephan A. James	55	34	Chief Operating Officer and Director
Steven A. Ballmer	46		Director
Dina Dublon	48		Director
Karl-Heinz Flöther	49	23	Group Chief Executive Financial Services Operating Group and Director
Joel P. Friedman	54	30	Director
William D. Green	48	24	Group Chief Executive Communications & High Tech Operating Group and Director
Robert I. Lipp	64		Director
Blythe J. McGarvie	45		Director
Mark Moody-Stuart	61		Director
Masakatsu Mori	55	33	Director
Diego Visconti	52	26	Director
Wulf von Schimmelmann	55		Director
Jackson L. Wilson, Jr.	54	26	Corporate Development Officer and Director
Arnaud André	47	23	Managing Partner People Matters & Enablement
R. Timothy S. Breene	53	6	Chief Strategy Officer and Group Chief Executive Business Consulting Capability Group
Pamela J. Craig	45	22	Managing Partner Global Business Operations
Mark Foster	42	18	Group Chief Executive Products Operating Group
Gregg G. Hartemayer	49	25	Group Chief Executive Technology & Outsourcing Capability Group
David R. Hunter	51	29	Group Chief Executive Government Operating Group and Managing Partner Asia Pacific
Jose Luis Manzanares	49	27	Managing Partner Global Technology Solutions and Alliances
Michael G. McGrath	56	29	Chief Risk Officer
Gill Rider	47	22	Chief Leadership Officer
Douglas G. Scrivner	51	22	General Counsel and Secretary
Mary A. Tolan	41	20	Group Chief Executive Resources Operating Group
Carlos Vidal	48	27	Managing Partner Financial Services, South Europe; Country Managing Director, Spain; and Chairman, Partner Income Committee
Harry L. You	43		Chief Financial Officer

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

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

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

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

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

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

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

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

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

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

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

Diego Visconti has been responsible for our Communications & High Tech operating unit in Europe and Latin America since 1995 and has been a Director since June 2001. From 1997 until May 2002, he was also the Country Managing Director of our Italy practice.

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

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

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

R. Timothy S. Breene has been our Chief Strategy Officer and Group Chief Executive Business Consulting Capability Group since March 2002. From August 2000 to March 2002 he was Managing Partner Global Service Lines. From December 1999 to August 2000, he was responsible for our capabilities development organization. From May 1998 to January 2000, Mr. Breene was responsible for our strategic services practice worldwide. From October 1997 to May 1998, he was responsible for our strategic services practice in our Products operating group. From June 1995 to October 1997, Mr. Breene was a client partner.

Pamela J. Craig has been our Managing Partner Global Business Operations since June 2001. From February 2000 to June 2001, she was responsible for our Media & Entertainment industry group globally and was also a general partner in Accenture Technology Ventures Japan. From August 1998 to November 2000, Ms. Craig was responsible for our Media & Entertainment global operating unit. From 1996 to August 1998, she was responsible for our Media & Entertainment group in North America.

Mark Foster has been our Group Chief Executive Products Operating Group since March 2002. From September 2000 to March 2002 he was responsible for our Products operating group in Europe. From August 1999 to September 2000 Mr. Foster was global managing partner of our Automotive, Industrial and Travel & Transportation industry groups. From May 1999 to August 1999 he was the head of our Pharmaceuticals & Medical Products client group in Europe. From September 1997 to May 1999 Mr. Foster was the managing partner of our Change Management competency in our Pharmaceuticals & Medical Products industry group. From 1994 to September 1997 he was a client partner with responsibility for clients in the pharmaceuticals, food manufacturing, consumer goods and retail industries.

Gregg G. Hartemayer has been our Group Chief Executive Technology & Outsourcing Capability Group since March 2002. He was our Group Chief Executive Products Operating Group from July 1998 to March 2002. From September 1997 to July 1998, Mr. Hartemayer was responsible for the consumer industry group within our Products operating group. He currently serves as a director on the board of Click Commerce Inc., a publicly traded Accenture portfolio company. From May 1996 to September 1997, he was responsible for the consumer industry group for the Americas.

David R. Hunter has been our Group Chief Executive Government Operating Group since September 1997 and our Managing Partner Asia Pacific since April 2002. From 1994 to 1997, he was responsible for our Government industry group.

Jose Luis Manzanares has been our Managing Partner Global Technology Solutions and Alliances since April 2002. He was our Managing Partner Geographic Services & CIO Organization from December 1999 to April 2002. December 1999. From September 1997 to December 1999, he was responsible for competency-related operations across Europe, the Middle East, Africa and India. From 1990 to 1997, Mr. Manzanares was the chief executive officer of Coritel, S.A., an information technology services company and wholly owned subsidiary of Accenture.

Michael G. McGrath has been our Chief Risk Officer since March 2002. He was our Capital Risk Officer from November 2001 to March 2002. He was our Treasurer from June 2001 to November 2001. From September 1997 to June 2001, Mr. McGrath was our Chief Financial Officer. From 1992 to 1997, he was responsible for quality and practice methodologies.

Gill Rider has been our Chief Leadership Officer since March 2002. From July 2000 to March 2002, Ms. Rider had responsibility for our Resources operating unit in Europe, the Middle East, Africa and Latin America. From 1999 to 2000 she was chairman of our UK and Ireland geographic unit. From 1996 to 1999 she had operational responsibility for our Utilities practice in Europe and South Africa.

Douglas G. Scrivner has been our General Counsel and Secretary since January 1996.

Mary A. Tolan has been our Group Chief Executive Resources Operating Group since August 2000. From December 1999 to August 2000, she was responsible for our firmwide strategy. From August 1998 to December 1999, Ms. Tolan was responsible for our Retail industry group globally and for an operating unit within the Products operating group. From April 1996 to August 1998, she was responsible for our Retail industry group in North America.

Carlos Vidal has been our Managing Partner Financial Services, South Europe since October 1997, responsible for the operating unit in South Europe and Latin America. He has also been responsible for the Financial Services operating unit in Central Europe, the Middle East and South Africa since January 2000. In addition, Mr. Vidal has been our Country Managing Director, Spain since 1998 and Chairman of the Partner Income Committee since December 2001. From September 1995 to October 1997 he was responsible for our consulting services across all industries in Spain, Portugal and Italy.

Harry L. You has been our Chief Financial Officer since June 2001. From March 1996 to June 2001, he was a Principal in the General Industrial Group and then a Managing Director at Morgan Stanley, responsible for the Computer and Business Services Group in the Investment Banking Division.

DIVIDEND POLICY

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

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

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

PRICE RANGE OF THE CLASS A COMMON SHARES

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

	Price Range	
	High	Low
Calendar Year 2001		
Third Quarter (commencing July 19, 2001)	\$ 15.65	\$ 11.61
Fourth Quarter	\$ 28.00	\$ 12.12
Calendar Year 2002		
First Quarter	\$ 30.50	\$ 23.13
Second Quarter (through May 24, 2002)	\$ 26.70	\$ 19.50

The closing sale price of Class A common shares as reported by the New York Stock Exchange on May 24, 2002 was \$20.82. As of May 24, 2002, there were 1,222 holders of record of the Class A common shares.

There is no trading market for the Accenture Ltd Class X common shares. As of May 24, 2002, there were 1,468 holders of record of the Class X common shares.

SELECTED FINANCIAL DATA

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

Management's Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and related notes included elsewhere in this report.

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

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- * Excludes payments for partner distributions in respect of periods ended on or prior to May 31, 2001.
- (1) For periods ended on or prior to May 31, 2001, we operated through partnerships in many countries. Therefore, we generally were not subject to income taxes in those countries. Taxes related to income earned by our partnerships were the responsibility of the individual partners. In other countries, we operated through corporations, and in these circumstances we were subject to income taxes.
 - (2) Partnership income before partner distributions is not comparable to net income of a corporation similarly determined. Partnership income in respect of periods ended on or prior to May 31, 2001 is not executive compensation in the customary sense because partnership income is comprised of distributions of current earnings. Accordingly, compensation and benefits for services rendered by partners have not been reflected as an expense in our historical financial statements for periods prior to May 31, 2001.

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

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

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

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

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

Overview

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

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

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

Presentation

As a result of a restructuring in 1989, we and our member firms, which are now our subsidiaries, became legally separate and distinct from the Arthur Andersen firms. Thereafter, until August 7, 2000, we had contractual relationships with an administrative entity, Andersen Worldwide, and indirectly with the separate Arthur Andersen firms. Under these contracts, called member firm agreements, we and our member firms, on the one hand, and the Arthur Andersen firms, on the other hand, were two stand-alone business units linked through such agreements to Andersen Worldwide for administrative and other

services. In addition, during this period our partners individually were members of the administrative entity, Andersen Worldwide. Following arbitration proceedings between us and Andersen Worldwide and the Arthur Andersen firms that were completed in August 2000, the tribunal terminated our contractual relationships with Andersen Worldwide and all the Arthur Andersen firms. On January 1, 2001, we began to conduct business under the name Accenture. See *Certain Relationships and Transactions Relationship with Andersen Worldwide and Arthur Andersen Firms* in Annex B.

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

Segments

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

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

Revenues

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

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

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

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

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

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

Operating Expenses

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

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

Cost of Services

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

Sales and Marketing

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

General and Administrative Costs

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

Reorganization and Rebranding Costs

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

Restricted Share Unit-based Compensation

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

Gain (Loss) on Investments

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

Interest Income

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

Interest Expense

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

Other Income (Expense)

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

Equity in Gains (Losses) of Affiliates

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

Provision for Taxes

Prior to our transition to a corporate structure, we were generally not subject to income taxes in most countries because we operated in partnership form in those countries. Since taxes related to income

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

Minority Interest

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

Partnership Income Before Partner Distributions

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

Net Income

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

Critical Accounting Policies and Estimates

Revenue Recognition

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

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

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

Income Taxes

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

Valuation of Investments

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

After exploring a number of alternatives, we have decided to sell substantially all of our minority ownership interests in our venture and investment portfolio that could cause volatility in our future earnings. We have engaged an investment bank and are currently in discussions with potential

purchasers. We expect to receive offers that allow us to retain a modest percentage of ownership in the venture and investment portfolio through an ongoing alliance with the buyer. We believe the transaction will be completed by the end of the calendar year. Related to this decision, our loss on investments in the six months ended February 28, 2002 included a charge of \$212 million, before and after tax, related to investment writedowns of our venture and investment portfolio and the loss we expect to incur on this sale transaction. As of February 28, 2002, after giving effect to the charge, our venture and investment portfolio has a net book value of \$109 million, \$58 million of which is hedged.

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

Historical Results of Operations

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

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

n/m = not meaningful

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

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

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