ACCENTURE LTD
Form S-1/A
July 12, 2001

As filed with the Securities and Exchange Commission on July 12, 2001.

Registration No. 333-59194

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 3

TO

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ACCENTURE LTD

(Exact Name of Registrant as Specified in its Charter)

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

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

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

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

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

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

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

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

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

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

Explanatory Note:

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

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

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

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

Subject to Completion. Dated July 11, 2001.

115,000,000 Class A Common Shares

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

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

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

See Risk Factors beginning on page 11 to read about factors you should consider before buying the Class A common shares.

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

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

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

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

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

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

Prospectus dated , 2001.

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

[Alternate Page For International Prospectus]

Subject to Completion. Dated July 11, 2001.

115,000,000 Class A Common Shares

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

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

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

See Risk Factors beginning on page 11 to read about factors you should consider before buying the Class A common shares.

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

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

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

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

Goldman Sachs International **Morgan Stanley**

Credit Suisse First Boston

Deutsche Bank

JPMorgan

Salomon Smith Barney

Banc of America Securities Limited

Lehman Brothers

Merrill Lynch International
UBS Warburg
ABN AMRO Rothschild

Prospectus dated , 2001.

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

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

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

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

SUMMARY

This summary highlights some of the information contained elsewhere in this prospectus. We urge you to read the entire prospectus carefully, including the Risk Factors and Pro Forma Financial Information sections and our historical financial statements and related notes included elsewhere in this prospectus, before making an investment decision.

Accenture

Accenture is the world s leading provider of management and technology consulting services and solutions. We have more than 75,000 employees based in more than 110 offices in 46 countries delivering to our clients a wide range of consulting, technology and outsourcing services. We operate globally with one common brand and business model. We work with clients of all sizes and have extensive relationships with the world s leading companies and governments. We serve 84 of the *Fortune* Global 100 and more than half of the *Fortune* Global 500. In total, we have served more than 4,000 clients on nearly 18,000 engagements over the past five fiscal years.

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

Communications & High Tech	Financial Services	Products	Resources	Government

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

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

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

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

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

Our leading position in the management and technology consulting services and solutions markets results from the number of our professional consultants, our global scale and reach, our deep industry knowledge, our broad service offering expertise, our extensive client relationships and our history of technology innovation.

Our Corporate Information

Accenture Ltd is organized under the laws of Bermuda. We maintain a registered and principal executive office in Bermuda at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda. Our telephone number in Bermuda is (441) 296-8262. We also have major offices in the world s leading business centers, including New York, Chicago, Dallas, Los Angeles, San Francisco, London, Frankfurt, Madrid, Milan, Paris, Sydney and Tokyo. In total, we have more than 110 offices in 46 countries around the world. Our Internet address is www.accenture.com. Information contained on our Web site is not a part of this prospectus.

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

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

Organizational Structure

Accenture Ltd is a Bermuda holding company with no material assets other than Class I and Class II common shares in our subsidiary, Accenture SCA, a Luxembourg partnership limited by shares. Each Class I common share and each Class II common share of Accenture SCA entitles its holder to one vote on all matters submitted to a vote of shareholders of Accenture SCA. Each Accenture SCA Class II common share entitles Accenture Ltd to receive a dividend or liquidation payment equal to 10% of any dividend or liquidation payment to which an Accenture SCA Class I common share entitles its holder. Accenture Ltd holds all of the Class II common shares of Accenture SCA and has a majority voting interest in Accenture SCA. Accenture Ltd s only business is to hold these shares and to act as the sole general partner of Accenture SCA. As the general partner of Accenture SCA and as a result of Accenture Ltd s majority voting interest in Accenture SCA, Accenture Ltd controls Accenture SCA s management and operations and will consolidate Accenture SCA s results in its financial statements. We operate our business through subsidiaries of Accenture SCA.

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

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

(1) Includes non-partner employees.
(2)

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

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

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

The Offering

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

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

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

212,257,239 Class A common shares held by our partners (or 807,720,043 Class A common shares if our partners holdings of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares are redeemed or exchanged for newly issued Class A common shares on a one-for-one basis); and

67,724,657 Class A common shares underlying restricted share units that are fully vested or are scheduled to fully vest prior to the end of the current fiscal year. Information in the prospectus also reflects the assumed issuance of an equivalent number of Accenture SCA Class I common shares to be issued to Accenture Ltd in connection with these restricted share units.

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

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

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

99,295,000 Class A common shares issuable pursuant to options.

See Accenture Organizational Structure and Management Employee Awards.

Use of proceeds:

By Accenture Ltd	Accenture Ltd intends to use the net proceeds from the offering to subscribe for Accenture SCA Class I common shares. approximately $338 million to repay amounts outstanding under our revolving credit facilities; and the balance for working capital, which previously was funded by our partners, and for general corporate purposes.
Voting rights	Each Class A common share and each Class X common share will entitle its holder to one vote per share on all matters submitted to a vote of shareholders of Accenture Ltd. Immediately following the offering, our partners will own or control Class A common shares and Class X common shares representing, in the aggregate, approximately 82% of the voting interest in Accenture Ltd, or approximately 80% if the underwriters exercise their overallotment option in full. All of our partners who hold Class A or Class X common shares have entered into a voting agreement that requires

	them to vote as a group with respect to all matters voted upon by shareholders of Accenture Ltd. For a discussion of the voting agreement, see Certain Relationships and Related Transactions Voting Agreement. Our partners will effectively control us for as long as they continue to hold a significant block of voting rights.
Dividend and distribution policy	We currently do not anticipate that Accenture Ltd or Accenture SCA will pay dividends.
Transfer restrictions	The equity interests that our partners own are subject to transfer restrictions that generally restrict sales for one year and then permit sales in increasing amounts over the subsequent seven years. For a discussion of the terms of the transfer restrictions, see Certain Relationships and Related Transactions Voting Agreement and Accenture SCA Transfer Rights Agreement and Risk Factors Risks That Relate to Your Ownership of Our Class A Common Shares Our share price may decline due to the large number of Class A common shares eligible for future sale.
New York Stock Exchange symbol	ACN
Risk factors	For a discussion of some of the factors you should consider before buying our Class A common shares, see Risk Factors.

Summary Financial Data

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

	Historical					Pro forma as adjusted	Historical		Pro forma as adjusted
	Year ended August 31,					Year ended August 31,	Nine months ended May 31,		Nine months ended May 31,
	1996	1997	1998	1999	2000	2000	2000	2001	2001
	(in millions, except share and per share data)								
Income Statement Data:									
Revenues:									
Revenues before reimbursements	$4,942	$6,275	$8,215	$ 9,550	$ 9,752	$ 9,752	$7,245	$ 8,666	$ 8,666
Reimbursements	768	1,172	1,425	1,529	1,788	1,788	1,301	1,475	1,475
Revenues	5,710	7,447	9,640	11,079	11,540	11,540	8,546	10,141	10,141
Operating expenses:*									
Cost of services:*									
Cost of services before reimbursable expenses*	2,678	3,470	4,700	5,457	5,486	6,138	4,000	4,509	5,243
Reimbursable expenses	768	1,172	1,425	1,529	1,788	1,788	1,301	1,475	1,475
Cost of services*	3,446	4,642	6,125	6,986	7,274	7,926	5,301	5,984	6,718
Sales and marketing*	532	611	696	790	883	1,192	651	771	1,065
General and administrative costs*	659	819	1,036	1,271	1,297	1,441	936	1,131	1,176
Reorganization and rebranding costs*								777	332
Total operating expenses*	4,637	6,072	7,857	9,047	9,454	10,559	6,888	8,663	9,291
Operating income*	1,073	1,375	1,783	2,032	2,086	981	1,658	1,478	850
Gain on investments, net				92	573	573	534	180	180
Interest income				60	67	67	45	59	59
Interest expense	(16)	(19)	(17)	(27)	(24)	(35)	(18)	(26)	(41)

	Historical					Pro forma as adjusted	Historical		Pro forma as adjusted
Other income (expense)	(4)	4	(6)	(5)	51	51	32	21	21
Equity in losses of affiliates			(1)	(6)	(46)	(46)	(9)	(53)	(53)
Income before taxes*	1,053	1,360	1,759	2,146	2,707	1,591	2,242	1,659	1,016
Provision for taxes (1)	116	118	74	123	243	636	194	420	406
Income before minority interest and cumulative change in accounting*	937	1,242	1,685	2,023	2,464	955	2,048	1,239	610
Minority interest						573			366
Income before cumulative change in accounting*	937	1,242	1,685	2,023	2,464	$ 382	2,048	1,239	244
Cumulative effect of accounting change								188	
Partnership income before partner distributions* (2)	$ 937	$1,242	$1,685	$ 2,023	$ 2,464		$2,048	$ 1,427	
Earnings Per Share Data:									
Earnings per share:									
basic						$ 0.97			$ 0.61
diluted						$ 0.96			$ 0.61
Weighted average shares:									
basic						394,981,896			396,320,914
diluted						991,114,209			992,285,850

* Historical information excludes payments for partner distributions.

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

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

	Historical					Historical		Pro forma as adjusted
	As of August 31,					As of May 31,		As of May 31,
	1996	1997	1998	1999	2000	2000	2001	2001
					(in millions)			
Balance Sheet Data:								
Cash and cash equivalents	$ 438	$ 325	$ 736	$1,111	$1,271	$1,297	$ 724	$1,816
Working capital	280	175	531	913	1,015	1,023	(1,394)	44
Total assets	2,323	2,550	3,704	4,615	5,451	5,491	4,929	6,062
Long-term debt	226	192	157	127	99	127	31	31
Total partners capital	696	761	1,507	2,208	2,368	2,579		
Shareholders equity (deficit)							(1,255)	117

RISK FACTORS

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

Risks That Relate to Our Business

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

Our results of operations are affected by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets that they serve. In addition, our business tends to lag behind economic cycles in an industry. A decline in the level of business activity of our clients could have a material adverse effect on our revenues and profit margin. We are now seeing some evidence of an economic slowdown in some markets, including a reduction in capital expenditures and technology and associated discretionary spending by our clients, particularly in the United States. This has caused a reduction in our growth rate in the Americas and in our Communications & High Tech, Financial Services and Products global market units in the third quarter of this fiscal year as compared with the first half of this fiscal year. Revenues before reimbursements for the third quarter of 2001 for our Communications & High Tech, Financial Services and Products global market units increased by 8%, 15% and 16%, respectively, over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for these market units increased by 27%, 19% and 25%, respectively, over the first half of 2000. Revenues before reimbursements for the third quarter of 2001 for our Americas geographic area increased by 10% over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for this geographic area increased by 27% over the first half of 2000. We expect continued growth in revenues in the fourth quarter of this fiscal year, though at a slower rate of growth than in the third quarter. We will implement cost-savings initiatives to manage our expenses as a percentage of revenues. However, we may not be able to reduce the rate of growth in our costs on a timely basis or control our costs to maintain our margins.

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

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

Our business is also dependent, in part, upon continued growth in the use of technology in business by our clients and prospective clients and their customers and suppliers. If the growth in the use of technology does not continue, demand for our services may decrease. Use of new technology for commerce generally requires the understanding and acceptance of a new way of conducting business and exchanging information. Companies that have already invested substantial resources in traditional means of conducting commerce and exchanging information may be particularly reluctant or slow to adopt a new approach that may make some of their existing personnel and infrastructure obsolete.

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

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

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

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

limitation on our ability to provide a service or product could cause us to lose revenue-generating opportunities and require us to incur additional expenses to develop new or modified solutions for future projects.

Our engagements with clients may not be profitable.

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

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

We may fail to collect amounts extended to clients. In limited circumstances we extend financing to our clients. A client must meet established criteria to receive financing. In the rare event that these criteria are waived, approval by senior levels of our management is required. We have extended $168 million of financing as of May 31, 2001. We do not expect financing levels to exceed $250 million, which is in line with historical levels, over the next 12 months.

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

We have invested a substantial amount of time and resources in our affiliates, alliances and venture capital portfolio companies, and we plan to make substantial additional investments in the future. We made investments of $287 million in the 12 months ended May 31, 2001. The value of affiliate and venture capital financial commitments at May 31, 2001 was $19 million and $48 million, respectively. We anticipate making additional investments of $300 million to $400 million in the 12 months ended May 31, 2002. In addition, we expect to spend over $125 million over the same period in payroll and other expenses in support of alliance agreements. The benefits we anticipate from these relationships are an important component of our growth strategy. If these relationships do not succeed, we may lose our investments or fail to obtain the benefits we hope to derive from them. Similarly, we may be adversely affected by the failure of one or more of our affiliates or alliances, which could lead to reduced marketing exposure, diminished sales and a decreased ability to develop and gain access to solutions. Moreover, because most of our alliance relationships are nonexclusive, our alliance partners are able to form closer or preferred arrangements with our competitors. In addition, our venture capital activities may suffer from the poor performance of the portfolio companies in which we invest or from our inability to obtain attractive returns on our investments or investments or to monetize these investments at all. These losses or failures could have a material and adverse impact on our growth strategy, which, in turn, could adversely affect our financial condition and results of operations.

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

We have offices in 46 countries around the world. In fiscal 2000, approximately 54% of our revenues were attributable to activities in the Americas, 38% of our revenues were attributable to our activities in Europe, the Middle East, Africa and India, and 8% of our revenues were attributable to our activities in the Asia/Pacific region. As a result, we are subject to a number of risks, including:

the absence in some jurisdictions of effective laws to protect our intellectual property rights;

multiple and possibly overlapping and conflicting tax laws;

restrictions on the movement of cash;

the burdens of complying with a wide variety of national and local laws;

political instability;

currency fluctuations;

longer payment cycles;

restrictions on the import and export of certain technologies;

price controls or restrictions on exchange of foreign currencies; and

trade barriers.

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

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

large accounting, consulting and other professional service firms;

information technology service providers;

application service providers;

packaged software vendors and resellers; and

service groups of computer equipment companies.

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

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

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

Our success and ability to grow are dependent, in part, on our ability to hire and retain large numbers of talented people. We hired approximately 17,000 new employees in each of fiscal years 2000 and 2001. The cumulative rate of turnover among our employees was 19% for fiscal year 1999, 22% for fiscal year 2000 and, on an annualized basis, approximately 14% for the nine months ended May 31, 2001, excluding involuntary terminations. The inability to attract qualified employees in sufficient numbers to meet demand or the loss of a significant number of our employees could have a serious negative effect on us, including our ability to obtain and successfully complete important client engagements and thus maintain or increase our revenues. On June 7, 2001, we announced an initiative to reduce our staff in certain parts of the world, in certain skill groups and in some support positions. This initiative may adversely affect employee recruiting and retention.

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

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

We face additional retention risk because of our transition to a corporate structure. Our partners received our equity in lieu of the interests in the partnerships and corporations that they previously held. Our partners, on average, received approximately 329,000 Accenture Ltd Class A

common shares, Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares, and the median number of Accenture Ltd Class A common shares, Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares received by our partners was approximately 355,000. Their ownership of this equity is not dependent upon their continued employment. While these equity interests are subject to transfer restrictions, the transfer restrictions lapse over time, may not be enforceable in all cases and can be waived. See Certain Relationships and Related Transactions Voting Agreement and Accenture SCA Transfer Rights Agreement. In addition, in connection with our transition to a corporate structure, our partners have accepted significant reductions in their cash compensation. The substitution of equity, equity-based incentives and other employee benefits in lieu of higher cash compensation may not be sufficient to retain these individuals in the near or long term. There is no guarantee that the non-competition agreements we have entered into with our partners are sufficiently broad to prevent them from leaving us for our competitors or other opportunities or that these agreements will be enforceable in all cases.

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

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

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

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

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

Our profit margin, and therefore our profitability, is largely a function of the rates we are able to charge for our services and the utilization rate, or chargeability, of our professionals. Accordingly, if we are not able to maintain the rates we charge for our services or an appropriate utilization rate for our professionals, we will not be able to sustain our profit margin and our profitability will suffer. The rates we are able to charge for our services are affected by a number of factors, including:

- our clients perception of our ability to add value through our services;
- competition;
- introduction of new services or products by us or our competitors;
- pricing policies of our competitors; and
- general economic conditions.

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

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

Our profitability is also a function of our ability to control our costs and improve our efficiency. As we increase the number of our professionals and execute our strategy for growth, we may not be able to manage a significantly larger and more diverse workforce, control our costs or improve our efficiency.

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

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

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

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

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

Our management has no experience in managing a public company.

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

We expect to record substantial net losses in the fiscal quarter ended August 31, 2001 due to the one-time grant of restricted share units in connection with the offering.

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

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

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

Upon completion of the offering our partners will own or control shares representing, in the aggregate, an 82% voting interest in Accenture Ltd, or 80% if the underwriters exercise their overallotment option in full. These shares are subject to a voting agreement, which requires our partners to vote as a group with respect to all matters submitted to shareholders. Our partners voting interest in Accenture Ltd may increase to the extent additional employees we name as partners are required to become parties to the voting agreement. See Certain Relationships and Related Transactions Voting Agreement for a discussion of these voting arrangements.

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

elect the board of directors and remove directors;

control our management and policies;

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

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

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

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

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

vote on new partner admissions;

approve the partners income plan as described below; and

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

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

In addition, immediately following the offering, Accenture Ltd will own shares representing a 58% voting interest in Accenture SCA and certain of our partners will own shares representing a 42% voting interest in Accenture SCA. Accenture SCA is organized under Luxembourg law, and a 66 ^{2} /3% shareholder vote is required to amend the articles of association of Accenture SCA, liquidate Accenture SCA, sell all or substantially all of the assets of Accenture SCA and to authorize the general partner to increase the issued share capital of Accenture SCA. Luxembourg law requires a unanimous shareholder vote for a migration of Accenture SCA to a different jurisdiction and for the levying of an assessment on the Accenture SCA shares. Accordingly, there is the possibility that our partners holding an equity interest in Accenture SCA could block Accenture Ltd from causing Accenture SCA to take any of these actions. See Accenture Organizational Structure for a discussion of our organizational structure.

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

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

Upon consummation of the offering, there will be 394,981,896 Class A common shares outstanding, or 412,231,896 Class A common shares if the underwriters exercise their overallotment option in full. Of these Class A common shares, 115,000,000 Class A common shares sold in the offering, or 132,250,000 Class A common shares if the underwriters exercise their overallotment option in full, will be freely transferable without restriction or further registration under the Securities Act of 1933. The remaining 279,981,896 Class A common shares generally will be available for future sale upon the expiration or waiver of transfer restrictions or, in the case of restricted share units, following delivery of the underlying Class A common shares. Our partners will also hold 595,462,804 Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares that may be redeemed or exchanged on a one-for-one basis for Accenture Ltd Class A common shares. We expect that these Class A common shares, subject to the expiration or waiver of transfer restrictions, generally will be available for future sale. In addition, options to purchase 99,295,000 Class A common shares will generally become exercisable over the four or five years following consummation of the offering. We expect that these underlying Class A common shares will be freely transferable without further restriction.

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

Anniversary of offering	Number of Class A common shares that become available for sale by our partners(1)	Percentage of Class A common shares outstanding immediately following the offering that become available for sale by our partners(1)
1	80,772,004	8%
2	121,158,007	12%
3	80,772,004	8%
4	80,772,004	8%
5	80,772,004	8%
6	80,772,004	8%
7	80,772,004	8%
8 or later	201,930,012	20%

(1) Assumes our partners holdings of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares are redeemed or exchanged on a one-for-one basis. Also assumes that all partners remain our employees until the eighth anniversary of the offering.

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

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

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

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

The initial public offering price of the Class A common shares will be substantially higher than the pro forma net tangible book value per share of our Class A common shares. Pro forma net tangible book value represents the amount of our tangible assets on a pro forma basis, less our pro forma total liabilities. As a result, we currently expect that you will incur immediate dilution of $13.75 per share based upon an assumed initial public offering price of $14.00 per share. For more information, see Dilution.

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

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

take advantage of opportunities, including more rapid expansion;

acquire complementary businesses or technologies;

develop new services and products; or

respond to competitive pressures.

Any additional capital raised through the sale of equity may dilute your ownership percentage in us. Furthermore, any additional financing we may need may not be available on terms favorable to us, or at all.

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

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

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

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

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

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

ACCENTURE ORGANIZATIONAL STRUCTURE

Accenture Ltd is a Bermuda holding company with no material assets other than Class I and Class II common shares in our subsidiary, Accenture SCA, a Luxembourg partnership limited by shares. Accenture Ltd s only business is to hold these shares and to act as the sole general partner of Accenture SCA. As the general partner of Accenture SCA and as a result of Accenture Ltd s majority voting interest in Accenture SCA, Accenture Ltd controls Accenture SCA s management and operations and will consolidate Accenture SCA s results in its financial

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

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

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

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

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

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

(1) Includes non-partner employees.
(2) Generally consists of our partners in countries other than Australia, Canada, Denmark, France, Italy, New Zealand, Norway, Spain, Sweden and the United States.
(3) Generally consists of our partners in Australia, Canada, Denmark, France, Italy, New Zealand, Norway, Spain, Sweden and the United States. Our partners in Canada and New Zealand do not hold Accenture Ltd Class A common shares or Accenture SCA Class I common shares but instead hold Accenture Canada Holdings exchangeable shares. Each of these exchangeable shares is exchangeable at the option of the holder for an Accenture Ltd Class A common share on a one-for-one basis and entitles its holder to receive distributions equal to any distributions to which an Accenture Ltd Class A common share entitles its holder.

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

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

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

Subject to contractual transfer restrictions, Accenture SCA is obligated, at the option of the holder, to redeem any outstanding Accenture SCA Class I common share at any time at a redemption price per share generally equal to the market price of an Accenture Ltd Class A common share at the time of the redemption. Accenture SCA may, at its option, pay this redemption price with cash or by delivering Accenture Ltd Class A common shares on a one-for-one basis. In addition, each of our partners in the United States, Australia and Norway has agreed that we may cause that partner to exchange that partners Accenture SCA Class I common shares for Accenture Ltd Class A common shares on a one-for-one

basis if Accenture Ltd holds more than 40% of the issued share capital of Accenture SCA and we receive a satisfactory opinion from counsel or a professional tax advisor that such exchange should be without tax cost to that partner. This one-for-one redemption price and exchange ratio will be adjusted if Accenture Ltd holds more than a *de minimis* amount of assets (other than its interest in Accenture SCA and assets it holds only transiently prior to contributing them to Accenture SCA) or incurs more than a *de minimis* amount of liabilities (other than liabilities for which Accenture SCA has a corresponding liability to Accenture Ltd). Accenture Ltd does not intend to hold any material assets other than its interest in Accenture SCA or to incur any material liabilities such that this one-for-one redemption price and exchange ratio would require adjustment. In order to maintain Accenture Ltd s economic interest in Accenture SCA, Accenture SCA will issue common shares to Accenture Ltd each time additional Accenture Ltd Class A common shares are issued.

Holders of Accenture Canada Holdings exchangeable shares may exchange their shares for Accenture Ltd Class A common shares at any time on a one-for-one basis. Accenture Canada Holdings 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.

You should read Risk Factors Risks That Relate to Your Ownership of Our Class A Common Shares We will continue to be controlled by our partners, whose interests may differ from those of our other shareholders, Certain Relationships and Related Transactions and Description of Share Capital for additional information about our corporate structure and the risks posed by the structure.

USE OF PROCEEDS

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

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

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

- approximately $839 million for costs and expenses incurred in connection with our transition to a corporate structure;
- approximately $338 million to repay amounts outstanding under our revolving credit facilities; and
- the balance for working capital, which previously was funded by our partners, and for general corporate purposes.

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

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

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

DIVIDEND POLICY

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

We may from time to time enter into financing agreements that contain financial covenants and restrictions, some of which may limit the ability of Accenture Ltd and Accenture SCA to pay dividends. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

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

CAPITALIZATION

The following table sets forth our consolidated capitalization as of May 31, 2001:

- on a historical consolidated basis; and
- on a pro forma consolidated basis adjusted to reflect our sale in the offering of 115,000,000 Class A common shares at an assumed public offering price of $14.00 per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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

	As of May 31, 2001 (Unaudited)	
	Historical	Pro forma as adjusted
	(in millions)	
Cash and cash equivalents	$ 724	$ 1,816
Short-term bank borrowings	$ 528	$ 190
Current portion of long-term debt	3	3
Long-term debt	31	31
Minority interests		175
Shareholders equity (deficit):		
Preferred shares: 2,000,000,000 shares authorized, 0 shares issued and outstanding, 0 shares issued and outstanding pro forma as adjusted		
Class A common shares, par value $0.0000225 per share, 20,000,000,000 shares authorized, 212,335,319 shares issued and outstanding, 327,257,239 shares issued and outstanding pro forma as adjusted		
Class X common shares, par value $0.0000225 per share, 1,000,000,000 shares authorized, 591,161,472 shares issued and outstanding, 591,161,472 shares issued and outstanding pro forma as adjusted		
Restricted share units (related to Class A common shares), 0 units issued and outstanding, 74,419,748 units issued and outstanding pro forma as adjusted		1,042
Additional paid-in capital		1,341
Retained earnings (deficit)	(1,178)	(2,095)
Deferred compensation		(94)
Accumulated other comprehensive income (loss)	(77)	(77)
Total shareholders equity (deficit)	(1,255)	117
Total capitalization	$ (693)	$ 516

DILUTION

As of May 31, 2001, our net tangible book value was $(1,275 million), or approximately $(4.55) per Accenture Ltd Class A common share. Net tangible book value per Accenture Ltd Class A common share represents total consolidated tangible assets less total consolidated liabilities, divided by the aggregate number of Class A common shares outstanding, assuming the redemption or exchange of all our partners holdings of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares for newly issued Class A common shares on a

one-for-one basis. Class A common shares outstanding does not include 6,695,091 shares underlying restricted share units that are not fully vested or scheduled to fully vest prior to the end of the current fiscal year or 99,295,000 shares issuable pursuant to options. After giving effect to our sale of 115,000,000 Class A common shares in the offering, at an assumed initial public offering price of $14.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value as of May 31, 2001 would have been approximately $97 million, or $0.25 per share. This represents an immediate increase in net tangible book value to existing shareholders of $4.80 per share and an immediate dilution to new investors of $13.75 per share.

The following table illustrates this per share dilution:

Assumed initial public offering price per Class A common share		$14.00
Net tangible book value per share as of May 31, 2001	$(4.55)	
Increase in net tangible book value per share attributable to new investors	4.80	
Net tangible book value per share after giving effect to the offering (1)		0.25
Dilution in net tangible book value per share to new investors (2)		$13.75

(1) Intangible assets as of May 31, 2001 were $20 million, relating to intangible assets acquired in connection with the separation from Andersen Worldwide and Arthur Andersen, or $0.05 per share after giving effect to the adjustments for the offering described under Pro Forma Financial Information.

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

If the underwriters overallotment option is exercised in full, the net tangible book value per share after giving effect to the offering would be $0.79 per share and the dilution in net tangible book value per share to new investors would be $13.21 per share.

PRO FORMA FINANCIAL INFORMATION

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

The pro forma income statements and balance sheet give effect to the following as if they occurred on September 1, 1999 in the case of the pro forma income statements and on May 31, 2001 in the case of the pro forma balance sheet:

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

The pro forma as adjusted income statements and balance sheet also give effect to the offering as if it occurred on September 1, 1999 in the case of the pro forma income statements and on May 31, 2001 in the case of the pro forma balance sheet.

The pro forma and pro forma as adjusted combined income statements for the year ended August 31, 2000 and the nine months ended May 31, 2001 do not give effect to one-time events directly attributable to the offering, because of their nonrecurring nature. These one-time events include:

- net compensation cost of approximately $967 million resulting from the grant of restricted share units in connection with the offering; and
- recognition of a charitable contribution of $16 million.

In addition, the pro forma and pro forma as adjusted combined income statement for the year ended August 31, 2000 does not give effect to one-time events directly attributable to our transition to a corporate structure and related transactions, because of their nonrecurring nature. These one-time events, which are included in the historical combined income statement for the nine months ended May 31, 2001 and excluded from the pro forma and pro forma as adjusted combined income statement for such period, include:

approximately $839 million, including current taxes payable of $61 million and deferred tax liabilities of $333 million, for costs associated with our transition to a corporate structure; and

recognition of deferred tax assets, net of approximately $172 million.

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

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

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

PRO FORMA COMBINED INCOME STATEMENT

(unaudited)

	For the nine months ended May 31, 2001				
	Historical	Pro forma adjustments	Pro forma	Adjustments for the offering	Pro forma as adjusted
	(in millions, except share and per share data)				
Revenues:					
Revenues before reimbursements	$ 8,666	$	$ 8,666	$	$ 8,666
Reimbursements	1,475		1,475		1,475
Revenues	10,141		10,141		10,141
Operating expenses:*					
Cost of services:*					
Cost of services before reimbursable expenses*	4,509	725 (a)	5,234	9 (g)	5,243
Reimbursable expenses	1,475		1,475		1,475
Cost of services*	5,984	725	6,709	9	6,718
Sales and marketing*	771	290 (a)	1,061	4 (g)	1,065
General and administrative costs*	1,131	44 (a)	1,175	1 (g)	1,176
Reorganization and rebranding costs*	777	(445)(b)	332		332
Total operating expenses*	8,663	614	9,277	14	9,291
Operating income*	1,478	(614)	864	(14)	850
Gain on investments, net	180		180		180
Interest income	59		59		59
Interest expense	(26)	(15)(c) (18)(d)	(59)	18 (h)	(41)
Other income (expense)	21		21		21
Equity in losses of affiliates	(53)		(53)		(53)
Income before taxes*	1,659	(647)	1,012	4	1,016
Provision for taxes (1)	420	207 (e) (222)(b)	405	1 (e)	406

	For the nine months ended May 31, 2001				
Income before minority interest and cumulative change in accounting*	1,239	(632)	607	3	610
Minority interest		449 (f)	449	(83)(f)	366
Partnership income before partner distributions and cumulative change in accounting* (2)	$ 1,239				
Income (loss) before cumulative change in accounting		$(1,081)	$ 158	$ 86	244
Earnings per share:					
Income before cumulative change in accounting applicable to common shareholders:					
basic					$ 0.61
diluted					$ 0.61
Weighted average shares:					
basic					396,320,914(i)
diluted					992,285,850(i)

* Historical information excludes payments for partner distributions.

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

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

PRO FORMA COMBINED INCOME STATEMENT

(unaudited)

	For the year ended August 31, 2000				
	Historical	**Pro forma adjustments**	**Pro forma**	**Adjustments for the offering**	**Pro forma as adjusted**
	(in millions, except share and per share data)				
Revenues:					
Revenues before reimbursements	$ 9,752	$	$ 9,752	$	$ 9,752
Reimbursements	1,788		1,788		1,788
Revenues	11,540		11,540		11,540
Operating expenses:*					
Cost of services:*					
Cost of services before reimbursable expenses*	5,486	641 (a)	6,127	11 (g)	6,138
Reimbursable expenses	1,788		1,788		1,788
Cost of services*	7,274	641	7,915	11	7,926
Sales and marketing*	883	304 (a)	1,187	5(g)	1,192
General and administrative costs*	1,297	141 (a)	1,438	3(g)	1,441
Total operating expenses*	9,454	1,086	10,540	19	10,559

	For the year ended August 31, 2000				
Operating income*	2,086	(1,086)	1,000	(19)	981
Gain on investments, net	573		573		573
Interest income	67		67		67
Interest expense	(24)	(11)(c) (25)(d)	(60)	25(h)	(35)
Other income (expense)	51		51		51
Equity in losses of affiliates	(46)		(46)		(46)
Income before taxes	2,707	(1,122)	1,585	6	1,591
Provision for taxes (1)	243	391 (e)	634	2(e)	636
Income before minority interest*	2,464	(1,513)	951	4	955
Minority interest		704 (f)	704	(131)(f)	573
Partnership income before partner distributions* (2)	$ 2,464				
Net income (loss)		$(2,217)	$ 247	$ 135	$ 382
Earnings per share:					
Net income applicable to common shareholders:					
basic					$ 0.97
diluted					$ 0.96
Weighted average shares:					
basic					394,458,621(i)
diluted					990,590,934(i)

* Historical information excludes payments for partner distributions.

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

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

PRO FORMA CONSOLIDATED BALANCE SHEET
May 31, 2001

(unaudited)

	Historical	Pro forma adjustments	Pro forma	Adjustments for the offering	Pro forma as adjusted
			(in millions)		
Current assets:					
Cash and cash equivalents	$ 724	$	$ 724	$1,516 (j) (16)(k) (70)(l) (338)(m)	$1,816
Short-term investments					
Receivables from clients	1,588		1,588		1,588
Unbilled services	808		808		808
Due from related parties	3		3		3
Deferred tax assets	126		126	(14)(l)	112
Other current assets	227		227		227

	Historical	Pro forma adjustments	Pro forma	Adjustments for the offering	Pro forma as adjusted
Total current assets	3,476		3,476	1,078	4,554
Non-current assets:					
Due from related parties	31		31		31
Investments	382		382		382
Property and equipment, net	793		793		793
Deferred tax assets	145		145	76 (g) (21)(l)	200
Other non-current assets	102		102		102
Total non-current assets	1,453		1,453	55	1,508
Total assets	$4,929	$	$4,929	$1,133	$6,062
Current liabilities:					
Short-term bank borrowings	$ 528	$	$ 528	$ (338)(m)	$ 190
Current portion of long-term debt	3		3		3
Accounts payable	158		158		158
Due to related parties	1,364		1,364		1,364
Deferred revenues	928		928		928
Accrued payroll and related benefits	1,014		1,014	(35)(l) 19 (g)	998
Taxes payable	233		233	(6)(k)	227
Deferred tax liabilities	310		310		310
Other accrued liabilities	332		332		332
Total current liabilities	4,870		4,870	(360)	4,510
Non-current liabilities:					
Long-term debt	31		31		31
Retirement benefits	345		345		345
Deferred tax liabilities	98		98		98
Other non-current liabilities	840		840	(54)(l)	786
Total non-current liabilities	1,314		1,314	(54)	1,260
Minority interest				175 (f)	175
Shareholders equity (deficit)					
Preferred shares: 2,000,000,000 shares authorized, 0 shares issued and outstanding, 0 shares issued and outstanding pro forma, 0 shares issued and outstanding pro forma as adjusted					
Class A common shares, par value $0.0000225 per share, 20,000,000,000 shares authorized, 212,335,319 shares issued and outstanding, 212,257,239 shares issued and outstanding pro forma, 327,257,239 shares issued and outstanding pro forma as adjusted					
Class X common shares, par value $0.0000225 per share, 1,000,000,000 shares authorized, 591,161,472 shares issued and outstanding, 591,161,472 shares issued and outstanding pro forma, 591,161,472 shares issued and outstanding pro forma as adjusted					
Restricted share units (related to Class A common shares), 0 units issued and outstanding, 0 units issued and outstanding pro forma, 73,896,473 units issued and outstanding pro forma as adjusted				948 (g) 94 (g)	1,042
Additional paid-in capital				1,516 (j) (175)(f)	1,341
Retained earnings (deficit)	(1,178)		(1,178)	(10)(k) (16)(l) 76 (g)	(2,095)

	Historical	Pro forma adjustments	Pro forma	Adjustments for the offering	Pro forma as adjusted
				(960)(g)	
Deferred compensation				(94)(g)	(94)
Accumulated other comprehensive income (loss)	(77)		(77)		(77)
Total shareholders equity (deficit)	(1,255)		(1,255)	1,372	117
Total liabilities and shareholders equity (deficit)	$4,929	$	$4,929	$1,133	$6,062

NOTES TO PRO FORMA FINANCIAL INFORMATION

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

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

(a) Adjustments reflect compensation and benefit costs totaling $1,059 and $1,086 for the nine months ended May 31, 2001 and for the year ended August 31, 2000, respectively, that we would have paid to our partners had we been in a corporate structure during the historical periods. Since we have operated in historical periods as a series of related partnerships and corporations under the control of our partners, payments to our partners have generally been accounted for as distributions of partners income, rather than compensation expense. As a result, our net income and compensation and benefits expense have not reflected any payments for services rendered by partners. As a corporation, we will include payments for services rendered by our partners in compensation and benefits expense. The new compensation plan adopted by us is comprised of a fixed salary amount, benefits and performance-based bonuses. All elements of the new compensation plan, including bonus, have been reflected in these adjustments because our partners would have earned the bonus based on our results of operations for the historical periods. Compensation cost in the pro forma income statement does not include the fair value of restricted share units to be granted at the time of the offering to partners and employees that vest upon grant or on August 31, 2001, discussed under note (g), because they are a one-time grant in connection with the offering.

Benefit costs are medical, dental and payroll taxes, all of which are based on estimated costs that would have been incurred had these benefits been in place during the historical periods.

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

(b) Reflects an adjustment to eliminate the effect of the transaction costs incurred in connection with our transition to a corporate structure. $445 relates to indirect taxes, such as capital and stamp duty imposed on transfers of assets among group members. $222 relates to the revaluation of deferred tax liabilities upon change in tax status, including income taxes relating to mandatory changes in tax accounting methods, from a partnership to a corporate structure. These amounts are excluded from the Pro Forma Combined Income Statement due to their nonrecurring nature.

(c) Reflects an adjustment of $15 and $11 for the nine months ended May 31, 2001 and for the year ended August 31, 2000, respectively, for the estimated interest expense on early-retirement benefits payable to partners.

(d) Reflects an adjustment of $18 and $25 for the nine months ended May 31, 2001 and the year ended August 31, 2000, respectively, for the estimated interest expense on borrowings of $338 at an incremental borrowing rate of 7.5% incurred to repay partners paid-in capital in connection with our transition to a corporate structure.

NOTES TO PRO FORMA FINANCIAL INFORMATION (Continued)

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

(e) Reflects an adjustment for an estimated income tax provision as if we had operated in a corporate structure at a pro forma tax rate of 40%. Pro forma as adjusted income taxes total $406 and $636 for the nine months ended May 31, 2001 and for the year ended August 31, 2000, respectively. As a series of related partnerships and corporations under the control of our partners, we generally were not subject to income taxes. However, some of the corporations were subject to income taxes in their local jurisdictions.

(f) Reflects an adjustment to record the 60% minority interest ownership of partners in Accenture SCA and Accenture Canada Holdings. The minority interest percentage declined from 74% at May 31, 2001 to 60% due to shares issued and restricted share units granted on the date of the offering. However, the recorded minority interest in the historical consolidated balance sheet at May 31, 2001 was $0 because of our shareholders deficit position. Also reflects the assumed issuance to Accenture Ltd of the 67,724,657 Accenture SCA Class I common shares that will be issued in connection with the delivery of the 67,724,657 Accenture Ltd Class A common shares underlying 67,724,657 restricted share units which generally are considered fully vested and will be issued for no consideration solely upon the passage of time for the purpose of the pro forma earnings per share and minority interest calculation.

Accenture Ltd owns a 26% economic interest and a 52% voting interest in Accenture SCA prior to the offering. The remaining economic interest and voting interest are owned by some of our partners. We operate our business through subsidiaries of Accenture SCA.

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

Upon receipt of the proceeds of the offering, Accenture Ltd will subscribe for shares in Accenture SCA, thereby increasing its percentage of economic interest in Accenture SCA from 26% to 40%.

Since Accenture Ltd is the sole general partner of Accenture SCA and owns the majority of the voting shares, Accenture Ltd consolidates Accenture SCA and its subsidiaries. Although the other shareholders of Accenture SCA hold more than 50% of the economic interest in Accenture SCA, they do not have voting control and therefore are considered to be a minority interest.

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

35,000,000 to employees who are current holders of eUnits under the eUnit Bonus Plan described on pages F-15 and F-16 in replacement of outstanding eUnits which are being cancelled as described in note (l) and to all employees in good standing.

NOTES TO PRO FORMA FINANCIAL INFORMATION (Continued)

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

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

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

7,218,366 to some of our recently admitted partners in respect of future services. These restricted share units will vest over five years and will be expensed over the vesting period as services are rendered, except for 523,275 restricted share units which will be fully vested.

We recognize compensation expense for share-based compensation awards in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Under the measurement principles of APB No. 25 and Financial Interpretation Number 44, Accounting for Certain Transactions Involving Stock Compensation an Interpretation of APB 25, we will recognize compensation expense of $967 (50,565,352 restricted share units that vest upon grant and 17,159,305 restricted share units that vest on August 31, 2001 at an assumed price of $14.00 per share plus $19 of payroll taxes) in respect of the portion of restricted share units that are fully vested on the date of the grant and a deferred income tax benefit of $76. See Management Employee Awards. This includes $19 of payroll tax incurred on the grant of the restricted share units which has been recorded in current liabilities. In addition, we have recognized $14 and $19 for the nine months ended May 31, 2001 and for the year ended August 31, 2000, respectively, for the portion of restricted share units that will vest over a five-year period. The compensation cost of these restricted share units that will vest over a five-year period have been allocated 69% and 59% to cost of services, 27% and 28% to sales and marketing, and 4% and 13% to general and administrative costs for the nine months ended May 31, 2001 and for the year ended August 31, 2000, respectively. See note (a). The total cost of the restricted share units that vest over five years, $94 (6,695,091 restricted share units at an assumed price of $14.00 per share), has been recorded in the pro forma as adjusted balance sheet as deferred compensation.

(h) Reflects the elimination of the adjustment described in note (d) since the proceeds of the offering eliminate the need for such borrowing.

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

	Year ended August 31, 2000 Pro forma as adjusted		Nine months ended May 31, 2001 Pro forma as adjusted	
Common share issuances	**Basic**	**Diluted**	**Basic**	**Diluted**
Accenture Ltd Class A common shares	212,257,239	212,257,239	212,257,239	212,257,239
Accenture SCA Class I common shares		587,302,062		587,302,062
Accenture Canada Holdings exchangeable shares		8,160,742		8,160,742
Restricted share units vested	67,724,657	68,394,166	69,063,675	69,565,807
New shares from offering	115,000,000	115,000,000	115,000,000	115,000,000
Weighted average shares outstanding	394,981,896	991,114,209	396,320,914	992,285,850

NOTES TO PRO FORMA FINANCIAL INFORMATION (Continued)

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

Basic and diluted earnings per share are calculated as follows:

	Pro forma as adjusted	
Basic earnings per share	**Year ended August 31, 2000**	**Nine months ended May 31, 2001**
Net income (loss) available to common shareholders	$ 382	
Income (loss) before cumulative change in accounting		$ 244
Weighted average shares outstanding	394,981,896	396,320,914
Basic earnings per share	$ 0.97	$ 0.61

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

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

(l) In connection with the grant of restricted share units, discussed in note (g), we are terminating our deferred bonus plan (the eUnit Bonus Plan) for employees. Adjustment reflects an extinguishment of a liability of $89, of which $70 will be paid out in cash, and elimination of the related current and long-term deferred income tax assets of $14 and $21, respectively.

(m) Adjustment to reflect $338 repayment of borrowings from proceeds of the offering.

SELECTED FINANCIAL DATA

The following selected financial data have been presented on a historical cost basis for all periods presented. The data as of August 31, 1999 and 2000 and for the years ended August 31, 1998, 1999 and 2000 are derived from the audited historical financial statements and related notes which are included elsewhere in this prospectus. The data as of August 31, 1996, 1997 and 1998 and as of May 31, 2000 and for the years ended August 31, 1996 and 1997 are derived from unaudited historical financial statements and related notes which are not included in this prospectus. The data as of May 31, 2001 and for the nine months ended May 31, 2000 and 2001 are derived from the historical unaudited financial statements and related notes which are included elsewhere in this prospectus. The selected financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, Pro Forma Financial Information and our historical financial statements and related notes included elsewhere in this prospectus.

	Year ended August 31,					Nine months ended May 31,	
	1996	1997	1998	1999	2000	2000	2001
				(in millions)			
Income Statement Data:							
Revenues:							
Revenues before reimbursements	$4,942	$6,275	$8,215	$ 9,550	$ 9,752	$7,245	$ 8,666
Reimbursements	768	1,172	1,425	1,529	1,788	1,301	1,475
Revenues	5,710	7,447	9,640	11,079	11,540	8,546	10,141
Operating expenses:*							
Cost of services:*							
Cost of services before reimbursable expenses*	2,678	3,470	4,700	5,457	5,486	4,000	4,509
Reimbursable expenses	768	1,172	1,425	1,529	1,788	1,301	1,475
Cost of services*	3,446	4,642	6,125	6,986	7,274	5,301	5,984
Sales and marketing*	532	611	696	790	883	651	771
General and administrative costs*	659	819	1,036	1,271	1,297	936	1,131
Reorganization and rebranding costs							777
Total operating expenses*	4,637	6,072	7,857	9,047	9,454	6,888	8,663
Operating income*	1,073	1,375	1,783	2,032	2,086	1,658	1,478
Gain on investments, net				92	573	534	180
Interest income				60	67	45	59
Interest expense	(16)	(19)	(17)	(27)	(24)	(18)	(26)
Other income (expense)	(4)	4	(6)	(5)	51	32	21
Equity in losses of affiliates			(1)	(6)	(46)	(9)	(53)
Income before taxes*	1,053	1,360	1,759	2,146	2,707	2,242	1,659
Provision for taxes (1)	116	118	74	123	243	194	420
Income before cumulative change in accounting*	937	1,242	1,685	2,023	2,464	2,048	1,239
Cumulative effect of change in accounting							188
Partnership income before partner distributions* (2)	$ 937	$1,242	$1,685	$ 2,023	$ 2,464	$2,048	$ 1,427

	As of August 31,					As of May 31,	
	1996	1997	1998	1999	2000	2000	2001
				(in millions)			
Balance Sheet Data:							
Cash and cash equivalents	$ 438	$ 325	$ 736	$ 1,111	$ 1,271	$1,297	$ 724
Working capital	280	175	531	913	1,015	1,023	(1,394)
Total assets	2,323	2,550	3,704	4,615	5,451	5,491	4,929

	Year ended August 31,					Nine months ended May 31,	
Long-term debt	226	192	157	127	99	127	31
Total partners capital	696	761	1,507	2,208	2,368	2,579	
Shareholders equity (deficit)							(1,255)

* Excludes payments for partner distributions.

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

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

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

The following discussion and analysis should be read in conjunction with our historical financial statements and related notes included elsewhere in this prospectus as well as our pro forma financial information contained in the section entitled Pro Forma Financial Information.

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

Overview

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

The results of our operations are affected by the level of economic activity and change in the industries we serve. Our business is also driven, in part, by the pace of technological change and the type and level of technology spending by our clients. The ability to identify and capitalize on these technological and market changes early in their cycles is a key driver of our performance. We are now seeing some evidence of an economic slowdown in some markets, including a reduction in capital expenditures and technology and associated discretionary spending by our clients, particularly in the United States. This has caused a reduction in our growth rate in the Americas and in our Communications & High Tech, Financial Services and Products global market units in the third quarter of this fiscal year as compared with the first half of this fiscal year. Revenues before reimbursements for the third quarter of 2001 for our Communications & High Tech, Financial Services and Products global market units increased by 8%, 15% and 16%, respectively, over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for these market units increased by 27%, 19% and 25%, respectively, over the first half of 2000. Revenues before reimbursements for the third quarter of 2001 for our Americas geographic area increased by 10% over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for this geographic area increased by 27% over the first half of 2000. We expect continued growth in revenues in the fourth quarter of this fiscal year, though at a slower rate of growth than in the third quarter. Our strategy is to anticipate changes in demand for our services and to identify cost-management initiatives in order to manage costs as a percentage of revenues. For example, on June 7, 2001, we announced an initiative to reduce our staff in certain parts of the world, in certain skill groups and in some support positions. We have generally been able to maintain our margins during past periods of volatility, such as the slowdown in technology spending that occurred in anticipation of the Year 2000 events, through similar proactive cost-management programs.

We have operated as a series of related partnerships and corporations under the control of our partners for all historical periods. We will operate in a corporate structure in future periods. As a business, whether in partnership form or in a corporate structure, our profitability is driven by the same factors. Revenues are driven by our partners and senior executives ability to secure contracts for new engagements and to deliver products and services that add value to our clients. Our ability to add value to clients and therefore drive revenues depends in part on our ability to offer market-leading service offerings and to deploy skilled teams of professionals quickly and on a global basis.

Cost of services is primarily driven by the cost of client service personnel, which consists primarily of compensation and training costs. Cost of services as a percentage of revenues is driven by the productivity of our client service workforce. Chargeability, or utilization, represents the percentage of our professionals time spent on billable work. We plan and manage our headcount to meet the anticipated demand for our

services. Selling and marketing expense is driven primarily by development of new service offerings, the level of concentration of clients in a particular industry or market, client targeting, image development and brand-recognition activities. General and administrative costs generally correlate with changes in headcount and activity levels in our business.

Presentation

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

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

Segments

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

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

Revenues

We derive substantially all of our revenues from contracts for management and technology service offerings and solutions that we develop, implement and manage for our clients. Depending on the terms of the contract, revenues are recognized on a time-and-materials basis or on a percentage-of-completion basis, as services are provided by our employees and, to a lesser extent, subcontractors. Revenues from time-and-materials service contracts are recognized as the services are provided. Revenues from long-term contracts are recognized over the contract term based on the percentage of services provided during the period compared to the total estimated services to be provided over the duration of the contract. Revenues include the cost and margin earned on computer hardware and software resale contracts, as well as revenues from alliance agreements, neither of which is material to us. Reimbursements, including those relating to travel and other out-of-pocket expenses, and other similar third-party costs, such as the cost of hardware and software resales, are included in revenues, and an equivalent amount of reimbursable expenses are included in cost of services.

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

Operating Expenses

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

Cost of Services

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

Sales and Marketing

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

General and Administrative Costs

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

Reorganization and Rebranding Costs

Reorganization and rebranding costs include one-time costs, beginning in September 2000, to rename our organization Accenture and other costs to transition to a corporate structure.

Gain on Investments

Gain on investments represents primarily gains and losses on the sales of marketable securities and write-downs on investments in private securities. These fluctuate over time, are not predictable and may not recur. Beginning on September 1, 2000, they also include changes in the fair market value of equity holdings considered to be derivatives in accordance with SFAS 133.

Interest Income

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

Interest Expense

Interest expense primarily reflects interest incurred on borrowings.

Other Income (Expense)

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

Equity in Losses of Affiliates

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

Provision for Taxes

Prior to our transition to a corporate structure, we were generally not subject to income taxes in most countries because we operated in partnership form in those countries. Since taxes related to income earned by the partnerships were the responsibility of the individual partners, our partners reported and paid taxes on their share of the partnerships income on their individual tax returns. In other countries, however, we operated in the form of a corporation or were otherwise subject to entity-level taxes on income and withholding taxes. As a result, prior to our transition to a corporate structure, we have paid some entity-level taxes, with the amount varying from year to year depending on the mix of earnings among our worldwide entities. Where applicable, we have accounted for these taxes under the asset and liability method.

Partnership Income Before Partner Distributions

Our historical financial statements reflect our organization as a related series of partnerships and corporations under the control of our partners. The income of our partners in historical periods is not executive compensation in the customary sense because partner compensation is comprised of distributions of current earnings, out of which our partners are responsible for their payroll taxes and benefits.

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

Historical Results of Operations

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

	Year ended August 31,			Nine months ended May 31,	
	1998	**1999**	**2000**	**2000**	**2001**
Revenues:					
Revenues before reimbursements	85%	86%	85%	85%	85%
Reimbursements	15	14	15	15	15
Revenues	100	100	100	100	100
Operating expenses*					
Cost of services*:					
Cost of services before reimbursable expenses*	49	49	48	47	44
Reimbursable expenses	15	14	15	15	15
Cost of services*	64	63	63	62	59
Sales and marketing*	7	7	8	8	7
General and administrative costs*	11	12	11	11	11
Reorganization and rebranding costs*					8
Total operating expenses*	82	82	82	81	85
Operating income(1)*	18	18	18	19	15
Gain on investments		1	5	6	2
Interest income				1	1
Interest expense					(1)
Other income (expense)					
Equity in losses of affiliates					(1)

	Year ended August 31,			Nine months ended May 31,	
Income before taxes*	18	19	23	26	16
Provision for taxes	1	1	2	2	4
Income before accounting change*	17	18	21	24	12
Cumulative effect of accounting change					2
Partnership income before partner distributions*	17%	18%	21%	24%	14%

* Excludes payments for partner distributions.

(1) Operating income as a percentage of revenues before reimbursements was 22%, 21%, 21%, 23% and 17% for the years ended August 31, 1998, 1999 and 2000 and for the nine months ended May 31, 2000 and 2001, respectively.

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

	Year ended August 31,			Nine months ended May 31,	
	1998	1999	2000	2000	2001
	(in millions, except for percentages)				
Revenues:					
Communications & High Tech	$1,903	$ 2,499	$ 2,806	$2,061	$ 2,482
Financial Services	2,405	2,737	2,542	1,898	2,230
Government	547	777	797	585	728
Products	1,576	1,664	1,891	1,403	1,707
Resources	1,702	1,812	1,661	1,251	1,457
Other	82	61	55	47	62
Total revenues before reimbursements	8,215	9,550	9,752	7,245	8,666
Reimbursements	1,425	1,529	1,788	1,301	1,475
Total	$9,640	$11,079	$11,540	$8,546	$10,141
Revenues as a percentage of total:					
Communications & High Tech	19%	22%	25%	24%	24%
Financial Services	25	25	22	22	22
Government	6	7	7	7	7
Products	16	15	16	16	17
Resources	18	16	14	15	14
Other	1	1	1	1	1
Total revenues before reimbursements	85	86	85	85	85
Reimbursements	15	14	15	15	15
Total	100%	100%	100%	100%	100%
Operating Income:					
Communications & High Tech	$ 346	$ 532	$ 638	$ 499	$ 388
Financial Services	681	814	653	513	480

	Year ended August 31,			Nine months ended May 31,	
Government	20	94	71	57	56
Products	350	250	390	318	281
Resources	276	267	249	201	192
Other	110	75	85	70	81
Total	$1,783	$ 2,032	$ 2,086	$1,658	$ 1,478
Operating Income as a percentage of total:					
Communications & High Tech	19%	26%	31%	30%	26%
Financial Services	38	40	31	31	32
Government	1	5	3	4	4
Products	20	12	19	19	19
Resources	16	13	12	12	13
Other	6	4	4	4	6
Total	100%	100%	100%	100%	100%
Operating Income as a percentage of total revenues before reimbursements:					
Communications & High Tech	18%	21%	23%	24%	16%
Financial Services	28	30	26	27	22
Government	4	12	9	10	8
Products	22	15	21	23	16
Resources	16	15	15	16	13
Other	n/m	n/m	n/m	n/m	n/m
Total revenues before reimbursements	22%	21%	21%	23%	17%
Operating Income as a percentage of revenues	18%	18%	18%	19%	15%

n/m = not meaningful

Nine Months Ended May 31, 2001 Compared to Nine Months Ended May 31, 2000

Revenues

Revenues for the nine months ended May 31, 2001 were $10,142 million, an increase of $1,596 million, or 19%, over the nine months ended May 31, 2000. Revenues before reimbursements for the nine months ended May 31, 2001 were $8,666 million, an increase of $1,421 million, or 20%, over the nine months ended May 31, 2000. In local currency terms, revenues before reimbursements grew by 26% in the nine months ended May 31, 2001 over the nine months ended May 31, 2000.

In the nine months ended May 31, 2001, our revenues grew significantly, continuing a trend that began in the second half of fiscal 2000 as our clients began to focus on new transformation and implementation initiatives after Year 2000 disruptions proved to be minimal. In addition, demand for our services grew as clients began to explore Web-enablement and electronic commerce strategies and solutions both in the business-to-business and business-to-consumer areas. We believe that this strong revenue growth is the result of our rapid response to changes in the marketplace and our creation and refinement of relevant service offerings. In addition, by focusing on the re-training of our client service personnel during the Year 2000 slowdown, we positioned ourselves to take advantage of the growth opportunities in these new markets. We achieved this strong revenue growth in the nine months ended May 31, 2001 despite the difficult economic conditions that many of our clients industries are experiencing. We are now seeing some evidence of an economic slowdown in some markets, including a reduction in capital expenditures and technology and associated discretionary spending by our clients, particularly in the Americas. This has caused a reduction in our growth rate in the Americas and in our Communications & High Tech, Financial Services and Products global market units in the third quarter of this fiscal year as compared with the first half of this fiscal year. Revenues before reimbursements for the third quarter of 2001 for our Communications & High Tech, Financial Services and Products global market units increased by 8%, 15% and 16%, respectively, over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for these market units increased by 27%, 19% and 25%,

respectively, over the first half of 2000. Revenues before reimbursements for the third quarter of 2001 for our Americas geographic area increased by 10% over the third quarter of 2000, while revenues before reimbursements for the first half of 2001 for this geographic area increased by 27% over the first half of 2000. We expect continued growth in revenues in the fourth quarter of this fiscal year, though at a slower rate of growth than in the third quarter. We believe we can also slow the growth of our costs and defer expenditures for discretionary items. For example, on June 7, 2001, we announced an initiative to reduce our staff in certain parts of the world, in certain skill groups and in some support positions.

Our Communications & High Tech market unit achieved revenues before reimbursements of $2,482 million in the nine months ended May 31, 2001, an increase of 20% over the nine months ended May 31, 2000, primarily due to strong growth in our Communications and Electronics & High Tech industry groups in North America. Operations in Europe and Latin America also experienced significant growth. Our Financial Services market unit achieved revenues before reimbursements of $2,230 million in the nine months ended May 31, 2001, an increase of 18% over the nine months ended May 31, 2000, primarily due to strong growth in our Banking industry group in Europe and North America. Our Products market unit achieved revenues before reimbursements of $1,708 million in the nine months ended May 31, 2001, an increase of 22% over the nine months ended May 31, 2000, as the result of strong growth in our Retail, Consumer Goods & Services and Transportation & Travel Services industry groups in Europe. Our Resources market unit achieved revenues before reimbursements of $1,457 million in the nine months ended May 31, 2001, an increase of 16% over the nine months ended May 31, 2000, as the result of strong growth in the Chemicals, Forest Products and Metals & Mining industry groups in North America. Our Government market unit achieved revenues before reimbursements of $728 million in the nine months ended May 31, 2001, an increase of 24% over the nine months ended May 31, 2000, primarily driven by strong growth in Canada, the United States and the United Kingdom.

Operating Expenses

Operating expenses in the nine months ended May 31, 2001 were $8,664 million, an increase of $1,776 million, or 26%, over the nine months ended May 31, 2000, and an increase as a percentage of revenues from 81% in the nine months ended May 31, 2000 to 85% in the nine months ended May 31, 2001. Operating expenses, excluding one-time rebranding and reorganization costs, were $7,887 million for the nine months ended May 31, 2001, or a 15% increase over the nine months ended May 31, 2000 and a decrease as a percentage of revenues from 81% in the nine months ended May 31, 2000 to 78% in the nine months ended May 31, 2001.

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

Cost of Services

Cost of services was $5,985 million in the nine months ended May 31, 2001, an increase of $684 million, or 13%, over the nine months ended May 31, 2000, and a decrease as a percentage of revenues from 62% in the nine months ended May 31, 2000 to 59% in the nine months ended May 31, 2001. Cost of services before reimbursable expenses was $4,509 million in the nine months ended May 31, 2001, an increase of $510 million, or 13%, over the nine months ended May 31, 2000 and a decrease as a percentage of revenues before reimbursements from 55% in the nine months ended May 31, 2000 to 52% in the nine months ended May 31, 2001. This decrease as a percentage of revenues and revenues before reimbursements resulted from increases in chargeability due to increased demand for our services and lower employee compensation costs resulting from the promotion of 1,286 employees to partner effective September 1, 2000. The increase in partner admissions was designed to incentivize our professionals at an earlier stage in their careers with us.

Sales and Marketing

Sales and marketing expense was $771 million in the nine months ended May 31, 2001, an increase of $120 million, or 18%, over the nine months ended May 31, 2000, and a decrease as a percentage of revenues from 8% in the nine months ended May 31, 2000 to 7% in the nine months ended May 31, 2001. The 2001 percentage is consistent with 1998 and 1999 levels. The percentage in 2000 was slightly higher due to higher than normal business development and market-development activities following the Year 2000 slowdown and the reduction in compensation costs related to the promotion of 1,286 employees to partner effective September 1, 2000.

General and Administrative Costs

General and administrative costs were $1,131 million in the nine months ended May 31, 2001, an increase of $195 million, or 21%, over the nine months ended May 31, 2000, and remained constant as a percentage of revenues at 11% in the nine months ended May 31, 2000 and in the nine months ended May 31, 2001. Our short-term cost-management initiatives in this period of significant growth in revenues enabled us to maintain a constant level of general and administrative costs as a percentage of revenues.

Reorganization and Rebranding Costs

Reorganization and rebranding costs were $777 million, or 8% of revenues, in the nine months ended May 31, 2001, and included amortization of intangible assets, acquired in connection with the Memorandum of Understanding with Andersen Worldwide, of $138 million. The remaining $19 million of intangible assets will be amortized in the fourth quarter of 2001. Reorganization and rebranding costs, which resulted from changing our name and other costs relating to our transition to a corporate structure, are expected to continue to be incurred at similar levels during the remainder of 2001.

Operating Income

Operating income was $1,478 million in the nine months ended May 31, 2001, a decrease of $181 million, or 11%, over the nine months ended May 31, 2000, and a decrease as a percentage of revenues from 19% in the nine months ended May 31, 2000 to 15% in the nine months ended May 31, 2001. Operating income decreased as a percentage of revenues before reimbursements from 23% in the nine months ended May 31, 2000 to 17% in the nine months ended May 31, 2001. Operating income, excluding one-time rebranding and reorganization costs, was $2,255 million for the nine months ended May 31, 2001, an increase of $597 million, or a 36% increase over the nine months ended May 31, 2000 and an increase as a percentage of revenues from 19% in the nine months ended May 31, 2000 to 22% in the nine months ended May 31, 2001. Operating income, excluding one-time rebranding and reorganization costs, increased as a percentage of revenues before reimbursements from 23% in the nine months ended May 31, 2000 to 26% in the nine months ended May 31, 2001.

Gain on Investments

Gain on investments totaled $180 million for the nine months ended May 31, 2001, compared to a gain of $534 million for the nine months ended May 31, 2000. This gain in 2001 represents the sale of $382 million of a marketable security purchased in 1995 and $10 million from the sale of other marketable securities, net of other than temporary impairment investment write-downs of $81 million, and unrealized investment losses recognized according to SFAS 133 of $131 million. Other than temporary impairment write-downs consisted of $19 million in publicly-traded equity securities and $62 million in privately-traded equity securities. The write-downs relate to investments in Internet or e-commerce companies where the market value has been less than our cost for an extended time period, or the issuer has experienced significant financial declines or difficulties in raising capital to continue operations.

Interest Income

Interest income was $60 million for the nine months ended May 31, 2001, an increase of $14 million, or 31%, over the nine months ended May 31, 2000. The increase resulted primarily from the investment of cash generated by the sale of a portion of a marketable security purchased in 1995 and an increase in the deferral of partner distributions.

Interest Expense

Interest expense was $25 million for the nine months ended May 31, 2001, an increase of $7 million, or 40%, over the nine months ended May 31, 2000. The increase resulted primarily from the increase in short-term bank borrowings.

Other Income (Expense)

Other income was $21 million in the nine months ended May 31, 2001, a decrease of $11 million from the nine months ended May 31, 2000.

Equity in Losses of Affiliates

Equity in losses of affiliates was a $53 million loss in the nine months ended May 31, 2001, compared to a $9 million loss in the nine months ended May 31, 2000. This increase was primarily due to $38 million in losses related to our investment in Avanade, a company we jointly own with Microsoft that focuses on large-scale technology integration surrounding Microsoft s enterprise platform.

Provision for Taxes

Taxes were $420 million in the nine months ended May 31, 2001, an increase of $226 million over the nine months ended May 31, 2000. This increase was due to tax costs of our transition to a corporate structure, net of an adjustment for deferred taxes, and an increase in taxable

income in some of our entities that were subject to entity-level tax.

Cumulative Effect of Accounting Change

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

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

Revenues

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

Our Communications & High Tech market unit achieved revenues before reimbursements of $2,807 million in 2000, an increase of 12% over 1999, primarily due to growth in Europe and Asia, which was partially offset by slower growth in our North American operations because of the Year 2000-related slowdown. Our Financial Services market unit achieved revenues before reimbursements of $2,542 million in 2000, a decrease of 7% from 1999, primarily driven by decreasing levels of business activity in North America as a result of clients focusing on Year 2000 concerns, as well as the effects of an unfavorable interest rate environment and reduced client merger activity. Our Products market unit achieved revenues before reimbursements of $1,891 million in 2000, an increase of 14% over 1999, primarily driven by growth in North America from the Retail and Transportation & Travel Services industry groups, as well as additional growth in the Retail industry group in Europe. Our Resources market unit achieved revenues before reimbursements of $1,661 million in 2000, a decrease of 8% from 1999, primarily as the result of delayed merger activity as several proposed mergers were delayed by regulatory concerns, and the completion of a number of large enterprise resource planning implementation projects before Year 2000. Our Government market unit achieved revenues before reimbursements of $797 million in 2000, an increase of 3% over 1999. The 2000 increase was lower than in 1999, primarily as a result of government clients postponing large implementation projects until Year 2000 concerns were resolved.

Operating Expenses

Operating expenses in 2000 were $9,454 million, an increase of $406 million, or 4%, over 1999, and remained constant as a percentage of revenues at 82% in 1999 and 2000. In anticipation of slower growth, we formed a special task force in the second half of 1999 to identify cost drivers, raise cost consciousness and reduce non-payroll cost structures, the results of which were reflected in cost savings during 2000. In 2000, we began a training initiative that focused on building electronic commerce skills and knowledge quickly. The advent of electronic commerce also facilitated a move from traditional classroom training toward Web-enabled distributed training that is designed to deliver the same or better-quality training in fewer hours at lower cost. We expect this move toward Web-enabled and other distributed training to continue.

Cost of Services

Cost of services was $7,274 million in 2000, an increase of $288 million, or 4%, over 1999, and remained constant as a percentage of revenues at 63% in 1999 and 2000. Cost of services before reimbursable expenses was $5,486 million in 2000, an increase of $30 million, or 1%, over 1999 and a decrease as a percentage of revenues before reimbursements from 57% in 1999 to 56% in 2000. We were able to maintain overall cost of services as a percentage of revenues and revenues before reimbursements at relatively constant levels through periods of slow growth in the first half of 2000, followed by periods of accelerated growth in the second half of 2000.

Sales and Marketing

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

General and Administrative Costs

General and administrative costs were $1,296 million in 2000, an increase of $25 million, or 2%, from 1999 and a decrease as a percentage of revenues from 12% in 1999 to 11% in 2000. As signs of slowing demand became apparent in the first half of 2000, we launched initiatives to better manage our general and administrative costs, including controlling facilities, services and support costs. This reduction as a percentage of revenues was due in part to the elimination of temporary duplicate costs incurred in 1999 associated with the transition to us of internal support systems and other functions previously shared with Andersen Worldwide.

Operating Income

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

Gain on Investments

Gain on investments totaled $573 million for 2000, compared to a gain of $93 million in 1999. $476 million of gain on investments were related to the sale of a portion of our investment in a marketable security purchased in 1995.

Interest Income

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

Other Income (Expense)

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

Equity in Losses of Affiliates

Equity in losses of affiliates was a loss of $47 million in 2000 compared to a loss of $6 million in 1999, primarily due to a loss of $32 million related to our investment in Avanade.

Provision for Taxes

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

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

Revenues

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

our clients were increasingly focusing on Year 2000 issues, which delayed large-scale implementation projects.

Our Communications & High Tech market unit achieved revenues before reimbursements of $2,498 million in 1999, an increase of 31% over 1998, primarily due to rapid growth in the communications and electronics and high tech industries which presented new challenges for our clients, thus increasing the demand for our services. The most significant increase was experienced in Europe, which had revenue before reimbursements growth of 60% over 1998, primarily fueled by robust growth in telecommunications outsourcing work. Our Financial Services market unit achieved revenues before reimbursements of $2,736 million in 1999, an increase of 14% over 1998, primarily as a result of strength in Europe offset by information technology spending reductions by several clients in anticipation of Year 2000 concerns. Our Products market unit achieved revenues before reimbursements of $1,664 million in 1999, an increase of 6% over 1998, primarily due to strong growth from the Pharmaceuticals & Medical Products industry group, which was partially offset by slower growth in North America in the second half of the year, particularly due to Year 2000 concerns in the Automotive and Industrial Equipment industry groups. Our Resources market unit achieved revenues before reimbursements of $1,812 million in 1999, an increase of 7% over 1998, primarily as a result of growth in the Utilities industry group, which was partially offset by slowdowns from the Forest Products and Metals & Mining industry groups, as these clients faced challenging economic conditions with depressed oil and base metal prices. Our Government market unit achieved revenues before reimbursements of $777 million in 1999, an increase of 42% over 1999, primarily as the result of strong growth in the global postal marketplace as well as a significant expansion of work undertaken for the United States federal government.

Operating Expenses

Operating expenses in 1999 were $9,048 million, an increase of $1,191 million, or 15%, over 1998, and remained constant as a percentage of revenues at 82% in 1998 and 1999. In March 1999, as a result of changes occurring in the marketplace and the slowdown in demand for large-scale systems implementation, we implemented cost-saving initiatives that resulted in a cost level consistent with the anticipated lower growth in demand. In addition, due to the increased demand for electronic commerce services and products, we began to retrain client service personnel to be better equipped to meet the change in the nature of services being demanded as the market moved from requirements for enterprise business systems skills to electronic commerce skills.

Cost of Services

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

Sales and Marketing

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

General and Administrative Costs

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

Operating Income

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

Gain on Investments

Gain on investments totaled $93 million for 1999, primarily related to the sale of a portion of our investment in a marketable security purchased in 1995.

Interest Income

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

Other Income (Expense)

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

Equity in Losses of Affiliates

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

Provision for Taxes

Taxes were $123 million in 1999, an increase of $49 million over 1998. This increase was due to increased taxable income in some of our entities that were subject to entity-level tax.

Quarterly Results

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

	Three months ended						
	November 30, 1999	**February 29, 2000**	**May 31, 2000**	**August 31, 2000**	**November 30, 2000**	**February 28, 2001**	**May 31, 2001**
	(in millions)						
Revenues:							
Revenues before reimbursements	$2,412	$2,272	$2561	$2,507	$2,831	$2,882	$2,953
Reimbursements	364	436	501	487	407	502	566
Revenues	2,776	2,708	3,062	2,994	3,238	3,384	3,519
Operating expenses*							
Cost of services:*							
Cost of services before reimbursable expenses*	1,356	1,304	1,340	1,487	1,384	1,560	1,566
Reimbursable expenses	364	436	501	487	407	502	566
Cost of services*	1,720	1,740	1,841	1,974	1,791	2,062	2,132
Sales and marketing*	199	222	230	232	202	251	318

	Three months ended						
General and administrative costs*	318	322	296	360	376	389	365
Reorganization and rebranding costs*					30	159	588
Total operating expenses*	2,237	2,284	2,367	2,566	2,399	2,861	3,403
Operating income*	539	424	695	428	839	523	116
Gain (loss) on investments, net	68	200	266	39	218	(30)	(9)
Interest income	14	13	18	22	23	20	17
Interest expense	(7)	(5)	(6)	(6)	(4)	(6)	(16)
Other income (expense)	6	14	12	19	7	17	(3)
Equity in losses of affiliates	(4)	(3)	(2)	(37)	(20)	(21)	(11)
Income (loss) before taxes*	616	643	983	465	1,063	503	94
Provision for taxes	42	71	81	49	53	83	285
Income before cumulative change in accounting*	574	572	902	416	1,010	420	(191)
Cumulative effect of accounting change					188		
Partnership income (loss) before partner distributions*	$ 574	$ 572	$ 902	$ 416	$1,198	$ 420	$ (191)

* Excludes payments for partner distributions.

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

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

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

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

In the first quarter of 2001, we also began incurring one-time costs to rebrand our organization as required by the arbitration and other costs related to our transition to a corporate structure. These non-recurring costs totalled $30 million, $159 million and $588 million in the first, second and third quarters of 2001, respectively.

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

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

Operating income in the third quarter of 2001 was $116 million, an 83% decrease from the third quarter of 2000. Excluding one-time rebranding and reorganization costs, operating income would have been $703 million, a 1% increase over the third quarter of 2000. Partnership income before partner distributions was a loss of $191 million in the third quarter of 2001 compared to income of $902 million in the third quarter of 2000. Excluding one-time rebranding and reorganization costs, gains (losses) on investments and a one-time restructuring income tax charge of $222 million in 2001, partnership income before partner distributions would have been $628 million, or a 1% decrease from the third quarter of 2000.

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

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

Liquidity and Capital Resources

We have historically relied on cash flow from operations, partner capital contributions and bank credit facilities to satisfy our liquidity and capital requirements. However, each year a portion of the partner distributions have been made on a deferred basis, which significantly strengthened our working capital and limited our external borrowings. In the future, we may need to raise additional funds through public or private debt or equity financings in order to:

take advantage of opportunities, including more rapid expansion;

acquire complementary businesses or technologies;

develop new services and products; or

respond to competitive pressures.

Our balance of cash and cash equivalents was $724 million at May 31, 2001. The balance of cash and cash equivalents was $1,111 million at August 31, 1999 and $1,271 million at August 31, 2000, an increase of $160 million, or 14%, due to increased year-over-year earnings, including earnings from the sale of marketable securities, which was partially offset by increases in distributions to partners, purchases of equity investments and escrow of amounts due pending the final resolution of the arbitration with Andersen Worldwide and Arthur Andersen. In addition, our market units continued to effectively manage the timing of billings to and collections from clients, resulting in a relatively low net investment in the working capital components most directly affected by our client service operations: receivables from clients, unbilled services and deferred revenue.

Net cash provided by operating activities was $1,994 million for the nine months ended May 31, 2001, an increase of $402 million from the nine months ended May 31, 2000. Net cash used by investing activities was $233 million for the nine months ended May 31, 2001, an increase of $496 million from the nine months ended May 31, 2000, as proceeds from the sale of investments of $422 million were offset by purchases of new investments and by capital expenditures. Net cash used in financing activities was $2,301 million for the nine months ended May 31, 2001, an increase of $673 million from the nine months ended May 31, 2000. This included normal distributions to partners of $1,950 million, repayment of partners capital totaling $509 million, and a payment of $314 million to Andersen Worldwide and Arthur Andersen as partial payment of amounts due related to the final resolution of the arbitration, offset in part by a net increase in proceeds from short-term bank borrowings of $360 million. See Certain Relationships and Related Transactions Relationship with Andersen Worldwide and Arthur Andersen.

Net cash provided by operating activities was $2,131 million for 2000, a decrease of $63 million from 1999. Net cash provided by investing activities was $107 million for 2000, an increase of $337 million over 1999 as proceeds from the sales of investments of $576 million were partially offset by purchases of new investments and by capital expenditures. Net cash used in financing activities was $2,034 million for 2000,

an increase of $464 million over 1999 due primarily to an increase in partner distributions and cash transfers into an escrow account pending final resolution of the arbitration. Until August 7, 2000, the date the arbitration award became effective, Andersen Worldwide, as agent for the Accenture and Arthur Andersen member firms, facilitated the cost-sharing provisions of various member firm agreements between the individual Accenture and Arthur Andersen member firms. Amounts due to Andersen Worldwide under these member firm agreements were $233 million, $280 million and $314 million in 1998, 1999 and 2000, respectively.

The balance of paid-in capital was $352 million at August 31, 1999, $403 million at August 31, 2000, and $0 at May 31, 2001. All paid-in capital was returned to partners as of May 31, 2001.

Since we have historically deferred the distribution of a portion of our partners current-year earnings into the subsequent fiscal year, these earnings have been available for a period of time to meet liquidity and working capital requirements. These distributable earnings, temporarily retained and distributed in the subsequent fiscal year, totaled $896 million, $1,130 million and $1,306 million at August 31, 1999, 2000 and May 31, 2001, respectively. At May 31, 2001, we reclassified the final distributable earnings from the capital accounts to current liabilities. We expect to distribute to our partners any pre-incorporation earnings undistributed as of the date of the consummation of our transition to a corporate structure in one or more installments by December 31, 2001.

On August 31, 1998, we entered into a $450 million unsecured multi-currency revolving credit facility with a syndicate of banks led by Morgan Guaranty Trust Company of New York for general working capital purposes. The syndicated facility, available through August 31, 2003, provides committed financing and/or letters of credit in the Group of Seven currencies and bid option financing in a number of other currencies. Committed financing is provided at the prime rate or at the London interbank offered rate plus a spread, which varies according to a pricing grid, and is subject to annual commitment fees. At May 31, 2001, we had $338 million in borrowings and $19 million in letters of credit outstanding under the syndicated facility.

Our syndicated facility requires us to (1) limit liens placed on our assets to (a) liens incurred in the ordinary course of business (subject to certain limitations) and (b) other liens securing aggregate amounts not in excess of 30% of our total assets and (2) maintain a maximum debt to cash flow ratio of one to one. We are in compliance with the terms of this facility. We have amended the syndicated facility and our other credit facilities in connection with our transition to a corporate structure to maintain our existing credit capacity. As a corporation, we expect to have greater access to debt capital markets and may replace or supplement current credit capacity with other sources of debt financing.

Additionally, on June 22, 2001 we entered into a $420 million unsecured 364-day revolving credit facility with a syndicate of banks led by Bank of America, N.A. for general working capital, capital expenditures and other business purposes. The terms of the Bank of America facility are substantially similar to the terms of the Morgan Guaranty facility.

We maintain four separate bilateral, uncommitted, unsecured multi-currency revolving credit facilities. As of May 31, 2001, these facilities provided for up to $369 million of local currency financing in countries that cannot readily access our facilities. We also maintain local guaranteed and non-guaranteed lines of credit. As of May 31, 2001, amounts available under these facilities totaled $299 million. At May 31, 2001, we had $190 million outstanding under these various facilities. Interest rate terms on the bilateral revolving facilities and local lines of credit are at market rates prevailing in the relevant local markets.

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

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

During 1998, 1999 and 2000, and for the nine months ended May 31, 2001 we incurred $271 million, $305 million, $315 million and $301 million in capital expenditures, respectively, primarily for technology assets, furniture and equipment and leasehold improvements to support our operations. We expect fiscal 2001 capital expenditures for technology assets, furniture and equipment and leasehold improvements for existing and new office space to be in the range of $350 million to $450 million. During November 1999, we formed Accenture Technology Ventures to select, structure and manage a portfolio of equity investments. Accenture has made equity investments of $18 million, $153 million and $215 million during 1999, 2000 and the nine months ended May 31, 2001, respectively. As of May 31, 2001, we had commitments for investments of $67 million. We expect to invest up to $340 million in fiscal 2001. We also received $111 million and $110 million in fiscal 2000 and the nine months ended May 31, 2001, respectively, in equity from our clients as compensation for current and future services. Amounts ultimately realized from these equity securities may be higher or lower than amounts recorded on the measurement dates.

In limited circumstances, we agree to extend financing to clients. The terms vary by engagement, but generally we contractually link payment for services to the achievement of specified performance milestones. We finance these client obligations primarily with existing

working capital and bank financing in the country of origin. As of August 31, 1998, 1999, 2000 and May 31, 2001, $232 million, $232 million, $223 million and $168 million were outstanding for 18, 16, 14 and 14 clients, respectively. These outstanding amounts are included in unbilled services and other non-current assets on our historical balance sheets.

We do not expect that our transition to a corporate structure will materially change our working capital requirements. Prior to the consummation of our transition to a corporate structure, we deferred the distribution of a substantial portion of our earnings to our partners into the subsequent fiscal year. This deferral enabled us to fund the capital requirements of our business without significant external financing. We expect to replace this deferral through retained earnings which will result from the substantial reduction in partner compensation in our corporate structure. We expect our liquidity needs on a short- and long-term basis to be satisfied by cash flows from operations, increased debt capacity under existing and/or new credit facilities, the net proceeds of the offering and increased financial flexibility that will result from our transition to a corporate structure. We expect to repay approximately $338 million of amounts outstanding under our revolving credit facilities with the net proceeds from the offering. This increase in debt capacity will replace working capital historically funded through the deferral of the distribution of partnership earnings and the contribution of capital by our partners. We are not dependent on the proceeds of the offering to meet normal operating liquidity requirements over the next 12 months. We believe our change to a corporate structure will provide financing flexibility to meet ongoing and future capital resource needs, which include implementing our strategy, driving business initiatives and providing equity for investment and acquisitions.

Market Risk

Foreign Currency Risk

We are exposed to foreign currency risk in the ordinary course of business. We hedge cash flow exposures for our major countries using a combination of forward and option contracts. Principal currencies hedged are the Australian dollar, Canadian dollar, euro currencies, Japanese yen, Norwegian krone, Swedish krona, Swiss franc and British pound. These instruments are generally short-term in nature, with typical maturities of less than one year. From time to time, we enter into forward or option contracts of a longer-term nature.

For purposes of specific risk analysis, we use sensitivity analysis to determine the effects that market risk exposures may have on the fair value of our hedge portfolio. The foreign currency exchange risk is computed based on the market value of future cash flows as affected by the changes in the rates attributable to the market risk being measured. The sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the opposite gain or loss on the underlying transaction. As of August 31, 1999, a 10% decrease in the levels of foreign currency exchange rates against the U.S. dollar with all other variables held constant would result in a decrease in the fair value of our financial instruments of $10 million, while a 10% increase in the levels of foreign currency exchange rates against the U.S. dollar would result in an increase in the fair value of our financial instruments of $24 million. As of August 31, 2000, a 10% decrease in the levels of foreign currency exchange rates against the U.S. dollar with all other variables held constant would result in an increase in the fair value of our financial instruments of $6 million, while a 10% increase in the levels of foreign currency exchange rates against the U.S. dollar would have almost no effect on the fair value of our financial instruments due to the fact that our long and short forward positions almost completely offset each other. As of May 31, 2001, a 10% decrease in the levels of foreign currency exchange rates against the U.S. dollar with all other variables held constant would result in a decrease in the fair value of our financial instruments of $15 million, while a 10% increase in the levels of foreign currency exchange rates against the U.S. dollar would result in an increase in the fair value of our financial instruments of $15 million.

Interest Rate Risk

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

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

Equity Price Risk

We have marketable equity securities that are subject to market price volatility. The investments are classified as available-for-sale securities and are recorded in the balance sheet at fair value with unrealized gains or losses reported in the accumulated other comprehensive income within partners capital. We have not entered into any derivative contracts to hedge the risks associated with the portfolio of equity investments.

Our investment portfolio also includes warrants in both publicly-traded and privately-held companies. The privately-held investments are inherently risky because the markets for the technologies or products they develop are less established than those of most publicly-traded companies and because we may be unable to liquidate our investments if desired. Beginning September 1, 2000, warrants in publicly-traded

companies and certain warrants in privately-held companies are deemed derivatives by SFAS 133. As such, they are recorded in the balance sheet at fair value with unrealized gains or losses recorded in the income statement. The following analysis presents the hypothetical change in the fair value of our marketable equity securities classified as available-for-sale at August 31, 1999 and August 31, 2000, assuming the same hypothetical price fluctuations of plus or minus 10%, 20% and 30%.

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

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

The following analysis presents the hypothetical change in the fair value of our marketable equity securities classified as available-for-sale and warrants in privately-held companies deemed to be derivatives by SFAS 133 at May 31, 2001, assuming the same hypothetical price fluctuations of plus or minus 10%, 20% and 30%.

	Valuation of investments assuming indicated decrease			May 31, 2001 fair value	Valuation of investments assuming indicated increase		
	-30%	-20%	-10%		+10%	+20%	+30%
				(in thousands)			
Marketable Equity Securities and Warrants Deemed Derivatives by SFAS 133	$109,770	$125,451	$141,133	$156,814	$172,495	$188,177	$203,858

Recently Issued Accounting Pronouncements

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

In June 1998, the Financial Accounting Standards Board issued SFAS 133 which, as amended, establishes accounting and reporting standards for derivative instruments and hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair value. We adopted SFAS 133 in the first quarter of 2001, which ended on November 30, 2000. The adoption of SFAS 133 resulted in cumulative income of $188 million on September 1, 2000, and investment losses of $131 million during the nine months ended May 31, 2001.

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

BUSINESS

Overview

Accenture is the world s leading provider of management and technology consulting services and solutions. We had approximately $13.1 billion of revenues for the 12 months ended May 31, 2001. We have more than 75,000 employees based in more than 110 offices in 46 countries delivering to our clients a wide range of consulting, technology and outsourcing services. We operate globally with one common brand and business model designed to enable us to serve our clients on a consistent basis around the world. We work with clients of all sizes and have extensive relationships with the world s leading companies and governments. We serve 84 of the *Fortune* Global 100 and more than half of the *Fortune* Global 500. In total, we have served more than 4,000 clients on nearly 18,000 engagements over the past five fiscal years.

Industry Background

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

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

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

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

Our Solution and Competitive Strengths

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

Seamless Execution on a Global Scale. We operate globally with one common brand and business model designed to allow us to serve our clients on a consistent basis around the world. We believe that our global network of more than 75,000 employees in 46 countries provides us with a significant advantage in developing and delivering solutions to the most complex strategic, technological and operational opportunities and challenges that our clients face. Our consulting professionals around the world share skills, insight, knowledge of local markets and service line expertise, and receive a common base of extensive training to ensure the same high-quality services and solutions for clients globally.

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

Broad and Evolving Service Offerings. We offer our clients what we believe is the broadest and deepest service offering expertise in the industry. Our eight service lines, which span the global market units, are Strategy & Business Architecture, Finance & Performance Management, Human Performance, Customer Relationship Management, Supply Chain Management, Solutions Engineering, Technology Research & Innovation, and Solutions Operations. More than 8,000 Accenture professionals are dedicated full time to a specific service line, helping to develop knowledge, assets and innovative solutions for clients across all of the industries we serve. These subject matter experts complement the more than 55,000 professionals working within our global market units who apply their knowledge of a specific service line to clients within an industry group.

Enduring Relationships with the World s Leading Corporations and Governments. We work with chief executive officers and other senior management at many of the world s largest and most successful organizations, including the top companies in virtually every industry sector, and governments worldwide. We serve 84 of the *Fortune* Global 100 and more than half of the *Fortune* Global 500. Our partners and senior executives are responsible for both winning client engagements and delivering service to clients, ensuring continuity between what we promise to our clients and what we deliver. We believe that our commitment to client satisfaction serves to strengthen and extend our relationships. For example, more than 80% of our top 100 clients in fiscal year 2000, ranked by revenues before reimbursements, have been our clients for each of the last five years, and more than 50% have been clients for at least 10 years. Our clients typically retain us on a non-exclusive basis.

Technology Innovation and Implementation. Technology is part of our heritage and is fundamental to our service offerings. We are a leader in the development and implementation of technology-based business solutions that create value for our clients. In addition, our innovative tools, methodologies, software and other intellectual property enhance our ability to deploy technical solutions, particularly across large-scale, global platforms.

Distinctive People and Culture. Our most important asset is our people. We are deeply committed to the long-term development of our employees, whom we recruit from universities and industry. Each professional receives extensive and focused technical and managerial skills development training throughout his or her career with us, including 750 hours of training for our entry-level professionals in their first five years. In fiscal year 2000, we spent $580 million, or nearly 5% of our revenues, on training and development. We seek to reinforce our employees commitment to our clients, culture and values through a comprehensive performance review system and a competitive compensation philosophy that reward individual performance and teamwork. In addition, in connection with the offering, we intend to grant equity awards to our employees in order to promote employee ownership of our company and improve retention. After the offering, we will preserve the management practices, including the continued use of the partner title, that reinforce our partnership culture and the collaboration, motivation, alignment of interests and sense of ownership and reward that our partnership culture has sustained.

Proven, Tenured and Highly Motivated Management Team. Our more than 2,400 partners manage our day-to-day activities and client relationships and have an average of 14 years of experience with us. In addition to establishing and supporting enduring client relationships, our partners focus on mentoring our professionals at all levels to develop the next generation of firm leadership. None of our partners will be selling shares in the offering and, immediately following the offering, our partners will own approximately 82% of the equity in our business, or 80% if the underwriters exercise their overallotment option in full.

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

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

Our Strategy for Growth

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

portfolio companies provide us with insight into and access to emerging business models, products and technologies, enhancing the ability of our global market units and service lines to deliver value to clients.

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

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

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

Create Asset-Based Solutions to Drive Superior Results. To deliver value to our clients more quickly, we create assets, such as software and business architectures and methodologies for business processes, that enable us to rapidly implement market-ready solutions for our clients. One example is the 24-hour online multi-channel transaction processing software asset we developed for the banking industry, which has been installed in 89 financial institutions in 16 countries. We recognize the value of intellectual property in the new marketplace and vigorously create, harvest and protect our intellectual property. We have filed more than 600 patent applications in the United States and other jurisdictions in the last two years and have received more than 40 United States patents.

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

Aggressively Grow in Attractive Geographic Markets. Demand for the services we provide is growing rapidly in both established and emerging economies, such as parts of Asia and Latin America. We have offices in 46 countries around the world and, while we are a leader in the majority of markets in which we operate, we believe there are significant opportunities for us to grow in multiple geographies, including by way of investment. Given the fragmented nature of the worldwide business consulting and information technology services market, and based on our market knowledge of the markets in each of the 46 countries in which we operate, we believe there is room for us to increase our market share on a global basis.

Foster a Great Place to Work. We derive our success from the ability of our professionals to help our clients succeed in today s complex business environment. Our ability to hire, train, develop and retain our professionals is critical to our enterprise. To attract and retain these professionals, we have a great place to work program, which includes performance metrics to hold our leadership accountable for employee satisfaction and retention. In an early initiative in this program, we promoted 1,286 new partners in September 2000 to further incentivize our professionals at an earlier stage in their careers with us. Our goal is to create an environment in which we can:

develop inspiring leaders;

cultivate a diverse workforce;

create interesting work;

provide continuous learning;

support flexible workstyles; and

provide competitive rewards.

The marketplace for high-caliber consulting professionals has become very competitive in many parts of the world, and we are committed to providing attractive current compensation and significant long-term incentives for our employees.

Enhance Our Operational Efficiency. As experts in operational efficiency, we plan to provide value to our clients as well as our shareholders by maintaining our organization as a cost-effective, technology-enabled company with strong financial discipline. This includes continuous improvement in our client delivery capabilities and cost structure. We intend to continue to electronically enable our own business processes in areas such as human resources, training, recruiting, performance management and finance and operations management. Our continued focus on efficiency is intended to optimize the performance of our organization as we increase our scale and scope.

Management and Technology Consulting Services and Solutions

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

Global Market Units

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

Global Market Units

Communications & High Tech	Financial Services	Products	Resources	Government

Communications & High Tech

We are a leading provider of management and technology consulting services and solutions to the communications, high technology and media and entertainment industries. We offer services that help our clients stay ahead of major technology and industry trends, including the proliferation of wireless devices, next-generation networks, digital content services, Web-enabled platforms and the industry restructuring brought about by the convergence of these technologies. In addition, we have established mobile commerce labs in Europe and the United States. At these research and development facilities we explore how new mobile technologies, such as wireless, can be integrated with existing legacy and Internet systems and applied in new and innovative ways.

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

Communications & High Tech

	Year ended August 31, 2000	Nine months ended May 31, 2001
Revenues before reimbursements (in millions):	$2,807	$2,482
Percent of revenues before reimbursements:	29%	29%

Number of employees as of May 31, 2001:

16,503

Clients

AT&T Corp.	Nokia Corporation
BellSouth Corporation	Nortel Networks Corporation
Cable & Wireless PLC	Sony Corporation

Compaq Computer Corporation	Sprint Corporation
Deutsche Telekom AG	Sun Microsystems, Inc.
Electronic Arts	Telecom Argentina
France Telecom	Telecom Italia S.p.A.
Infostrada S.p.A.	Telenor AS
LM Ericsson AB	Texas Instruments, Incorporated
Microsoft Corporation	Verizon Communications

Our Communications & High Tech global market unit comprises the following industry groups:

Communications. Our Communications industry group serves many of the world s leading wireline, wireless, cable and satellite communications companies. In fiscal year 2000, we served 19 of the 21 telecommunications companies in the *Fortune* Global 500. We provide a wide range of services designed to help our communications clients increase margins and market share, improve customer retention, increase revenues, reduce overall costs and accelerate sales cycles. For instance, communications companies have extremely complex billing systems, and we believe that our industry knowledge and experience have made us the industry leader in developing, implementing and operating billing systems tailored to our communications clients needs. We have expertise in next-generation networks, as demonstrated by our numerous patent applications in areas such as high-speed networks, system architectures and bandwidth trading. Over the last decade, we have worked with many of the world s leading communications companies on a number of strategic, operational and systems consulting projects. For example, since 1998 we have been managing many of BellSouth s applications as part of one of the largest information technology outsourcing arrangements in the telecommunications industry.

Electronics & High Tech. Our Electronics & High Tech industry group serves the aerospace, defense, electronics, high technology and network communications industries. In fiscal year 2000, we worked with 37 of the 47 aerospace, computer services and software, computer, office equipment, electronics, electrical equipment, network communications, scientific, photo and control equipment companies in the *Fortune* Global 500. This industry group provides services in such areas as electronic commerce and strategy and supply chain management. For instance, we helped Sharp build a Web-based system that enables the company s large network of office-products dealers and corporate customers to configure and purchase products online, ultimately improving order accuracy and reducing order cycle time. By providing up-to-the-second order information, the new system enables Sharp s customers to track the status of their orders online, greatly reducing costly telephone inquiries. We also helped Dell Computer upgrade its already world-class manufacturing infrastructure as part of an accelerated supply-chain solution. A key element was a rigorous process-reengineering program that enables Dell to keep no more than a few hours of inventory of parts and supplies on hand, substantially reducing inventory and carrying costs at its manufacturing facilities.

Media & Entertainment. Our Media & Entertainment industry group serves entertainment, print and publishing companies, as well as innovative new ventures and Internet companies. In fiscal year 2000, we worked with five of the nine entertainment, printing and publishing companies in the *Fortune* Global 500. Our Media & Entertainment industry group provides an array of services ranging from customer relationship management to digital content infrastructure. For instance, we have helped several media and entertainment clients design and build electronic business solutions. We worked with Electronic Arts to design and develop their advanced gaming portal, EA.com. Additionally, we have helped our media and entertainment clients use digital content services and exploit mobile and broadband commerce. For example, we played a central role in the launch of Qpass, a start-up backed by Accenture Technology Ventures that provides an end-to-end commerce infrastructure for processing transactions across the Internet, wireless and broadband platforms.

Financial Services

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

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

Financial Services

	Year ended August 31, 2000	Nine months ended May 31, 2001
Revenues before reimbursements (in millions):	$2,542	$2,230

	Year ended August 31, 2000	Nine months ended May 31, 2001
Percent of revenues before reimbursements:	26%	26%

Number of employees as of May 31, 2001:

15,108

Clients

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

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

Banking. In fiscal year 2000, our Banking industry group worked with 49 of the 75 commercial and savings banks, diversified financials and securities companies in the *Fortune* Global 500. We also work with a variety of new entrants and innovators, such as on-line banks and brokerages. We help these organizations develop and execute strategies to target, acquire and retain customers more effectively, expand product and service offerings, and leverage new technologies and distribution channels. For example, we helped E*TRADE define and implement its customer relationship management strategy, which included developing the technology infrastructure and business processes required to generate customer insights. As a result, E*TRADE is able to develop targeted marketing campaigns and strengthen its customer relationships. We consulted with Visa USA, one of the world s largest consumer payment systems, as it modernized its core infrastructure, which supports clearing, settlement and authorization transactions between member banks and merchants. This solution, called Visa Direct Exchange, allows transactions to be processed over a single, flexible, reliable and secure network and messaging architecture. This capability gives Visa USA the flexibility to grow its business to support more than 40 billion transactions annually, with peak capabilities of 10,000 transactions per second.

Health Services. Our Health Services industry group serves integrated healthcare providers, health insurers, managed care organizations, biotech and life sciences companies and policy-making authorities. In fiscal year 2000, our Health Services industry group served five of the seven health care companies in the *Fortune* Global 500. We are helping our clients in the health plan and health insurance area in North America accelerate their business by connecting consumers, physicians and other stakeholders through electronic commerce. For example, we helped Highmark Blue Cross Blue Shield develop and execute an electronic consumer health management strategy, including separate portals for consumers, providers, groups and agents. In Europe, we are helping create new connections between governments, physicians and insurers.

Insurance. Our Insurance industry group helps property and casualty insurers, life insurers, reinsurance firms and insurance brokers improve business processes, develop Internet insurance businesses and improve the quality and consistency of risk selection decisions. In fiscal year 2000, we served 25 of the 53 insurance companies in the *Fortune* Global 500. For example, we have been helping Pacific Life design and implement an innovative service capability for its agent network. Components of the solution include automated document management and workflow and a knowledge management application. These components, coupled with a new technology infrastructure, are designed to enable Pacific Life to continue its high-end product and services strategy while enhancing the capabilities of its employees to service Pacific Life s multiple distribution systems and complex product suite. We also help insurers take advantage of the opportunities provided by convergence within the financial services industry. For instance, we helped AMP, one of Australia s leading insurance and investment institutions, create a direct bank within just eight months of AMP s decision to proceed. In conjunction with AMP staff, we designed and delivered a solution that supports secured and unsecured lending, deposit-taking and credit cards. In addition, our Insurance industry group has also developed a claims management capability that enables insurers to provide better customer service while optimizing claims costs.

Products

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

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

Products

	Year ended August 31, 2000	Nine months ended May 31, 2001
Revenues before reimbursements (in millions):	$1,891	$1,708
Percent of revenues before reimbursements:	19%	20%

Number of employees as of May 31, 2001:

10,347

Clients

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

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

Consumer Goods & Services. Our Consumer Goods & Services industry group helps food, beverage, tobacco, household products, cosmetics and apparel companies move beyond incremental cost cutting and establish bolder innovation and growth agendas. In fiscal year 2000, we worked with 12 of the 21 beverage, food, soap, cosmetics and tobacco companies in the *Fortune* Global 500. This industry group adds value to companies through innovative service offerings that address, among other things, new ways of reaching the retail trade and consumers through precision consumer marketing, maximizing brand synergies and cost reductions in mergers and acquisitions, and improving supply chain efficiencies through collaborative commerce business models. For example, we are working with CPGmarket.com, a Europe-based global business-to-business marketplace that includes 30 leading packaged goods companies. We have helped CPGmarket.com with business planning and building an information technology infrastructure that enables member companies to access the exchange s services. We also provide management consulting services to North America-based Transora, which was established by more than 50 of the world s largest consumer packaged goods manufacturers to develop a global electronic marketplace for the industry. In addition, we are a preferred integrator to help companies across the consumer products supply chain adopt, integrate and use Transora s services. We also helped Earthgrains, a $2.6 billion bakery and refrigerated dough manufacturer, reduce costs by developing an Internet-based procurement process and system that enables the company to leverage the collective purchasing power of its operations in 32 states.

Industrial Equipment. Our Industrial Equipment industry group serves the industrial and electrical equipment, construction, consumer durable and heavy equipment industries. In fiscal year 2000, we served six of the 12 building materials, glass, and industrial and farm equipment companies in the *Fortune* Global 500. We help our clients increase operating and supply chain efficiency by improving processes and leveraging technology. For example, we implemented a sophisticated enterprise-wide technology solution for Komatsu to help the company significantly increase the efficiency of its back- and front-office functions in the United States. We also work with clients to generate value from strategic mergers and acquisitions. For instance, as part of the merger of BTR and Siebe to

create Invensys, an automation and controls company, we helped manage the integration of more than 200 workstreams covering human resources, finance, procurement and supply chain management. Our Industrial Equipment industry group also develops and deploys innovative solutions in the area of channel management, collaborative product design, remote field maintenance, enterprise application integration and outsourcing.

Pharmaceuticals & Medical Products. Our Pharmaceuticals & Medical Products industry group serves pharmaceuticals, biotechnology, medical products and other industry-related companies. In fiscal year 2000, we served all 14 of the pharmaceuticals companies in the *Fortune* Global 500. With knowledge in discovery, development, manufacturing, supply chain, and sales and marketing issues, we help companies identify and exploit opportunities for value creation, such as reducing the time it takes to develop and deliver new drugs to market through process improvements and implementation of technology. For example, we helped Glaxo Wellcome (now GlaxoSmithKline) significantly increase their clinical trial capacity while reducing their cycle time, and we helped the Medicines Control Agency in the United Kingdom use electronic commerce technologies to improve their efficiency in submitting and processing regulatory applications. In addition, we worked with Takeda Pharmaceuticals America to help the company build a comprehensive set of business capabilities, including product development, supply chain management, and sales and marketing. Our Pharmaceuticals & Medical Products industry group also helps clients integrate new discovery technologies, realize the potential of genomics and biotechnology, become more patient-centric, and create new business models that deliver medical breakthroughs more rapidly.

Retail. Our Retail industry group serves a wide spectrum of retailers ranging from convenience stores to destination stores, including supermarkets, specialty premium retailers and large mass-merchandise discounters. In fiscal year 2000, we served 21 of the 52 food and drug stores, general merchandisers and specialty retailers, as well as four of the trading companies, in the *Fortune* Global 500. Our Retail industry group professionals work with clients to improve operational performance, increase advertising and merchandising effectiveness, and enhance supply chain and customer relationship management capabilities. For example, Best Buy engaged us for a two-year program, called Process to Profits, designed to drive shareholder value and enhance the retailer s capabilities through improved assortment planning, pricing, inventory management, product sourcing and advertising effectiveness. The program s success led Best Buy to publicly credit Accenture with playing a strong role in the company s return to profitability. More recently, we entered into a long-term contract with J Sainsbury PLC to assist the company with a full-scale transformation of its business and technology to improve its customers shopping experiences.

Transportation & Travel Services. Our Transportation & Travel Services industry group serves clients in the airline, freight transportation, third-party logistics, hospitality, gaming, car rental, passenger rail and travel distribution industries. In fiscal year 2000, we served 14 of the 25 airline, railroad, mail, package, and freight delivery companies and postal services in the *Fortune* Global 500. We help clients develop and implement strategies and solutions to improve customer relationship management capabilities, operate more-efficient networks, integrate supply chains, develop procurement and electronic business marketplace strategies and more effectively manage maintenance, repair and overhaul processes and expenses. We recently helped Finnish Rail, the largest transportation company in Finland, reduce costs and improve customer service by creating an advanced ticketing sales system that integrates multiple sales channels and streamlines processes for ticket sales, railway station back-offices and corporate headquarters. Our industry experience and knowledge drive innovation, and we often leverage our intellectual property to develop effective solutions for multiple clients. For instance, while working for Northwest Airlines in the early 1990s we recognized an industry-wide need for a revenue accounting and billing system and developed a comprehensive solution to address the unique needs of the airline industry. That solution, which was later expanded to include distribution and reservation system services, is operated by Navitaire Inc., an Accenture affiliate, which today serves more than 50 airlines worldwide.

Resources

Our Resources global market unit serves the energy, chemicals, utilities, metals, mining, forest products and related industries. With market conditions creating incentives for major investment by energy companies, deregulation fundamentally reforming the utilities industry, major globalization and strategy shifts in the chemicals industry and an increasing focus on supply chain management, we are working with clients to create innovative solutions that are designed to help them differentiate themselves in the marketplace and gain competitive advantage.

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

Resources

	Year ended August 31, 2000	Nine months ended May 31, 2001
Revenues before reimbursements (in millions):	$1,661	$1,457

	Year ended August 31, 2000	Nine months ended May 31, 2001
Percent of revenues before reimbursements:	17%	17%

Number of employees as of May 31, 2001:

10,713

Clients

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

Our Resources global market unit comprises the following industry groups:

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

Energy. Our Energy industry group serves a wide range of companies in the oil and gas industry, including upstream, downstream and oil services companies. In fiscal year 2000, we served 22 of the 33 energy and petroleum refining companies in the *Fortune* Global 500. Our clients include BP, Shell, Halliburton, Enron and Exxon Mobil, among others. We help clients create cross-industry synergies and operational efficiencies through our multi-client outsourcing centers, forge alliances to advance integrated industry solutions, build new markets in Asia, establish electronic procurement exchanges, build and enhance trading and risk management operations, and exploit new business technologies.

Forest Products. In fiscal year 2000, we served four of the six forest and paper products companies in the *Fortune* Global 500. The Forest Products industry group helps our clients in the pulp and paper business achieve improvements in business performance from the individual mill level throughout the value chain. We also help our Forest Products clients use electronic commerce and the Internet to drive incremental value.

Metals & Mining. Our Metals & Mining industry group serves metals industry clients located in the world s key mining regions, including North America, Latin America, South Africa, Australia and South East Asia. In fiscal year 2000, we served seven of the 18 metals, metal products, mining and crude-oil production companies in the *Fortune* Global 500. The Metals & Mining industry group works with clients in areas such as electronic commerce, including procurement, supply-chain management and customer service. For example, we are providing a wide range of strategy, process and technology support for MetalSite, a North America-based marketplace, including the creation and launch of its site in Japan. In addition, we are working with Quadrem to design, build and support an electronic marketplace founded by 20 of the world s largest mining, metals and mineral companies.

Utilities. Our Utilities industry group works with electric, gas and water utilities around the world to respond to an evolving and highly competitive marketplace. In fiscal year 2000, we served 12 of the 17 gas and electric utilities, as well as several of the energy companies, in the *Fortune* Global 500. Our work includes helping utilities transform themselves from state-owned, regulated local entities to global deregulated corporations, as well as developing diverse products and service offerings to help our clients deliver higher levels of convenience and service to their customers. These offerings include trading and risk management, supply chain optimization and customer relationship management. We are also working with new electricity power exchanges, including ASMAE (Brazilian Power Exchange), PJM Interconnection and ERCOT (the Electric Reliability Council of Texas), to bring producers together with the goal of improving service to consumers and reducing rates.

Government

As the world s largest employers, governments face the challenge of improving the efficiency of their service delivery by creating new citizen-centric business models that harness the power of new technologies. Our Government global market unit works with government agencies in 21 countries, helping them transform to meet the demands of citizens and businesses. We typically work with defense, revenue, human services, justice, postal, education and electoral authorities, whose budgets typically account for a substantial majority of a country s overall government expenditures.

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

Government

	Year ended August 31, 2000	Nine months ended May 31, 2001
Revenues before reimbursements (in millions):	$797	$728
Percent of revenues before reimbursements:	8%	8%

Number of employees as of May 31, 2001:

4,851

Clients

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

Our Government clients typically are national, provincial or state-level government organizations, and to a lesser extent, cities and other forms of local government. We have a significant presence in the U.S. federal marketplace, including strong relationships with the U.S. Department of Education Office of Student Financial Assistance, U.S. Department of Housing and Urban Development, U.S. Defense Logistics Agency and U.S. Department of Commerce. We advise on, implement and in some cases operate government services, enabling our clients to use their resources more efficiently and to deliver citizen-centric services. For instance, we have worked with the United Kingdom Inland Revenue to design, build and run one of the world s largest information technology systems, maintaining national insurance records on 60 million citizens. In Canada, we operate software systems and provide application development, management and support services to Canada Post Corporation under a long-term contract, helping them process more than 9 billion pieces of mail each year.

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

Service Lines

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

Strategy & Business Architecture

Companies in every industry and geography, whether they are start-ups or established businesses, seek advice and support on issues related to achieving and maintaining a competitive advantage. The professionals within our Strategy & Business Architecture service line, many of whom we recruit from top business schools and recognized strategy consulting firms, work with individuals at the highest levels of our clients organizations on their most critical strategy and information technology issues. To help clients unlock new sources of value, we provide a wide array of strategic planning and design services and advise clients on significant decisions relating to corporate governance, alliances, mergers and acquisitions and other transformational decisions. In addition, our professionals analyze current and emerging market trends to help clients identify new business opportunities.

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

Customer Relationship Management

Maintaining strong relationships with customers is an essential component of creating sustainable top-line growth. Professionals in our Customer Relationship Management service line help companies increase the value of their customer relationships and enhance the economic value of their brands to acquire new customers and retain existing ones. We offer a full range of capabilities that have positioned us as a pioneer in the reinvention of marketing and customer relationship management. These include proprietary approaches to improving the return on marketing investments, innovative methods for uncovering insight into customers purchasing preferences and habits and tailoring products and services based on that insight, and sophisticated techniques for integrating information so that it is available to the customer at any point of interaction. Together with our alliance partners, we bring in-depth skills to our clients, helping them create superior customer experiences and enhance the value of their customer relationships. For example, we are working with Seisint (formerly known as eData) to develop solutions that use Seisint s technology to quickly and effectively unlock information from available customer and business data.

Supply Chain Management

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

In addition, our Supply Chain Management service line uses its expertise in areas such as strategic sourcing, manufacturing strategy and operations, and logistics to provide strategic advice and technology solutions that leverage the Web for procurement, fulfillment and product design. For instance, we helped create numerous electronic business-to-business exchanges, including Exostar, an electronic marketplace operated by four leading aerospace and defense companies. Professionals from our Electronics & High Tech industry group teamed with our supply chain experts to support every facet of Exostar s launch, including designing the business architecture, drafting and building the first release of indirect procurement and auctions, staffing the organization, and launching the front- and back-office operations.

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

Human Performance

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

The professionals in our Human Performance service line help our clients solve human performance issues critical to their operational success, from recruiting and motivating key employees and management to developing outsourced and netsourced processes and training for

their employees. Our integrated approach provides human resources, knowledge management, learning and performance management solutions that increase the efficiency and effectiveness of our clients employees and operations, while reducing recruiting and training costs. For example, through our alliance with e-peopleserve, an Accenture affiliate created with British Telecommunications plc, we are able to offer clients an outsourced solution designed to reduce the costs associated with human resources administration.

Finance & Performance Management

The professionals in our Finance & Performance Management service line work with our clients key financial managers, including chief financial officers, treasurers and controllers, to support management of, and reporting by, the finance department. Among the services we provide are strategic consulting with regard to the design and structure of the finance function, particularly post-merger or acquisition, and the establishment of shared service centers for streamlining transaction processing. Our professionals work with financial executives to develop and implement solutions that help them align their companies investments with their business objectives, use the Internet to manage the treasury function, and establish security around the exchange of information to reporting institutions. Our services also address pricing and yield management, billing, credit, lending and debt recovery.

Technology Research & Innovation

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

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

Solutions Engineering

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

Solutions Operations

In the pursuit of increased shareholder value, senior executives are pressured to reduce costs while keeping pace with emerging technologies and securing skilled resources. Our Solutions Operations service line provides a range of outsourcing solutions for managing technology infrastructure, applications and business processes and is our primary source of strategy and capability for executing initiatives in business transformation outsourcing. Over the past decade, more than 200 organizations have turned to us for outsourcing services, with benefits ranging from reduced costs to improved processes to enhanced productivity.

We are differentiated in our delivery of outsourcing services through our creation of solutions that help transform the way industries work and our ability to combine industry, technology and functional expertise with outsourcing capabilities. For example, in the North Sea we have worked with global oil companies including BP and Elf to create a shared accounting service facility that has redefined the way that the energy finance and administration function is managed. With Accenture handling approximately 40% of North Sea energy industry accounting transactions through this facility, clients have realized substantial cost reductions in their accounting functions. In addition, we are expanding our outsourcing capabilities in several industries through a variety of shared-service solutions, including customer information management, billing systems, information technology services, supply chain management and human resources administration.

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

Solution Centers and Business Launch Centres

One of our key strengths is our ability to create and capture replicable components of methodologies and technologies, which we can customize to create tailored solutions for our clients in a cost-effective manner and under demanding time constraints. Our global networks of Solution Centers and Business Launch Centres enhance our ability to capitalize on our vast array of methodologies, tools and technology to deliver value to our clients.

Solution Centers

Our Solution Centers are facilities where teams of Accenture professionals use proven methodologies and existing assets to create business solutions for clients. Client teams use our network of more than 25 Solution Centers worldwide to complete comprehensive, effective and customized implementations in less time than would be required to develop solutions from the ground up. Our Solution Centers improve the efficiency of our engagement teams as they are able to reuse solution designs, team-member experience, infrastructure and software. Reuse also increases solution longevity, reduces technology risks and simplifies application maintenance.

Business Launch Centres

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

Affiliates, Alliances and Accenture Technology Ventures Portfolio Companies

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

Affiliates

If a capability that we do not already possess is of strategic importance and value to us but is in an area that is best developed in a business model outside our client service business, we may form a new business, often with one or more third parties, to develop that capability. We call these businesses affiliates. In general, we expect the capabilities developed by these new businesses to be used by our own professionals as well as by other companies. These entities can rapidly advance a particular opportunity by building upon our global platform of clients, professionals and business expertise. In addition, these new businesses may take on value by association with our management and technology consulting business and our extensive client relationships. While the size of the investment that we take or maintain in an affiliate varies on a case-by-case basis, our strategy with respect to affiliates is to maintain influence or control on a long-term basis. Our affiliates include Avanade, e-peopleserve, Imagine Broadband, Indeliq and Navitaire.

Avanade, which was launched in March 2000, is a company we jointly own with Microsoft that focuses on large-scale technology integration surrounding Microsoft s enterprise platform. Combining Microsoft s understanding of operating platforms and technologies with our experience in delivering solutions to our clients, Avanade capitalizes on the advanced capabilities of the Microsoft Windows® 2000 platform to build customized, scalable solutions for complex electronic business and enterprise infrastructure. Avanade has approximately 1,200 employees.

Launched in August 2000, e-peopleserve is a human resources solution provider we own with British Telecommunications. Through Web-enabled technology, outsourcing and expert caseworkers, e-peopleserve provides services across the employee lifecycle, giving large organizations a more efficient and effective human resources management system. e-peopleserve has more than 1,500 employees.

In 1999, as part of an engagement with Telewest Communications plc, we achieved a broadband industry milestone when we completed development of the world s first operational and scalable interactive digital television platform over cable. In March 2000, we and Telewest co-founded Imagine Broadband to continue development of the interactive platform and market it to a wide range of customers. Telewest participates as a minority investor in the new company and was its first customer. Today, Imagine Broadband provides interactive broadband solutions and platform implementation to cable, satellite and telecommunications network operators worldwide. Imagine Broadband has more than 140 employees.

Since the early 1990s, we have designed and installed customized electronic learning applications for clients. Based on this experience, we developed a performance simulation-based training system and were issued 22 patents covering various functional aspects of our performance simulation architectures and tools. To make these new applications available at lower cost to a wide range of customers, we launched Indeliq, Inc. in February 2001 to develop scalable performance simulation electronic learning applications based on our patents and technology, which we contributed to Indeliq. We will continue to offer highly customized applications directly to large companies with complex training needs. Indeliq has more than 80 employees.

Navitaire Inc., formed as PRA Solutions, LLC in 1993, is an affiliate of Accenture that provides airlines with reservations, ticketing and revenue management services. Navitaire was launched in 2000 when PRA Solutions was combined with another Accenture subsidiary, VIA World Network, an Internet reservation provider, and Open Skies, Inc., an airline reservation system and revenues management services provider acquired from Hewlett-Packard Company. Today, Navitaire provides technology and business process services to more than 50 airlines worldwide. Navitaire employs more than 450 people worldwide.

Alliances

Because today s business environment demands more speed, flexibility and resources than exist at any single company, strategic alliances are an important part of our strategy. Through our strategic alliances, we work with established and early-stage technology companies in virtually every field, allowing us to incorporate market-leading insights and deliver an unparalleled array of capabilities for our clients diverse business needs. We seek to form alliances with leading companies and organizations whose capabilities complement our own, whether by extending or deepening a service offering, delivering a new technology or business process, or helping us extend our services to new geographies.

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

As of May 31, 2001, we had approximately 150 alliances around the world. Due to the highly focused nature of the capabilities added, some alliances are specifically aligned with one of our eight service lines, adding skills and capabilities that are applicable across many of the industries we serve. Other alliances add skills, technology and insights specific to a single industry group. The service lines use the products, software and services of our alliance partners to develop integrated business and technology solutions for our clients. Alliances that are applicable across multiple industry groups and global market units are listed in the chart below.

Alliance Partner	Alliance Description
Adaytum	We work with Adaytum to co-develop and implement Web-based applications to accelerate and improve the predictability of our clients enterprise business planning processes.
Ariba	We work together to build and deliver procurement and electronic marketplace solutions and to improve supply chain efficiency.
Avanade*	Our relationship with Avanade gives us an advantage in building and delivering customized, scalable, complex electronic commerce and enterprise-wide solutions based upon the Microsoft .Net enterprise platform.
Blue Martini Software	We work with Blue Martini to develop software solutions to understand, target and interact with customers across all channels.
Click Commerce	We work with Click Commerce to help our clients create secure, tailored channel management solutions across the Internet and wireless platforms.
Commerce One	We work with Commerce One to build public and private electronic marketplaces. We use its applications suite to implement solutions that support supply chain processes.

Alliance Partner	Alliance Description
Docent	We use Docent s open learning management platform to implement employee learning solutions that enable clients to increase speed to proficiency while lowering training costs.
e-peopleserve*	We use e-peopleserve s leading-edge, electronically enabled human resources solutions to deliver comprehensive outsourced human resources services to clients.
Hewlett-Packard	We work with Hewlett-Packard to offer a wide range of imaging solutions and computer hardware and software to our clients.
ICG Commerce	We work with ICG Commerce to offer our clients access to its comprehensive procurement solution.
Imagine Broadband*	We work with Imagine Broadband to develop, customize and deliver leading-edge interactive broadband services.
i2	We work with i2 to build and support electronic marketplaces that improve our clients supply chain efficiency.
Jamcracker	We work with Jamcracker to deliver net-sourced solutions to our clients, including virtual private networks, hosted exchanges and remote access.

* Also an affiliate.

Alliance Partner	Alliance Description
Kana Communications	We work with Kana to deliver Web-architected customer relationship management solutions that help clients manage interactions with their customers, partners and suppliers across multiple communication channels.
Lombardi Software	We work with Lombardi to develop solutions that enable companies across the extended supply chain to collaborate, facilitating problem resolution and accelerating decision making.
Microsoft	We work with Microsoft and Avanade to offer a broad array of scalable solutions built upon the Microsoft .Net enterprise platform.
Moai	We work with Moai to co-market and deliver online contract negotiation services that allow businesses to buy and sell goods more efficiently over the Internet.
Perform.com	We work with Perform.com to deliver Web-enabled human performance, organizational planning and career management tools and processes.
SAP	We work with SAP to provide supply chain solutions that help companies collaborate electronically, enabling them to quickly add new members, lower distribution costs, reduce inventories, increase delivery accuracy and better control infrastructure technology costs.

Alliance Partner	Alliance Description
SeeBeyond (formerly known as STC)	We work with SeeBeyond to help our clients optimize their information flow by delivering Enterprise Application Integration (EAI) solutions for integrating supply chain management, customer relationship management, decision support and electronic commerce applications.
Siebel Systems	We work with Siebel Systems to deliver customer relationship management technologies that help our clients interact effectively with their customers across multiple channels.
Seisint (formerly known as eData)	We work with Seisint to develop solutions to help companies improve business performance by using data at speed, at scale and cost-effectively.
Sun Microsystems	We work with Sun Microsystems to co-develop and jointly market products and services.
Yantra	We work with Yantra to develop scalable electronic supply chain solutions for managing and executing high-volume customer transactions across complex, multi-channel and multi-partner enterprises.

* Also an affiliate.

Accenture Technology Ventures Portfolio Companies

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

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

customer relationship management;

supply chain management;

eInfrastructure and enterprise integration software;

wireless technologies;

digital content services; and

eHuman Performance, including eLearning and eHuman Resources.

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

Our role as an investor in emerging companies provides us with early, and often preferred, access to technology that we can use to develop market-ready solutions for our clients. For example, in 1995, prior to establishing Accenture Technology Ventures, we made an early-stage investment in Siebel Systems Inc. Following our investment, we worked closely with Siebel Systems to jointly provide their initial customer

relationship management solutions. The insights into the customer relationship management market that we gained through our investment in and relationship with Siebel Systems were instrumental in enabling us to address the emerging customer relationship management trend early and to provide market-ready customer relationship management solutions to our clients in the beginning of the customer relationship management lifecycle. For the prior four years, we have been the largest integrator of Siebel eBusiness Applications.

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

Research and Innovation

We are committed to developing leading-edge ideas. We believe that research and innovation have been major factors in our success and will help us continue to grow in the future. We use our investment in research to help create, commercialize and disseminate innovative business strategies and technology. Our research and innovation program is designed to generate early insights into how knowledge can be harnessed to create innovative business solutions for our clients and to develop business strategies with significant value. We spent $211 million, $256 million and $252 million on research and development in fiscal years 1998, 1999 and 2000, respectively, primarily through both our global market units and our service lines to develop market-ready solutions for our clients. We also promote the creation of knowledge capital and thought leadership through the Accenture Technology Labs, the Accenture Institute for Strategic Change and the Accenture Ideas Exchanges.

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

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

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

Employees

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

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

Competition

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

Information technology outsourcing and services companies. In addition to information technology outsourcing, these companies also offer consulting and systems integration capabilities for a complete solution.

Big 5 accounting and consulting firms. Over the past few years, the Big 5 accounting firms have built significant consulting operations with broad capabilities and geographic coverage. Many of these firms are currently undergoing restructuring to separate audit and consulting practices to meet regulatory requirements, as well as to gain access to equity markets.

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

Specialized electronic business consulting firms. The fragmented nature of this industry, coupled with constant changes in technology, results in the formation of boutique consultants. The rapid rise of the Internet resulted in the emergence of many specialized services firms, typically focused on a small segment of the overall market, such as Web design and development.

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

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

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

skills and capabilities of people;

reputation and client references;

price;

scope of services;

service delivery approach;

technical and industry expertise;

perceived ability to add value;

quality of advice given;

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 and 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, use and protection of intellectual property of Accenture and third parties, 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 600 patent applications in the United States and other jurisdictions in the last two years alone and have received more than 40 United States 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, administrative 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 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. 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 November 12, 2001. 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 maintain the types and amounts of insurance customary in the industries and countries in which we operate, including coverage for professional liability, commercial 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 more than 110 offices in 46 countries around the world. We do not own any material real property. Substantially all of our office space is leased under long-term leases with varying expiration dates. We believe that our facilities are adequate to meet our needs in the near future.

MANAGEMENT

Directors and Executive Officers

The following table presents information regarding the directors and executive officers of Accenture Ltd. In addition, we anticipate appointing up to five additional directors over the next 12 months who are not our employees or affiliated with our management.

Name	Age	Years with Accenture	Position
Joe W. Forehand	53	28	Chief Executive Officer and Chairman of the Board of Directors
Stephan A. James	54	33	Chief Operating Officer and Director
Karl-Heinz Flöther	48	22	Managing Partner Financial Services Global Market Unit and Director
Joel P. Friedman	53	29	Director
William D. Green	47	23	Managing Partner Communications & High Tech Global Market Unit and Director
Masakatsu Mori	54	32	Director
Diego Visconti	51	25	Director
Jackson L. Wilson, Jr.	54	26	Corporate Development Officer, Managing General Partner Accenture Technology Ventures and Director
Arnaud André	46	22	Managing Partner People Matters
R. Timothy S. Breene	52	5	Managing Partner Global Service Lines
Pamela J. Craig	44	22	Managing Partner Global Business Operations
Gregg G. Hartemayer	48	25	Managing Partner Products Global Market Unit
David R. Hunter	50	28	Managing Partner Government Global Market Unit
Jose Luis Manzanares	48	26	Managing Partner Geographic Services
Michael G. McGrath	55	28	Treasurer
Douglas G. Scrivner	50	21	General Counsel and Secretary
Mary A. Tolan	41	19	Managing Partner Resources Global Market Unit
Harry L. You	42		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 Executive Committee, our Global Leadership Council, our Growth & Strategy Council and the board of directors of Accenture Technology Ventures. From June 1998 to November 1999, Mr. Forehand was responsible for our Communications & High Tech global market unit. From September 1997 to June 1998, he was responsible for our Products global market unit. 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. He currently serves as Chairman of our Operating Committee. From November 1999 to June 2000, he was responsible for our Resources global market unit. From September 1996 to October 1999, Mr. James was responsible for our Financial Services global market unit. From September 1994 to August 1996, he was responsible for our Financial Services group in the Americas.

Karl-Heinz Flöther has been a Director since June 2001 and our Managing Partner Financial Services Global Market Unit 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 consulting services in Western Europe.

Joel P. Friedman has been a Director since June 2001. He has been a General Partner in Accenture Technology Ventures since February 2000. Mr. Friedman currently serves as a director on the board of Calico Commerce Inc., a publicly-traded Accenture Technology Ventures portfolio company. From 1997 to 2000, he was responsible for our Banking industry group globally.

William D. Green has been a Director since June 2001 and our Managing Partner Communications & High Tech Global Market Unit since December 1999 and the Country Managing Partner of our United States practice since August 2000. From September 1997 to December 1999, Mr. Green was responsible for our Resources global market unit. From September 1996 to September 1997, he was responsible for our manufacturing group in the Americas.

Masakatsu Mori has been a Director since June 2001. He has been the Country Managing Partner of our Japan practice since 1989. He is also the Managing Partner of the Japan operating unit.

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

Jackson L. Wilson, Jr. has been a Director since February 2001 and the Managing General Partner Accenture Technology Ventures since November 1999 and our Corporate Development Officer since February 2001. He currently serves as a director on the boards of the following publicly-traded Accenture Technology Ventures portfolio companies: S1 Corporation and SeeBeyond Technology Corporation. From June 1997 to November 1999, he was responsible for our global market units. From June 1995 to June 1997, Mr. Wilson was responsible for industry markets strategies and market and technology solutions.

Arnaud Andre has been our Managing Partner People Matters 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 Managing Partner Global Service Lines since August 2000. 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 global market unit. 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 operating unit. From 1996 to August 1998, she was responsible for our Media & Entertainment group in North America.

Gregg G. Hartemayer has been our Managing Partner Products Global Market Unit since July 1998. From September 1997 to July 1998, Mr. Hartemayer was responsible for the consumer industry group within our Products global market unit. He currently serves as a director on the board of Click Commerce Inc., a publicly-traded Accenture Technology Ventures 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 Managing Partner Government Global Market Unit since September 1997 and was responsible for our Government industry group from 1994 to 1997.

Jose Luis Manzanares has been our Managing Partner Geographic Services since 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 Treasurer since June 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.

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

Mary A. Tolan has been our Managing Partner Resources Global Market Unit since August 2000. From December 1999 to August 2000, she was responsible for our strategy. From August 1998 to December 1999, Ms. Tolan was responsible for our Retail industry group globally. From April 1996 to August 1998, she was responsible for our Retail industry group in North America.

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.

Board of Directors

The bye-laws of Accenture Ltd provide for a board of directors that is divided into three classes serving staggered three-year terms. Class I directors will initially have terms expiring at the annual general meeting to be held in calendar year 2002, Class II directors will initially have terms expiring at the annual general meeting to be held in calendar year 2003, and Class III directors will initially have terms expiring at the annual general meeting to be held in calendar year 2004. Messrs. Forehand, Friedman and Mori will be members of Class I, Messrs. James, Green and Visconti will be members of Class II and Messrs. Wilson and Flöther will be members of Class III. At each annual general meeting, directors will be elected for a full term of three years to succeed those directors of the relevant class whose terms are expiring. Directors who are also our employees will not receive additional compensation for serving as directors.

Accenture Ltd s bye-laws provide that our partners may remove any director by a vote of two-thirds of the voting power subject to the voting agreement at any time while the shares owned by partners which are subject to the voting provisions of the voting agreement represent a majority of Accenture Ltd s total voting power. At any other time a director may be removed at the request of not less than 75% of the other directors.

We expect that Accenture Ltd s board of directors will adopt non-binding guidelines providing that, except for our Chief Executive Officer and up to two additional inside directors designated by our Chief Executive Officer, Accenture Ltd s directors will not be allowed to serve more than three consecutive terms.

We also expect that Accenture Ltd s board of directors will adopt non-binding guidelines providing for a retirement age of 65 for our directors.

All of Accenture Ltd s executive officers will be appointed by and will serve at the discretion of Accenture Ltd s board of directors. There are no family relationships among any of Accenture Ltd s directors and executive officers.

The board of directors will have three primary committees:

- a nominating committee;
- an audit committee; and
- a compensation committee.

The nominating committee will make recommendations to the board regarding the size and composition of the board, work with a committee of our partners to choose partner nominees for the position of director, establish procedures for the nomination of directors who are not affiliated with us, recommend candidates for election to the board, and nominate officers for election by the board.

The audit committee s primary duties and responsibilities will be to:

- review the performance of the independent accountants and make recommendations to the board regarding the appointment or termination of the 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 assure that an adequate system of internal controls is functioning; and
- oversee that management has established and maintained procedures designed to assure our compliance with applicable laws, regulations and corporate policy.

The compensation committee, or a subcommittee established by the compensation committee, will administer our equity-based benefits plan and, based in part on the recommendation of a committee of our partners, review and approve salaries and other matters relating to the compensation of our executive officers. The compensation committee will also review and make recommendations to the full board regarding board compensation.

From time to time, the board may establish other committees to facilitate the management of our business.

Outside Director Compensation

We have not yet paid any compensation to non-employee directors. We currently anticipate that in the future, non-employee directors will receive the following compensation:

an annual retainer of $50,000, which may be deferred by the individuals in whole or in part, through receipt of fully-vested restricted share units;

an initial grant of an option to purchase 25,000 Class A common shares upon election to the board of directors; and

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

We currently anticipate that each grant of options will vest fully after one year (or sooner upon death, disability or involuntary termination, or removal from the board of directors) and will generally expire after 10 years. We do not currently intend to offer meeting fees or other retainer fees.

Executive Compensation

Prior to our transition to a corporate structure, our business was carried on as a series of related partnerships and corporations under the control of our partners. As a result, meaningful individual compensation information for our directors and executive officers is not available for prior periods. However, going forward our named executive officers will be compensated like our other partners as described below in Partner Compensation.

Each of our Chief Executive Officer and our four most highly compensated named executive officers has entered into an annual employment agreement which is renewed automatically. The employment agreements provide that these executive officers will receive compensation as determined by Accenture. Pursuant to the employment agreements, each of the executive officers have also entered into a non-competition agreement, the terms of which are described under Certain Relationships and Related Transactions Non-Competition Agreement.

We do not currently offer our executives any retirement or pension benefits. Our prior basic retirement and early retirement plans were terminated in connection with our transition to a corporate structure. We have not yet determined what benefit plans, if any, would replace these programs.

The following table sets forth compensation information for our Chief Executive Officer and the four most highly compensated executive officers named under Directors and Executive Officers :

Fiscal 2000 Compensation Information (1)

Name and Principal Position	
Joe W. Forehand Chief Executive Officer	$4,000,000
Jackson L. Wilson, Jr. Corporate Development Officer and Managing General Partner Accenture Technology Ventures	$4,600,000
Stephan A. James Chief Operating Officer	$4,200,000
Michael G. McGrath Treasurer	$3,900,000
William D. Green Managing Partner Communications & High Tech Global Market Unit	$3,500,000

(1) Amounts in the table 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.

Aggregate compensation paid to key employees who are not named executive officers may exceed that paid to the named executive officers.

Partner Compensation

Our partners compensation has historically been determined based on the unit level of the individual partner. Units is an internal term we have used historically to quantify the relative level of participation our individual partners had in our income. Although the levels of cash compensation our partners receive have decreased from the levels they received prior to our transition to a corporate structure, we expect that partner units will continue to be the primary basis for determining total cash compensation for our partners following the offering. Consequently, partner compensation will be made up of fixed and variable components based upon a partner s unit level and our forecasted earnings per unit for the year. As of June 1, 2001, a partner s fixed compensation on an annualized basis will range from approximately 40%-60% of such partner s compensation in fiscal 2000. More-senior partners with higher unit levels have had a greater reduction in compensation. New partners have had a lower compensation reduction.

In addition, partners may receive variable compensation based upon a profit pool. Following our transition to a corporate structure, as part of our annual budgeting process, we set budgeted income amounts for our results and cash compensation to our partners. Since June 1, 2001 we are paying approximately 83% of budgeted cash compensation to our partners as fixed compensation on a monthly basis during the year. Commencing September 1, 2001 we may pay an additional 17% as a bonus to the extent that our results meet the budgeted income amount. If our results exceed the budgeted income amount, we currently intend to distribute a portion of the excess to our partners as an additional bonus. Accordingly, we expect that, if our earnings exceed our projections for any fiscal year, our partner compensation expense will increase and only a portion of such excess will result in additional net income.

Please see Certain Relationships and Related Transactions Partner Matters Agreement for a discussion of the procedures by which our partners will participate in the determination of our partners income plan.

Non-Competition Agreement; Transfer Restrictions

Our executive officers, along with our other partners, have agreed to non-competition arrangements and limitations on their ability to transfer the shares of Accenture Ltd, Accenture SCA and Accenture Canada Holdings they received in connection with our transition to a corporate structure. These arrangements are described in the sections of this prospectus entitled Certain Relationships and Related Transactions Voting Agreement, Accenture SCA Transfer Rights Agreement and Non-Competition Agreement.

2001 Share Incentive Plan

The following description sets forth the material terms of the Accenture Ltd 2001 Share Incentive Plan, which we refer to as our share incentive plan, and which has been filed as an exhibit to the registration statement of which this prospectus forms a part.

The share incentive plan permits the grant of nonqualified share options, incentive stock options, share appreciation rights, restricted shares, restricted share units and other share-based awards to employees, directors, third-party consultants, former U.S. employees or former partners of, or other persons who perform services for, Accenture Ltd and its affiliates. A maximum of 375 million Class A common shares may be subject to awards under the share incentive plan. The number of Class A common shares issued or reserved pursuant to the share incentive plan, or pursuant to outstanding awards, is subject to adjustment on account of share splits, share dividends and other dilutive changes in the Class A common shares. Class A common shares covered by awards that expire, terminate or lapse will again be available for the grant of awards under the share incentive plan.

Administration

The share incentive plan is administered by a committee of the board of directors of Accenture Ltd, which may delegate its duties and powers in whole or in part as it determines. The committee has the sole discretion to determine the employees, directors, third party consultants, former U.S. employees, former partners and other persons who perform services for us or our affiliates to whom awards may be granted under the share incentive plan and the manner in which such awards will vest. Options, share appreciation rights, restricted shares, restricted share units and other share-based awards will be granted by the committee to employees, directors, third party consultants, former U.S. employees, former partners and other persons who perform services for Accenture Ltd and its affiliates (including its subsidiaries) in such numbers and at such times during the term of the share incentive plan as the committee shall determine. The committee is authorized to interpret the share incentive plan, to establish, amend and rescind any rules and regulations relating to the share incentive plan and to make any other determinations that it deems necessary or desirable for the administration of the share incentive plan. The committee may correct any defect, supply any omission or reconcile any inconsistency in the share incentive plan in the manner and to the extent the committee deems necessary or desirable.

Options

The committee shall determine the exercise price for each option, provided, however, that an incentive stock option must generally have an exercise price that is at least equal to the fair market value of the Class A common shares on the date the option is granted. In general, an option holder may exercise an option by written notice and payment of the exercise price (1) in cash; (2) by the transfer to our nominee of a number of Class A common shares already owned by the option holder for at least six months, or another period consistent with applicable accounting rules, with a fair market value equal to the exercise price; (3) in a combination of cash and Class A common shares (as qualified by clause (2)); or (4) through the delivery of irrevocable instructions to a broker to sell Class A common shares obtained upon the exercise of the options and deliver promptly to us an amount out of the proceeds of the sale equal to the exercise price for the Class A common shares being purchased.

Share Appreciation Rights

The committee may grant share appreciation rights independent of, or in connection with, an option. The exercise price per share of a share appreciation right shall be an amount determined by the committee. Generally, each share appreciation right shall entitle a participant upon exercise to an amount equal to the product of (1) the excess of (A) the fair market value on the exercise date of one Class A common share over (B) the exercise price, times (2) the number of Class A common shares covered by the share appreciation right. Payment shall be made in Class A common shares, valued at fair market value, or in cash, or partly in Class A common shares and partly in cash, all as shall be determined by the committee.

Restricted Share Units and Other Share-Based Awards

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

Transferability

Unless otherwise determined by the committee, awards granted under the share incentive plan are not transferable other than by will or by the laws of descent and distribution.

Change in Control

In the event of a change in control, the committee may terminate an award upon the change in control and (1) make provision for a cash payment to the holder of an award in consideration for the cancellation of the award and/or (2) provide for substitute awards.

Amendment and Termination

Our board of directors may amend, alter or discontinue the share incentive plan in any respect at any time, but no amendment, alteration or discontinuation will be made that would diminish any of the rights of a participant under any awards previously granted without the participant s consent, or increase the number of Class A common shares reserved for purposes of the share incentive plan without the approval of shareholders.

United States Federal Income Tax Consequences of the Exercise of Options, Share Appreciation Rights and Restricted Share Units under the Share Incentive Plan

The following discussion of the United States federal income tax consequences relating to the share incentive plan is based on present United States federal tax laws and regulations and does not purport to be a complete description of the United States federal income tax laws. Participants may also be subject to certain U.S. state and local taxes and non-U.S. taxes, which are not described below.

When a nonqualified share option is granted, there are no income tax consequences for the option holder or us. When a nonqualified share option is exercised, in general, the option holder recognizes compensation equal to the excess, if any, of the fair market value of the Class A common shares on the date of exercise over the exercise price. We are entitled to a deduction equal to the compensation recognized by the option holder.

When an incentive stock option is granted, there are no income tax consequences for the option holder or us. When an incentive stock option is exercised, the option holder does not recognize income and we do not receive a deduction. The option holder, however, must treat the

excess, if any, of the fair market value of the Class A common shares on the date of exercise over the exercise price as an item of adjustment for purposes of the alternative minimum tax. If the option holder disposes of Class A common shares after the option holder has held the Class A common shares for at least two years after the incentive stock option was granted and one year after the incentive stock option was exercised, the amount the option holder receives upon the disposition over the exercise price is treated as long-term capital gain to the option holder. We are not entitled to a deduction. If the option holder makes a disqualifying disposition of the Class A common shares by disposing of the Class A common shares before such shares have been held for the holding period described above, the option holder generally recognizes compensation income equal to the excess, if any, of (1) the fair market value of the Class A common shares on the date the incentive stock option was exercised, or, if less, the amount received on the disposition, over (2) the exercise price. We are entitled to a deduction equal to the compensation recognized by the option holder.

When a share appreciation right is granted, there are no income tax consequences for the participant or us. When a share appreciation right is exercised, in general, the participant recognizes compensation equal to the cash and/or the fair market value of the Class A common shares received upon exercise. We are entitled to a deduction equal to the compensation recognized by the participant.

When a restricted share unit is granted, there are no income tax consequences for the participant or us. Upon the payment to the participant of Class A common shares in respect of restricted share units, the participant recognizes compensation equal to the fair market value of the Class A common shares received. We are entitled to a deduction equal to the compensation recognized by the participant.

Employee Awards

On the date of the consummation of the offering, we intend to grant awards of restricted share units and options to purchase our Class A common shares to some of our partners and employees. The restricted share units and options will be granted under the share incentive plan described above.

Restricted Share Units and Options

Each restricted share unit awarded to a participant will represent an unfunded, unsecured right, which is nontransferable except in the event of death, of the participant to receive a Class A common share on the date specified in the participant s award agreement. A participant who receives an award of restricted share units will not have any rights as a shareholder until the Class A common shares underlying the award are issued and allotted. Except as noted below, no additional service will be required to obtain delivery of the underlying Class A common shares.

An option to purchase Class A common shares will have an exercise price generally equal to the initial public offering price per share. Subject to an option holder s continued employment, vested options generally will remain exercisable until the tenth anniversary of the consummation of the offering.

Specifically, we intend to grant the following awards at the time of the offering:

- some of our employees will receive a grant of restricted share units which will vest on August 31, 2001, and with respect to which up to an aggregate of 17,159,305 Class A common shares generally will be deliverable in eight installments beginning 12 months after the date of grant;
- some of our recently admitted partners will receive a grant of restricted share units which, except for 523,275 restricted share units which will be fully vested, will vest in five equal annual installments beginning one year after the date of grant and with respect to which up to an aggregate of 7,218,366 Class A common shares generally will be deliverable in eight installments beginning 12 months after the date of grant;
- some of our recently admitted partners and some of our employees will receive a grant of options to purchase an aggregate of 14,770,000 Class A common shares that, except for options to purchase 300,000 Class A common shares that will vest 30 months after the date of grant, will vest in five equal annual installments beginning one year after the date of grant;
- some of our former partners will receive a grant of restricted share units with respect to which up to an aggregate of 15,042,077 Class A common shares will be deliverable either 12 or 24 months after the date of grant;
- substantially all of our employees will receive a grant of restricted share units with respect to which up to an aggregate of 17,500,000 Class A common shares will be deliverable 18 months after the date of grant and up to an aggregate of 17,500,000 Class A common shares will be deliverable 36 months after the date of grant; and
- some of our employees will receive a grant of options to purchase an aggregate of 84,525,000 Class A common shares that will vest in four equal annual installments beginning one year after the date of grant.

2001 Employee Share Purchase Plan

The following description sets forth the material terms of the Accenture 2001 Employee Share Purchase Plan, which we refer to as our employee share purchase plan, and which has been filed as an exhibit to the registration statement of which this prospectus forms a part. We currently plan to implement the employee share purchase plan shortly following the offering.

A maximum of 75 million Class A common shares may be issued under the employee share purchase plan. The number of Class A common shares issued or reserved pursuant to the employee share purchase plan (or pursuant to outstanding awards) is subject to adjustment on account of share splits, share dividends and other dilutive changes in our Class A common shares. The Class A common shares may consist of unissued Class A common shares or previously issued Class A common shares.

Administration

The employee share purchase plan will be administered by the compensation committee of the board of directors of Accenture Ltd. The committee will have the authority to make rules and regulations for the administration of the plan and its interpretations, and decisions with regard to the employee share purchase plan, and such rules and regulations will be final and conclusive.

Eligibility

We currently expect that each employee of Accenture Ltd or a participating subsidiary will be eligible to participate in the employee share purchase plan, except that the committee may exclude employees (either generally or by reference to a subset thereof) (1) whose customary employment is for less than five months per calendar year or for less than 20 hours per week, (2) who own shares possessing 5% or more of the total combined voting power or value of all classes of shares of Accenture Ltd or any subsidiary or (3) who are highly compensated employees under the Internal Revenue Code of 1986, as amended.

Participation in the Plan

Eligible employees may participate in the employee share purchase plan by electing to participate in a given offering period pursuant to procedures set forth by the committee. A participant s participation in the employee share purchase plan will continue until the participant makes a new election, or withdraws from an offering period or the plan.

Payroll Deductions

Payroll deductions will be made from the compensation paid to each participant for each offering period in such whole percentage not to exceed 10% as elected by the participant, provided that no participant will be entitled to purchase, during any calendar year, Class A common shares with an aggregate fair market value in excess of $25,000.

Termination of Participation in the Plan

The committee will determine the terms and conditions under which a participant may withdraw from an offering period or the employee share purchase plan. A participant s participation in the employee share purchase plan will be terminated upon the termination of the participant s employment for any reason. In general, upon a termination of a participant s employment, all payroll deductions credited to the former participant s plan account will be returned without interest to the former participant or the former participant s beneficiary.

Purchase of Shares

With respect to an offering period, each participant will be granted an option to purchase Class A common shares. On the last day of each offering period or on an earlier date as determined by the committee, which we refer to as a purchase date, we will apply the funds in each participant s account to purchase Class A common shares. The purchase price will be set by the committee, but cannot be less than 85% of the lesser of the fair market value of the Class A common shares on the grant date or the purchase date. As soon as practicable after each purchase date, the number of Class A common shares purchased by each participant will be deposited in a brokerage account established in the participant s name. At any time after the 24 month period following the relevant purchase date, the participant may (1) transfer the Class A common shares to another brokerage account or (2) request in writing that Class A common shares be issued to the participant with respect to the whole Class A common shares in the participant s brokerage account and that any fractional Class A common shares remaining in the account be paid in cash to the participant.

Amendment and Termination

Our board of directors may amend, alter or discontinue the employee share purchase plan, provided, however, that no amendment, alteration or discontinuation will be made that would increase the number of Class A common shares authorized for the employee share purchase plan or, without a participant s consent, would impair the participant s rights and obligations under the plan.

The employee share purchase plan will terminate upon the earliest of (1) the termination of the employee share purchase plan by our board of directors; (2) the issuance of all of the Class A common shares reserved for issuance under the plan; or (3) the tenth anniversary of the effective date of the employee share purchase plan.

Withholding

We reserve the right to withhold from Class A common shares or cash distributed to a participant any amounts which we are required by law to withhold.

Change in Control

In the event of a change in control, the committee may take any actions it deems necessary or desirable with respect to any option as of the date of the consummation of the change in control.

United States Federal Income Tax Consequences of Participation in the Employee Share Purchase Plan

The following discussion of the United States federal income tax consequences relating to the employee share purchase plan is based on present United States federal tax laws and regulations and does not purport to be a complete description of the United States federal income tax laws. Participants may also be subject to certain U.S. state and local taxes and non-U.S. taxes, which are not described below.

Upon the purchase of the Class A common shares, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the Class A common shares on the purchase date over the purchase price paid by the participant for the Class A common shares, and we will be entitled to a corresponding deduction for federal income tax purposes. In addition, upon the disposition of the Class A common shares, the participant will recognize a capital gain or loss in an amount equal to the difference between the selling price of the Class A common shares and the fair market value of the Class A common shares on the purchase date. We will not receive a deduction for federal income tax purposes with respect to any capital gain or loss recognized by a participant.

Alternatively, if the employee share purchase plan qualifies as an employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended, different tax consequences will apply. Under the Internal Revenue Code, no taxable income is generally recognized by a participant either as of the grant date or as of the purchase date. Depending upon the length of time the acquired Class A common shares are held by the participant, the federal income tax consequences will vary. If the Class A common shares are held for a period of two years or more from the grant date and for at least one year from the purchase date (the required period), and are sold at a price in excess of the purchase price paid by the participant for the Class A common shares, the gain on the sale of the Class A common shares will be taxed as ordinary income to the participant to the extent of the lesser of (1) the amount by which the fair market value of the Class A common shares on the grant date exceeded the purchase price or (2) the amount by which the fair market value of the Class A common shares at the time of their sale exceeded the purchase price. Any portion of the gain not taxed as ordinary income will be treated as long-term capital gain. If the Class A common shares are held for the required period and are sold at a price less than the purchase price paid by the participant for the Class A common shares, the loss on the sale will be treated as a long-term capital loss to the participant. We will not be entitled to any deduction for federal income tax purposes for the Class A common shares held for the required period that are subsequently sold by the participant, whether at a gain or loss.

If a participant disposes of Class A common shares within the required period (a disqualifying disposition), the participant will recognize ordinary income in an amount equal to the difference between the purchase price paid by the participant for the Class A common shares and the fair market value of the Class A common shares on the purchase date, and we will be entitled to a corresponding deduction for federal income tax purposes. In addition, if a participant makes a disqualifying disposition at a price in excess of the purchase price paid by the participant for the Class A common shares, the participant will recognize a capital gain in an amount equal to the difference between the selling price of the Class A common shares and the fair market value of the Class A common shares on the purchase date. Alternatively, if a participant makes a disqualifying disposition at a price less than the fair market value of the Class A common shares on the purchase date, the participant will recognize a capital loss in an amount equal to the difference between the fair market value of the Class A common shares on the purchase date and the selling price of the Class A common shares. We will not receive a deduction for federal income tax purposes with respect to any capital gain recognized by a participant who makes a disqualifying disposition.

Other Information

As of May 31, 2001, more than 75,000 employees of Accenture Ltd and its subsidiaries would have been eligible for participation in the employee share purchase plan. Because the benefits conveyed under the employee share purchase plan are contingent upon, among other things, the amount of contributions participating employees make on a voluntary basis, it is not possible to predict what benefits eligible employees will receive under the employee share purchase plan.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Reorganization and Related Transactions

We have completed or will complete a number of transactions in order to have Accenture assume the corporate structure described in this prospectus.

The principal reorganization transactions and related transactions are summarized below.

Reorganization Transactions

Our partners received shares in our global corporate structure in lieu of their interests in our local business operations. Our partners in Australia, Denmark, France, Italy, Norway, Spain, Sweden and the United States received an aggregate of 587,302,062 Accenture SCA Class I common shares in lieu of their interests in our local operations in those countries. Our partners in Canada and New Zealand received an aggregate of 8,160,742 Accenture Canada Holdings exchangeable shares in lieu of their interests in our local operations in those countries. Our partners elsewhere received an aggregate of 212,257,239 Accenture Ltd Class A common shares in lieu of their interests in our local operations in the relevant countries. Most of our partners receiving Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares received a corresponding number of Accenture Ltd Class X common shares. Class X common shares entitle the holder to voting rights in Accenture Ltd but no economic rights. Some of our partners will not hold Class X common shares and accordingly will not have voting rights in Accenture Ltd. For more information see Accenture Organizational Structure and Description of Share Capital.

In connection with our transition to a corporate structure, each partner s paid-in capital has been returned to that partner.

Related Transactions

On the date of the consummation of the offering, we intend to grant restricted share units and options to purchase our Class A common shares to some of our employees and partners. The restricted share units represent the right to receive up to an aggregate of 74,419,748 Class A common shares valued at $1,042 million at no future cost (except applicable taxes) to our employees or partners. The options represent the right to purchase up to an aggregate of 99,295,000 Class A common shares at an exercise price generally equal to the initial public offering price per share. See Management Employee Awards.

We expect to distribute to our partners any earnings undistributed as of the date of the consummation of our transition to a corporate structure in one or more installments on or prior to December 31, 2001.

After the consummation of the offering, we and several of our partners expect to make a contribution of cash, Accenture SCA Class I common shares or Accenture Ltd Class A common shares to Accenture Foundation, Inc., a New York not-for-profit corporation, or to comparable entities in other jurisdictions.

Voting Agreement

Following is a description of the material terms of the voting agreement, the form of which has been filed as an exhibit to the registration statement of which this prospectus forms a part. See Where You Can Find More Information.

Persons and Shares Covered

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

The Accenture Ltd shares covered by the voting agreement generally include (1) any Accenture Ltd Class X common shares that are held by a partner, (2) any Accenture Ltd Class A common shares beneficially owned by a partner at the time in question and also as of or prior to the offering and (3) any Accenture Ltd Class A common shares if they are received from 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. Accenture Ltd Class A common shares purchased by a covered person in the open market or, subject to certain limitations, in a

subsequent underwritten public offering, will generally not be subject to the voting agreement. When a covered person ceases to be an employee of Accenture, the shares held by that covered person will no longer be subject to the voting provisions of the voting agreement described below under Voting.

Each partner elected after the offering will agree in the voting agreement to own at least 5,000 Class A common shares by the end of the third year after that covered person becomes a partner and to hold at least that number of shares for so long as that covered person is a partner.

Transfer Restrictions

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

except as described below, maintain beneficial ownership of his or her covered shares received on or prior to the date of the offering for a period of eight years thereafter;

maintain beneficial ownership of at least 25% of his or her covered shares received on or prior to the date of the offering as long as he or she is an employee of Accenture; and

comply with the underwriters 180-day lock-up arrangement described under Underwriting and with certain other transfer restrictions when requested to do so by Accenture.

Notwithstanding the transfer restrictions described in this summary, covered persons who continue to be employees of Accenture will be permitted to transfer a percentage of the covered shares owned by them on each anniversary of the offering commencing on the first anniversary of the offering as follows:

Cumulative percentage of shares permitted to be transferred	Years after offering
10%	1 year
25%	2 years
35%	3 years
45%	4 years
55%	5 years
65%	6 years
75%	7 years
100%	The later of (a) 8 years and (b) end of employment at Accenture

Partners retiring from Accenture at the age of 50 or above will be permitted to transfer covered shares they own on an accelerated basis commencing on the first anniversary of the offering. In addition, beginning one year after the offering, a retired partner who reaches the age of 56 will be permitted to transfer any covered shares he or she owns. Partners who become disabled before our transition to a corporate structure will be permitted to transfer all of their covered shares one year after the offering. Partners who become disabled following our transition to a corporate structure will be subject to the general transfer restrictions applicable to our employees or, if disabled after the age of 50, will benefit from the accelerated lapses of transfer restrictions applicable to retired partners.

If Accenture approves in writing a covered person s pledge of his covered shares to a lender, foreclosures by the lender on those shares, and any subsequent sales of those shares by the lender, are not restricted, provided that the lender must give Accenture a right of first refusal to buy any shares at the market price before they are sold by the lender.

All transfer restrictions applicable to a covered person under the voting agreement, except for the underwriters 180-day lock-up, terminate upon death.

Notwithstanding the transfer restrictions described in this summary, Class X common shares of Accenture Ltd may not be transferred at any time, except upon the death of a holder of Class X common shares or with the consent of Accenture Ltd.

Accenture Canada Holdings exchangeable shares held by covered persons are also subject to the transfer restrictions in the voting agreement.

For a description of the waiver provisions relating to these transfer restrictions, see Waivers and Adjustments below.

Other Restrictions

The voting agreement also prevents covered persons from engaging in the following activities with any person who is not a party to the voting agreement or a director, officer or employee of Accenture:

- participating in a proxy solicitation with respect to shares of Accenture;
- depositing any covered shares in a voting trust or subjecting any of these shares to any voting agreement or arrangement;
- forming, joining or in any way participating in a group that agrees to vote or dispose of shares of Accenture in a particular manner;
- except as provided in the partner matters agreement, proposing certain transactions with Accenture;
- seeking the removal of any member of the board of directors of Accenture Ltd or any change in the composition of Accenture Ltd s board of directors;
- making any offer or proposal to acquire any securities or assets of Accenture; or
- participating in a call for any special meeting of the shareholders of Accenture Ltd.

Voting

Under the voting agreement, prior to any vote of the shareholders of Accenture Ltd, a separate, preliminary vote of the covered shares owned by covered persons who are employees of Accenture will be taken on each matter upon which a vote of the shareholders is proposed to be taken. Subsequently, all of these covered shares will be voted in the vote of the shareholders of Accenture Ltd in accordance with the majority of the votes cast in the preliminary vote.

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

As a result of these voting arrangements and the fact that the shares voted pursuant to the preliminary vote will initially comprise approximately 82% of the voting shares of Accenture Ltd, or 80% if the underwriters exercise their overallotment option in full, our partners will effectively control all votes of shareholders of Accenture Ltd.

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

See Risk Factors Risks That Relate to Your Ownership of Our Class A Common Shares We will continue to be controlled by our partners, whose interests may differ from those of our other shareholders.

Term and Amendment

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

Waivers and Adjustments

The transfer restrictions and the other provisions of the voting agreement may be waived at any time by the partners representatives to permit covered persons to:

- participate as sellers in underwritten public offerings of common shares and tender and exchange offers and share repurchase programs by Accenture;

transfer covered shares to charities, including charitable foundations;

transfer covered shares held in employee benefit plans; and

transfer covered shares in particular situations (for example, to immediate family members and trusts).

Subject to the foregoing, the provisions of the voting agreement may generally be waived by the affirmative vote of 66 ^{2} /3% of the votes represented by the covered shares owned by covered persons who are our employees. A general waiver of the transfer restrictions also requires the consent of Accenture Ltd.

In any event, Accenture Ltd will agree in the underwriting agreement not to waive the underwriters 180-day lock-up without the consent of Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated.

Administration and Resolution of Disputes

The terms and provisions of the voting agreement will be administered by the partners representatives, which will consist of persons who are both partners of Accenture and members of Accenture Ltd s board of directors and who agree to serve in such capacity. The partners representatives will have the sole power to enforce the provisions of the voting agreement. No persons not a party to the voting agreement are beneficiaries of the provisions of the voting agreement.

Accenture SCA Transfer Rights Agreement

Following is a description of the material terms of the transfer rights agreement, the form of which has been filed as an exhibit to the registration statement of which this prospectus forms a part. See Where You Can Find More Information.

Persons and Shares Covered

Accenture SCA and each of our partners who own shares of Accenture SCA have entered into a transfer rights agreement. We refer to parties to the transfer rights agreement, other than Accenture SCA, as covered persons.

The Accenture SCA shares covered by the transfer rights agreement generally include all Class I common shares of Accenture SCA owned by a covered person. We refer to the shares covered by the transfer rights agreement as covered shares.

Transfer Restrictions

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

except as described below, maintain beneficial ownership of his or her covered shares received on or prior to the date of the offering for a period of eight years thereafter;

maintain beneficial ownership of at least 25% of his or her covered shares received on or prior to the date of the offering as long as he or she is an employee of Accenture; and

comply with certain other transfer restrictions when requested to do so by Accenture.

Notwithstanding the transfer restrictions described in this summary, covered persons who continue to be employees of Accenture will be permitted to transfer a percentage of the covered shares owned by them on each anniversary of the offering commencing on the first anniversary of the offering as follows:

Cumulative percentage of shares permitted to be transferred	Years after offering
10%	1 year
25%	2 years

Cumulative percentage of shares permitted to be transferred	Years after offering
35%	3 years
45%	4 years
55%	5 years
65%	6 years
75%	7 years
100%	The later of (a) 8 years and (b) end of employment at Accenture

Partners retiring from Accenture at the age of 50 or above will be permitted to transfer covered shares they own on an accelerated basis commencing on the first anniversary of the offering. In addition, beginning one year after the offering, a retired partner who reaches the age of 56 will be permitted to transfer any covered shares he or she owns. Partners who become disabled before our transition to a corporate structure will be permitted to transfer all of their covered shares one year after the offering. Partners who become disabled following our transition to a corporate structure will be subject to the general transfer restrictions applicable to our employees or, if disabled after the age of 50, will benefit from the accelerated lapses of transfer restrictions applicable to retired partners.

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

If Accenture approves in writing a covered person s pledge of his covered shares to a lender, foreclosures by the lender on those shares, and any subsequent sales of those shares by the lender, are not restricted, provided that the lender must give Accenture a right of first refusal to buy any shares at the market price before they are sold by the lender.

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

For a description of the waiver provisions relating to these transfer restrictions, see Waivers and Adjustments below.

Term and Amendment

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

Waivers and Adjustments

The transfer restrictions and the other provisions of the transfer rights agreement may be waived at any time by the Accenture SCA partners committee to permit covered persons to:

participate as sellers in underwritten public offerings of common shares and tender and exchange offers and share repurchase programs by Accenture;

transfer covered shares to charities, including charitable foundations;

transfer covered shares held in employee benefit plans; and

transfer covered shares in particular situations (for example, to immediate family members and trusts).

Subject to the foregoing, the provisions of the transfer rights agreement may generally be waived by the affirmative vote of $66^{2}/3\%$ of the votes represented by the covered shares owned by covered persons who are employees of Accenture. A general waiver of the transfer restrictions also requires the consent of Accenture SCA.

Administration and Resolution of Disputes

The terms and provisions of the transfer rights agreement will be administered by the Accenture SCA partners committee, which will consist of persons who are both partners of Accenture and members of the supervisory board of Accenture SCA and who agree to serve in such capacity. The Accenture SCA partners committee will have the sole power to enforce the provisions of the transfer rights agreement. No persons not a party to the transfer rights agreement are beneficiaries of the provisions of the transfer rights agreement.

Partner Matters Agreement

Following is a description of the material terms of the partner matters agreement, the form of which has been filed as an exhibit to the registration statement of which this prospectus forms a part. See Where You Can Find More Information.

General; Persons and Shares Covered

Accenture Ltd and, with limited exceptions, each of our partners have entered into a partner matters agreement and each other person who becomes a partner will be required to enter into the partner matters agreement. The purpose of the partner matters agreement is to establish procedures for continued involvement of our partners in the management of Accenture. Partners will vote in partner matters votes held in accordance with the partner matters agreement based on, generally, (1) all Accenture Ltd common shares, restricted share units and options to acquire Accenture Ltd common shares held by a partner if they were received from us as a partner or in connection with becoming a partner and (2) all Accenture Ltd common shares otherwise acquired by a partner if the acquisition is required by us. Accenture Ltd common shares, restricted share units and options to acquire Accenture Ltd common shares acquired as our employee, prior to becoming a partner, will not be relevant to a partner s vote in a partner matters vote. Accenture Ltd common shares purchased by partners in the open market will also not be relevant to a partner s vote in a partner matters vote, unless such purchase was required by us.

The partner matters agreement provides, among other things, mechanisms for our partners to:

- select, for three to five years after the offering, five partner nominees for membership on the board of directors of Accenture Ltd;
- make a non-binding recommendation to the board of directors of Accenture Ltd through a committee of partners regarding the selection of a chief executive officer of Accenture Ltd in the event a new chief executive officer is appointed within the first four years after the offering;
- vote on new partner admissions;
- approve the partners income plan as described below; and
- hold a non-binding vote with respect to any decision to eliminate or materially change the current practice of allocating partner compensation on a relative, or unit, basis.

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

After the consummation of the offering, partners will continue to vote on the admission of new partners. New partners will be approved by a $66^{2}/3\%$ partner matters vote.

Term and Amendment; Waivers and Adjustments

The partner matters agreement will continue in effect until it is terminated by a $66^{2}/3\%$ partner matters vote.

Any partner who ceases to be a partner of Accenture will no longer be a party to the partner matters agreement. The partner matters agreement may generally be amended or waived at any time by a $66^{2}/3\%$ partner matters vote.

Administration and Resolution of Disputes

The terms and provisions of the partner matters agreement will be administered by the partner matters representatives, who will consist of persons who are both partners of Accenture and members of Accenture Ltd s board of directors and who agree to serve in such capacity. The partner matters representatives will have the sole power to enforce the provisions of the partner matters agreement. No persons not a party to the partner matters agreement are beneficiaries of the provisions of the partner matters agreement.

Non-Competition Agreement

Following is a description of the material terms of the non-competition agreements, the forms of which have been filed as exhibits to the registration statement of which this prospectus forms a part. See Where You Can Find More Information.

Persons Covered

Each of our partners as of the date of the consummation of our transition to a corporate structure has entered into a non-competition agreement.

Restricted Activities

Each partner party to a non-competition agreement has agreed that, for a restricted period ending on the later of five years following the date of the offering or 18 months following the termination of that partner s employment with us or our affiliates, he or she will not (1) associate with and engage in consulting services for any competitive enterprise or (2) solicit or assist any other entity in soliciting any client or prospective client for the purposes of providing consulting services, perform consulting services for any client or prospective client, or interfere with or damage any relationship between us and a client or prospective client.

In addition, each partner has agreed that for the restricted period he or she will not solicit or employ any Accenture employee or any former employee who ceased working for us within an eighteen-month period before or after the date on which the partner s employment with us or our affiliates terminated.

Enforcement

Each partner has agreed that if the partner were to breach any provisions of the non-competition agreement, we would be entitled to equitable relief restraining that partner from committing any violation of the non-competition agreement. In addition, each partner has agreed that if the partner were to breach any provisions of the non-competition agreement, he or she will pay to us a predetermined amount as and for liquidated damages and that those liquidated damages will be secured by that partner s shares pursuant to a pledge agreement, which has been entered into by the parties. Notwithstanding the pledge agreement, partners will be permitted to dispose of their pledged securities in accordance with the terms of the voting agreement or the transfer rights agreement, as the case may be, and to receive the proceeds from such dispositions.

Because the laws concerning the enforcement of non-competition agreements vary, we may not be able to strictly enforce these terms in all jurisdictions.

Waiver and Termination

We may waive non-competition agreements or any portion thereof with the consent of, and in the discretion of, the chief executive officer of Accenture Ltd. The non-competition agreements will terminate upon a change in control of Accenture Ltd.

Partner Liquidity Arrangements

We expect to make arrangements with third-party lenders for some partners to increase their personal liquidity by enabling them to borrow up to a year s projected income during the first two years after the completion of the offering. These loans are intended solely for the purpose of increasing the personal liquidity of those partners for the period immediately following the offering. We expect that loans will be made available at competitive rates and will be secured by all or a portion of the individual partner s restricted shares, which, as discussed under Non-Competition Agreement, will also secure the partner s obligations under a non-competition agreement. The proceeds of any sale of shares will be applied first to reduce the outstanding loan balance. We expect that all loans will be repayable in full upon the earlier of (1) that partner leaving us or (2) four years after the date of completion of the offering.

Partner Tax Costs

We have informed our partners that if a partner reports for tax purposes the reorganization transactions described in this prospectus in a manner satisfactory to us, we will provide a legal defense to that partner if his or her reporting position is challenged by the relevant tax authority. In the event such a defense is unsuccessful, and the partner is then subject to extraordinary financial disadvantage, we will review such circumstances for any individual partner and find an appropriate way to avoid severe financial damage to an individual partner.

Relationship with Andersen Worldwide and Arthur Andersen

Arbitration Award and Separation

Until August 7, 2000, we had contractual relationships with Andersen Worldwide and Arthur Andersen under certain agreements whereby we and our member firms, which are now our subsidiaries, on the one hand, and Arthur Andersen and its member firms, on the other hand, were two stand-alone business units linked through various member firm agreements to Andersen Worldwide, a single coordinating entity. On December 17, 1997, the Accenture member firms requested binding arbitration of claims that Andersen Worldwide and the member firms of Arthur Andersen, among other things, had breached or failed to perform material obligations owed to the Accenture member firms under the member firm agreements.

On August 7, 2000, the parties to the arbitration were notified that the tribunal appointed by the International Chamber of Commerce in its final award, dated July 28, 2000, had ruled that Andersen Worldwide had breached its material obligations under the member firm agreements and that the Accenture member firms were excused from any further obligations to Andersen Worldwide and Arthur Andersen as of August 7, 2000. Under the terms of the final award, Accenture, and each of the member firms comprising it, was required to cease using the Andersen name or any derivative thereof, no later than December 31, 2000. On January 1, 2001, we began to conduct business under the name Accenture.

On December 19, 2000, Andersen Worldwide and Arthur Andersen LLP, on behalf of themselves and all other Arthur Andersen member firms, partners, shareholders and others, and Accenture Partners, S.C. and Accenture LLP, on behalf of themselves and all other Accenture member firms, partners, shareholders and others, executed a binding memorandum of understanding agreement to settle and resolve all existing and potential disputes among the parties concerning the implementation of the final award and the separation of the Accenture member firms from Andersen Worldwide and Arthur Andersen, including the discharge and release of all obligations of parties under the terminated member firm agreements between the Accenture member firms and Andersen Worldwide. The memorandum of understanding agreement provided for the parties to enter into a number of definitive agreements with respect to services, subleases, releases and indemnities and to finalize other arrangements among the parties. It also contained provisions for specified uses by Accenture of its former name. On March 1, 2001, Accenture, Andersen Worldwide and Arthur Andersen completed implementation of the memorandum of understanding agreement by executing releases and indemnities, finalizing other arrangements among the parties and entering into services agreements under which:

Arthur Andersen will provide services, including tax services, to Accenture for six years for $60 million per year.

Arthur Andersen will provide accommodations and related facility use services to Accenture at its training facility in St. Charles, Illinois, for specified occupancy rates for five years for $60 million per year.

Accenture will provide Arthur Andersen with consulting services at no cost to Arthur Andersen for five years up to $22.5 million per year at our published billing rate.

Tax Sharing Agreement

During our association with Andersen Worldwide and Arthur Andersen, we agreed to allocate specified responsibilities and obligations relating to the preparation and filing of tax returns, the payment of tax liabilities and the control and contest of administrative or legal proceedings relating to tax matters between our two groups. On March 1, 2001, in connection with the separation from Andersen Worldwide and Arthur Andersen, Accenture has entered into a tax sharing agreement with Andersen Worldwide and Arthur Andersen which describes how any unresolved tax matters will be addressed following our separation from those entities. In general, liability for specified additional taxes relating to joint business returns of Accenture and Andersen Worldwide and Arthur Andersen for taxable periods ending on or before the separation will be allocated between us and Andersen Worldwide and Arthur Andersen as if we were not associated with one another at the time the taxes arose. Liability for all other taxes relating to taxable periods ending on or before the separation will be allocated to the party responsible for preparing and filing the tax return with respect to those taxes. The contest of audits and administrative or court proceedings relating to these taxes will generally be controlled by the party responsible for filing the tax returns that are the subject of the audit or proceeding.

PRINCIPAL SHAREHOLDERS

The table below sets forth information regarding beneficial ownership of Accenture Ltd Class A common shares immediately after our transition to a corporate structure but prior to the consummation of the offering, and as adjusted to reflect the sale of Accenture Ltd Class A common shares in the offering, held by:

each holder who is known to us to be the beneficial owner of more than 5% of any class of Accenture Ltd outstanding common shares;

each director and named executive officer of Accenture Ltd; and

all directors and named executive officers of Accenture Ltd as a group.

Immediately prior to and following the offering, our partners will own an aggregate of 212,257,239 Accenture Ltd Class A common shares and an aggregate of 514,124,536 Accenture Ltd Class X common shares. Two Dutch foundations, Stichting Naritaweg I and Stichting Naritaweg II, hold Accenture Ltd Class X common shares that would otherwise have been held by some of our partners. These foundations will vote these shares in any vote of Accenture Ltd shareholders in accordance with the preliminary vote taken by our partners, and our partners will accordingly control the votes of these shares, although the foundations will not participate in the preliminary vote. See Certain Relationships and Related Transactions Voting Agreement Voting. Stichting Naritaweg I holds 34,737,706, or 6%, and Stichting Naritaweg II holds 42,299,410, or 7%, of the 591,161,472 outstanding Accenture Ltd Class X common shares.

Except as otherwise indicated, the persons or entities listed below have sole voting and investment power with respect to the shares beneficially owned by them. None of our partners is selling shares in the offering.

For purposes of the table below (1) we have assumed no exercise of the underwriters overallotment option and that all Accenture SCA Class I common shares (other than those held by Accenture Ltd) and Accenture Canada Holdings exchangeable shares have been redeemed or exchanged for Accenture Ltd Class A common shares on a one-for-one basis and that all Class X common shares have been redeemed by Accenture Ltd and canceled and (2) beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, pursuant to which a person or group of persons is deemed to have beneficial ownership of any common shares that such person has the right to acquire within 60 days after the date of this prospectus. For purposes of computing the percentage of outstanding Accenture Ltd Class A common shares held by each person or group of persons named above, any shares that such person or persons has the right to acquire within 60 days after the date of this prospectus are deemed to be outstanding but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

Name	Accenture Ltd Class A common shares beneficially owned	Percent of Accenture Ltd Class A common shares before the offering	Percent of Accenture Ltd Class A common shares after the offering
Directors and named executive officers:			
Joe W. Forehand(1)	1,406,889	*%	*%
Stephan A. James(1)	1,187,063	*	*
Karl-Heinz Flöther(1)	926,347	*	*
Joel P. Friedman(1)	840,257	*	*
William D. Green(1)	1,087,985	*	*
Masakatsu Mori(1)	892,495	*	*
Diego Visconti(1)	945,581	*	*
Jackson L. Wilson, Jr.(1)	1,187,063	*	*
Michael G. McGrath(1)	1,143,097	*	*
All directors and named executive officers as a group (9 persons)	9,616,777	1.1%	1.0%

(1) c/o Accenture, 1661 Page Mill Road, Palo Alto, California 94304. Excludes any common shares subject to the voting agreement referred to below that are owned by other parties to the voting agreement. While 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 and the Accenture Ltd common shares beneficially owned by these persons are subject thereto, each disclaims beneficial ownership of the common shares subject to the voting agreement other than those specified above for each such person individually. See Certain Relationships and Related Transactions Voting Agreement for a discussion of the voting agreement.

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

DESCRIPTION OF SHARE CAPITAL

The following summary is a description of the material terms of Accenture Ltd s share capital. We have filed Accenture Ltd s memorandum of continuance and bye-laws as exhibits to the registration statement of which this prospectus is a part.

General

The authorized share capital of Accenture Ltd is $517,500 divided into:

20,000,000,000 Class A common shares, par value $0.0000225 per share;

1,000,000,000 Class X common shares, par value $0.0000225 per share; and

2,000,000,000 preferred shares, par value $0.0000225 per share.

Common Shares

Immediately following the consummation of the offering, assuming no exercise of the underwriters overallotment option, Accenture Ltd will have 394,981,896 Class A common shares outstanding (including 67,724,657 fully-vested restricted share units) and 591,161,472 Class X common shares outstanding.

Voting

Holders of Accenture Ltd s Class A common shares and Class X common shares are entitled to one vote per share held of record on all matters submitted to a vote of shareholders at which they are present in person or by proxy.

Mandatory Redemption

Accenture Ltd may, at its option, redeem at any time any Class X common share for a redemption price equal to the par value of the Class X common share. Accenture Ltd has agreed with each partner who holds Class X common shares, however, not to redeem any Class X common share of a holder if such redemption would reduce the number of Class X common shares held by such 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.

Dividends

Each Class A common share is entitled to a pro rata part of any dividend at the times and in the amounts, if any, which Accenture Ltd s board of directors from time to time determines to declare, subject to any preferred dividend rights attaching to any preferred shares. Class X common shares are not entitled to dividends.

Liquidation Rights

Each Class A common share is entitled on a winding-up of Accenture Ltd to be paid a pro rata part of the value of the assets of Accenture Ltd remaining after payment of its liabilities, subject to any preferred rights on liquidation attaching to any preferred shares. Class X common shares are not entitled to be paid any amount upon a winding-up of Accenture Ltd.

Election of Directors

The election of the directors of Accenture Ltd is determined by a majority of the votes cast at the general meeting at which the directors are elected. Shareholders of Accenture Ltd do not have cumulative voting rights. Accordingly, the holders of a majority of the voting rights attaching to our common shares will, as a practical matter, be entitled to control the election of all directors. After this offering, our partners will, assuming no exercise of the underwriters overallotment option, collectively control approximately 82% of such voting rights and will therefore have the power to control the election of all of the Accenture Ltd directors.

Our board of directors has the power to appoint directors to fill vacancies on the board and, if authorized by resolution of the shareholders, to appoint additional directors.

We expect that our board of directors will adopt non-binding guidelines providing that our directors will not be allowed to serve more than three consecutive terms, except for our Chief Executive Officer and up to two additional inside directors designated by our Chief Executive Officer.

Under Accenture Ltd s bye-laws, for so long as the shares owned by partners which are subject to the voting provisions of the voting agreement represent a majority of Accenture Ltd s voting power, a director may be removed at the direction of the partners representatives. Once the shares subject to the voting agreement no longer represent a majority of Accenture Ltd s voting power, a director may be removed at the request of not less than 75% of the other directors. Any vacancy created by the removal of a director may be filled by the board of directors.

Other Rights

Class X common shares will not be entitled to any dividend, liquidation or other rights.

No Pre-emptive Rights

Holders of common shares of Accenture Ltd have no pre-emptive rights.

Transfer

Class A common shares are, subject to the restrictions and requirements described in this prospectus, transferable by their holders. Class X common shares are transferable by their holders only with the consent of Accenture Ltd.

Preferred Shares

Accenture Ltd has created 2,000,000,000 authorized preferred shares, par value $0.0000225 per share, the rights and preferences of which are currently undesignated. The board of directors of Accenture Ltd has the authority to issue the preferred shares in one or more series and to fix the rights, preferences, privileges and restrictions attaching to those shares, including dividend rights, conversion rights, voting rights, redemption terms and prices, liquidation preferences and the numbers of shares constituting any series and the designation of any series, without further vote or action by the shareholders.

Any series of preferred shares could, as determined by our board of directors at the time of issuance, rank senior to our common shares with respect to dividends, voting rights, redemption and liquidation rights. These preferred shares are of the type commonly known as blank-check preferred stock.

At present, Accenture Ltd has no plans to issue any preferred shares.

Bermuda Law

Accenture Ltd is an exempted company organized under the Companies Act 1981 of Bermuda. The rights of Accenture Ltd s shareholders, including those persons who will become shareholders in connection with this offering, are governed by Bermuda law and our memorandum of continuance and bye-laws. The Companies Act 1981 of Bermuda differs in some material respects from laws generally applicable to United States corporations and their shareholders. The following is a summary of the material provisions of Bermuda law and Accenture Ltd s organizational documents.

Dividends

Under Bermuda law, a company may pay dividends that are declared from time to time by its board of directors unless there are reasonable grounds for believing that the company is or would, after payment, be unable to pay its liabilities as they become due or that the realizable value of its assets would as a result be less than the aggregate of its liabilities and issued share capital and share premium accounts.

Voting Rights

Under Bermuda law, except as otherwise provided in the Companies Act 1981 of Bermuda or Accenture Ltd s bye-laws, questions brought before a general meeting of shareholders are decided by a majority vote of shareholders present in person or by proxy at the meeting. Accenture Ltd s bye-laws provide that, subject to the provisions of the Companies Act 1981 of Bermuda, any question proposed for the consideration of the shareholders will be decided by a simple majority of the votes cast (except in the case of amendments to certain provisions of the bye-laws of Accenture Ltd such as those relating to amalgamations, discontinuances, asset sales and the appointment and resignation of directors, where an 80% majority may be required if such amendments are not approved by the board of directors). A description of the voting rights attaching to Accenture Ltd Class A common shares and Class X common shares is set out above.

Rights in Liquidation

Under Bermuda law, in the event of a liquidation or winding-up of a company, after satisfaction in full of all claims and creditors and subject to the preferential rights accorded to any series of preference shares and subject to any specific provisions of the company s bye-laws, the proceeds of the liquidation or winding-up are distributed pro rata among the holders of common shares. A description of the specific liquidation rights attaching to Accenture Ltd Class A common shares and Class X common shares is set out above.

Meetings of Shareholders

Under Bermuda law, a company is required to convene at least one shareholders meeting each calendar year. Bermuda law provides that a special general meeting may be called by the board of directors and must be called upon the request of shareholders holding not less than 10% of the paid-up share capital of the company carrying the right to vote. Bermuda law also requires that shareholders be given at least five days advance notice of a general meeting, but the accidental omission to give notice to any person does not invalidate the proceedings at a meeting. Under Accenture Ltd s bye-laws, we must give each shareholder at least 30 days notice of the annual general meeting and at least 10 days notice of any special general meeting.

Under Bermuda law, the number of shareholders constituting a quorum at any general meeting of shareholders is determined by the bye-laws of a company. Accenture Ltd s bye-laws provide that the presence in person or by proxy of two or more shareholders entitled to attend and vote and holding shares representing more than 50% of the voting power constitutes a quorum (except in certain exceptional cases where a greater number is required).

Access to Books and Records and Dissemination of Information

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include a company s certificate of incorporation or continuance, its memorandum of association or continuance, including its objects and powers, and any alteration to its memorandum of association or continuance. The shareholders have the additional right to inspect the bye-laws of the company, minutes of general meetings and the company s audited financial statements. The register of shareholders of a company is also open to inspection by shareholders without charge and by members of the general public on the payment of a fee. A company is required to maintain its share register in Bermuda but may, subject to the provisions of Bermuda law, establish a branch register outside Bermuda. Accenture Ltd maintains its principal share register in Hamilton, Bermuda. A company is required to keep at its registered office a register of its directors and officers which is open for inspection for not less than two hours each day by members of the public without charge. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

Board Actions

Under Bermuda law, the directors of a Bermuda company owe their fiduciary duty principally to the company rather than the shareholders. Accenture Ltd s bye-laws provide that certain actions are required to be approved by our board of directors. Actions must be approved by a majority of the votes present and entitled to be cast at a properly convened meeting of Accenture Ltd s board of directors.

Accenture Ltd s bye-laws provide that a director of Accenture Ltd may (but is not required to) in taking any action (including an action that may involve or relate to a change of control or potential change of control of Accenture Ltd) consider, among other things, the effects that the action may have on other interests or persons (including Accenture Ltd s shareholders, our partners, retired partners and employees and the communities in which we do business) as long as the director acts honestly and in good faith with a view to the best interests of Accenture Ltd.

Amendment of Memorandum of Continuance and Bye-laws

Bermuda law provides that the memorandum of association or continuance of a company may be amended by a resolution passed at a general meeting of shareholders of which due notice has been given. An amendment to the memorandum of association or continuance, other than an amendment that alters or reduces a company s share capital, also requires the approval of the Bermuda Minister of Finance, who may grant or withhold approval at his or her discretion. Accenture Ltd s bye-laws may be amended by its board of directors if the amendment is approved by shareholders by a resolution passed by the holders of a majority of the votes cast (except in limited instances, where the bye-law amendment has not been approved by the board of directors and where the approval of a resolution in favor of which the holders of not less than 80% of the voting power have voted).

Under Bermuda law, the holders of an aggregate of no less than 20% in par value of a company s issued share capital or any class of issued share capital have the right to apply to the Bermuda Court for an annulment of any amendment of the memorandum of association or

continuance adopted by shareholders at any general meeting, other than an amendment that alters or reduces a company s share capital. Where such an application is made, the amendment becomes effective only to the extent that it is confirmed by the Bermuda Court. An application for the annulment of an amendment of the memorandum of association or continuance must be made within 21 days after the date on which the resolution altering the company s memorandum is passed and may be made on behalf of the persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No such application may be made by persons voting in favor of the amendment.

Appraisal Rights and Shareholder Suits

Under Bermuda law, in the event of an amalgamation of a Bermuda company with another company, a shareholder who is not satisfied that fair value has been paid for his or her shares in the Bermuda company may apply to the Bermuda Court to appraise the fair value of his or her shares. Under Bermuda law and Accenture Ltd s bye-laws, the amalgamation of Accenture Ltd with another company requires the amalgamation agreement to be approved by Accenture Ltd s board of directors and by resolution of the shareholders of Accenture Ltd.

Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda Court, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in violation of the company s memorandum of association or continuance or bye-laws. Further consideration would be given by the Bermuda Court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company s shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Bermuda Court for an order regulating the company s conduct of affairs in the future or compelling the purchase of the shares of any shareholder, by other shareholders or by the company.

Transfer Agent and Registrar

Equiserve Trust Company, N.A. will serve as transfer agent and branch registrar for the Class A common shares in the United States. Reid Management Ltd will serve as transfer agent and principal registrar for the Class A common shares in Bermuda.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the offering, there has been no public market for the Class A common shares. Although the Class A common shares have been approved for listing on the New York Stock Exchange, we cannot assure you that there will be an active public market for the Class A common shares. Sales of substantial amounts of Accenture Ltd Class A common shares, or the perception of these sales, may adversely affect the price of the Class A common shares and impede our ability to raise capital through the issuance of equity securities in the future. Upon the completion of the offering, assuming no exercise of the underwriters overallotment option, Accenture Ltd will have 394,981,896 Class A common shares outstanding, including 67,724,657 Class A common shares underlying restricted share units that are fully vested or scheduled to fully vest prior to the end of the current fiscal year. Our partners will also hold Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares, which may be redeemed or exchanged for Class A common shares on a one-for-one basis. Of the outstanding number of Class A common shares, 115,000,000 Class A common shares to be sold in the offering will be freely tradable without restriction or further registration under the Securities Act of 1933. In addition:

212,257,239 Class A common shares held by our partners will be subject to the transfer restrictions described under Certain Relationships and Related Transactions Voting Agreement and, unless these restrictions are waived, will be subject to the underwriters lock-up described under Underwriting and will be eligible for resale pursuant to Rule 144 under the Securities Act after one year as described below.

587,302,062 Class A common shares issuable upon redemption or exchange of Accenture SCA Class I common shares and 8,160,742 Class A common shares issuable upon exchange of Accenture Canada Holdings exchangeable shares held by our partners will be subject to the transfer restrictions described under Certain Relationships and Related Transactions Accenture SCA Transfer Rights Agreement and Voting Agreement and, unless these restrictions are waived, will be subject to the underwriters lock-up described under Underwriting and will be eligible for resale pursuant to Rule 144 under the Securities Act one year after redemption or exchange as described below.

The Class A common shares held by our partners and the Class A common shares that may be received by our partners in exchange for their Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares will be restricted securities within the meaning of Rule 144. These restricted securities may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemption contained in Rule 144. We currently expect that we will file a registration statement with the Securities and Exchange Commission in order to register the issuance of Accenture Ltd Class A common shares delivered upon the redemption or exchange of these shares or to register the reoffer and resale of these shares if they are not transferable to the public in accordance with Rule 144 and to the extent they are not subject to the transfer restrictions described under

Certain Relationships and Related Transactions Voting Agreement Transfer Restrictions or the Underwriters lock-up described under Underwriting. As a result, these shares will be freely transferable to the public unless the shares are acquired by an affiliate of Accenture Ltd. Any share acquired by an affiliate of Accenture Ltd will be transferable to the public in accordance with Rule 144.

74,419,748 Class A common shares underlying restricted share units generally will be deliverable as follows:

Number of Shares	Months After Offering
9,694,907	12
17,500,000	18
11,441,588	24
19,937,768	36
2,437,768	48
2,437,768	60
2,437,768	72
2,437,767	84
6,094,417	96

Of the 99,295,000 Class A common shares subject to options described under Management Employee Awards, 14,470,000 will become exercisable in five equal annual installments beginning one year after the date of grant, 84,525,000 will become exercisable in four equal annual installments beginning one year after the date of grant and 300,000 will become exercisable 30 months after the date of grant.

Up to 3,000,000 Class A common shares acquired by some of our former partners in the offering will be subject to the Transfer restrictions described under Underwriting and otherwise will be freely tradable without restriction or further registration under the Securities Act.

Except with the prior written consent of Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated, Accenture Ltd and its partners have agreed not to dispose of any of their common shares or securities convertible into or exchangeable for Class A common shares during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, subject to specified exceptions, including an exception that permits Accenture Ltd to issue a number of shares equal to 10% of the Class A common shares to be outstanding immediately following the offering (assuming our partners holdings of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares are redeemed or exchanged for newly issued Class A common shares on a one-for-one basis) in connection with acquisitions provided that the recipients of those shares agree to be bound by the lock-up agreement for the duration of the 180 days.

To the extent not otherwise freely tradable or able to be sold under an exemption contained in Rule 144, we currently expect that we will file a registration statement with the Securities and Exchange Commission in order to register the reoffer and resale of the Class A common shares issued pursuant to the restricted share units and options to purchase Class A common shares described under Management Employee Awards. As a result, any Class A common shares delivered or purchased pursuant to these awards will, subject to applicable contractual restrictions, be freely transferable to the public unless the Class A common shares are acquired by an affiliate of Accenture Ltd. Any Class A common shares acquired by an affiliate of Accenture Ltd will be transferable to the public in accordance with Rule 144.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated together), including an affiliate, who has beneficially owned restricted shares for at least one year is entitled to sell, within any three-month period, a number of these shares that does not exceed the greater of:

one percent of the then outstanding Class A common shares; or

the average weekly trading volume in Class A common shares on the New York Stock Exchange during the four calendar weeks preceding the date on which notice of this sale is filed, provided that requirements concerning availability of public information, manner of sale and notice of sale are satisfied.

In addition, affiliates must comply with the restrictions and requirements of Rule 144, other than the one-year holding period requirement, in order to sell Class A common shares that are not restricted securities within the meaning of that rule. Under Rule 144(k), a person who is not an affiliate and has not been an affiliate for at least three months prior to the sale and who has beneficially owned restricted shares for at least two years may resell these shares without compliance with the foregoing requirements.

The ability of our board of directors to grant registration rights to our partners, together with the ability of the partners representatives under the voting agreement to waive the transfer restrictions thereunder, could, if exercised, permit these partners to sell significant amounts of Class A

common shares at any time following the 180-day period after the offering. See Risk Factors Risks That Relate to Your Ownership of Our Class A Common Shares Our share price may decline due to the large number of shares eligible for future sale.

CERTAIN INCOME TAX CONSEQUENCES

Taxation of Accenture Ltd

Under current Bermuda law, we are not subject to tax in Bermuda on our income or capital gains. Furthermore, we have obtained from the Minister of Finance of Bermuda, under the Exempted Undertakings Tax Protection Act 1966, an undertaking that, in the event that Bermuda enacts any legislation imposing tax computed on any income or gains, that tax will not be applicable to us until March 28, 2016. This undertaking does not, however, prevent the imposition of any tax or duty on persons ordinarily resident in Bermuda or any property tax on leasehold interests we may have in Bermuda. We will pay an annual government fee in Bermuda based on our authorized share capital and share premium. The maximum annual government fee applicable to us is currently $27,825, and we expect to be subject to the maximum fee.

Taxation of Holders

Bermuda Tax Considerations

Under current Bermuda law, no income, withholding or other taxes or stamp or other duties are imposed in Bermuda upon the issue, transfer or sale of our common shares or on any payments in respect of our common shares (except, in certain circumstances, to persons ordinarily resident in Bermuda). See Taxation of Accenture Ltd above for a description of the undertaking on taxes obtained by us from the Minister of Finance of Bermuda.

United States Federal Income Tax Considerations

The following is a summary of the material United States federal income tax consequences, as of the date of this document, of the ownership of our Class A common shares by beneficial owners who purchase the Class A common shares in connection with their initial issuance, that hold the Class A common shares as capital assets and that are United States persons under the Internal Revenue Code of 1986, as amended. Under the Internal Revenue Code, you are a United States person if you are:

- a citizen or resident of the United States;
- a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust that is subject to the supervision of a court within the United States and the control of one or more United States persons or that has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon current laws and regulations and relevant interpretations of these laws and regulations, all of which are subject to change, possibly with retroactive effect, and is for general purposes only. We cannot assure you that a later change in law will not significantly alter the tax considerations that we describe in this summary. We have not requested a ruling from the Internal Revenue Service with respect to any of the United States federal income tax consequences of the transaction. As a result, there can be no assurance that the Internal Revenue Service will not disagree with or challenge any of the conclusions described below.

This summary does not represent a detailed description of the United States federal income tax consequences to you in light of your particular circumstances and prospective investors should consult their own tax advisors as to the tax consequences of an investment in our Class A common shares, including the application to their particular situations of the tax considerations discussed below and the application of state, local, foreign or other federal tax laws. In addition, it does not present a description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a trader in securities if you elect to use a mark-to-market method of accounting for your securities holdings;
- a financial institution;
- an insurance company;
- a tax-exempt organization;
- a person liable for alternative minimum tax;

a person holding Class A common shares as part of a hedging, integrated or conversion transaction, constructive sale or straddle;

a person owning, actually or constructively, 10% or more of our voting stock or 10% or more of the voting stock of any of our non-United States subsidiaries; or

a person whose functional currency is not the United States dollar.

If a partnership holds our Class A common shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our Class A common shares, you should consult your tax advisor.

You should consult your own tax advisor concerning the particular United States federal income tax consequences to you of the ownership and disposition of the Class A common shares, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Taxation of Dividends

The gross amount of distributions you receive on your Class A common shares will generally be treated as dividend income to you if the distributions are made from our current and accumulated earnings and profits, calculated according to United States federal income tax principles. Such income will be includible in your gross income as ordinary income on the day you actually or constructively receive it. You will not be entitled to claim a dividends received deduction, generally allowed to United States corporations in respect of dividends received from other United States corporations, with respect to distributions you receive from us. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in your adjusted basis in the Class A common shares, thereby increasing the amount of gain, or decreasing the amount of loss, you will recognize on a subsequent disposition of the shares, and the balance in excess of your adjusted basis will be taxed as capital gain recognized on a sale or exchange.

If, for United States federal income tax purposes, we are classified as a United States-owned foreign corporation, distributions made to you with respect to your Class A common shares that are taxable as dividends generally will be treated for United States foreign tax credit purposes as:

foreign source passive income or, in the case of some holders, foreign source financial services income; and

United States source income,

in proportion to our earnings and profits in the year of such distribution allocable to foreign and United States sources, respectively. For this purpose, we will be treated as a United States-owned foreign corporation so long as stock representing 50% or more of the voting power or value of our shares is owned, directly or indirectly, by United States persons.

Foreign Personal Holding Company

A foreign corporation will be classified as a foreign personal holding company if:

at any time during the corporation s taxable year, five or fewer individuals who are United States citizens or residents own, directly or indirectly (or by virtue of certain ownership attribution rules), more than 50% of the corporation s stock by either voting power or value (we refer to this as the shareholder test); and

the corporation receives at least 60% of its gross income, or 50% after the initial year of qualification, as adjusted, for the taxable year from certain passive sources (we refer to this as the income test).

If we or one of our non-United States subsidiaries were classified as a foreign personal holding company, you and some indirect holders would be required, regardless of your percentage ownership, to include in income as a dividend, your pro rata share of our (or our relevant non-United States subsidiary s) undistributed foreign personal holding company income if you were a holder on the last day of our taxable year or, if earlier, the last day on which we satisfied the shareholder test. Foreign personal holding company income is generally equal to taxable income with certain adjustments. In addition, if we were classified as a foreign personal holding company, shareholders who acquired our shares from decedents would not receive a stepped-up basis in that stock. Instead, these shareholders would have a tax basis equal to the lower of the fair market value of the shares or the decedent s basis.

Because of the application of complex ownership attribution rules, we are likely to meet the shareholder test in a given year. To the extent we have gross income, we are also likely to satisfy the income test and be treated as a foreign personal holding company. However, even if we are classified as a foreign personal holding company, subject to the discussion of our non-United States subsidiaries below, we do not anticipate having any material amounts of undistributed foreign personal holding company income because we do not expect to have any material amounts

of net taxable income. In the unlikely event we have net taxable income, we intend to distribute it to you so as to avoid having taxable income imputed to you under these rules.

In addition, because of the application of complex ownership attribution rules, our non-United States subsidiaries are likely to meet the shareholder test in a given year. It is also possible that one or more of our non-United States subsidiaries will meet the income test in a given year and be treated as a foreign personal holding company. If any of our non-United States subsidiaries is a foreign personal holding company, then any undistributed foreign personal holding company income of that subsidiary may be deemed paid to us as a dividend, with the result that you could be required to include currently your ratable share of such deemed dividend as undistributed foreign personal holding company income. In addition, your tax basis in the shares of the foreign personal holding company would be increased by the amount of the income inclusion. However, we intend to manage the affairs of our non-United States subsidiaries so as to attempt to avoid or minimize having income imputed to you under these rules, to the extent this is consistent with our business goals, although there can be no assurance in this regard.

Depending on a variety of factors, it is possible that we and/or any of our non-United States subsidiaries that are foreign personal holding companies may cease to be classified as foreign personal holding companies in the future, although there can be no assurance in this regard.

Disposition of the Class A Common Shares

When you sell or otherwise dispose of your Class A common shares you will recognize capital gain or loss in an amount equal to the difference between the amount you realize for the shares and your adjusted tax basis in them. Subject to any basis adjustments described in Foreign Personal Holding Company, your adjusted tax basis in the Class A common shares will generally be your cost of obtaining the shares reduced by any previous distributions that are not characterized as dividends. For foreign tax credit limitation purposes, this gain or loss will generally be treated as United States source. If you are an individual and the Class A common shares being sold or otherwise disposed of have been held by you for more than one year, your gain recognized will be taxed at a maximum tax rate of 20%. Your ability to deduct capital losses is subject to limitations.

Information Reporting and Backup Withholding

In general, unless you are an exempt recipient such as a corporation, information reporting will apply to dividends in respect of the Class A common shares or the proceeds received on the sale, exchange or redemption of those Class A common shares paid to you within the United States and, in some cases, outside of the United States. Additionally, if you fail to provide your taxpayer identification number, or fail either to report in full dividend and interest income or to make certain certifications, you will be subject to backup withholding. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability, provided that you furnish the required information to the United States Internal Revenue Service.

UNDERWRITING

Accenture Ltd and the underwriters for the U.S. offering (the U.S. underwriters) named below have entered into an underwriting agreement with respect to the shares being offered in the United States. With specific conditions, each U.S. underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated are the joint book-running managers of the offering. They, together with Credit Suisse First Boston Corporation, Deutsche Banc Alex. Brown Inc., J.P. Morgan Securities Inc., Salomon Smith Barney Inc., Banc of America Securities LLC, Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Warburg LLC and ABN AMRO Rothschild LLC, are the representatives of the U.S. underwriters.

U.S. underwriters	Number of Shares
Goldman, Sachs & Co.	
Morgan Stanley & Co. Incorporated	
Credit Suisse First Boston Corporation	
Deutsche Banc Alex. Brown Inc.	
J.P. Morgan Securities Inc.	
Salomon Smith Barney Inc.	
Banc of America Securities LLC	
Lehman Brothers Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
UBS Warburg LLC	
ABN AMRO Rothschild LLC	

U.S. underwriters	Number of Shares
Total	

If the U.S. underwriters sell more shares than the total number set forth in the table above, the U.S. underwriters have an option to buy up to additional shares from Accenture Ltd to cover such sales. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the U.S. underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

Accenture Ltd will sell the shares to the U.S. underwriters at a per share price of $, which represents a fixed percentage discount from the initial public offering price set forth on the cover page of this prospectus. This discount is the U.S. underwriters compensation.

The following table shows the per share and total underwriting discounts and commissions to be paid to the U.S. underwriters by Accenture Ltd. Such amounts are shown assuming both no exercise and full exercise of the U.S. underwriters option to purchase additional shares.

	Paid by Accenture Ltd (1)	
	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

(1) In addition, Accenture Ltd will reimburse the U.S. underwriters for $ for Blue Sky fees and expenses.

Shares sold by the U.S. underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the U.S. underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. Any such securities dealers may resell any shares purchased from the U.S. underwriters to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. If all the shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms.

Accenture Ltd has entered into an underwriting agreement with the international underwriters (the International underwriters, and, together with the U.S. underwriters, the Underwriters) for the sale of shares outside of the United States in addition to the shares offered in the United States. The terms and conditions of both offerings are the same and the sales of shares in both offerings are conditioned on each other. Goldman Sachs International and Morgan Stanley & Co. International Limited are the joint book-running managers of the international offering. They, together with Credit Suisse First Boston (Europe) Limited, Deutsche Banc Alex. Brown Inc., J.P. Morgan Securities Inc., Salomon Smith Barney Inc., Banc of America Securities Limited, Lehman Brothers Inc., Merrill Lynch International, UBS AG, acting through its business group UBS Warburg and ABN AMRO Rothschild, are the representatives of the International underwriters for the international offering outside of the United States. Accenture Ltd has granted the International underwriters a similar option to purchase up to an aggregate of an additional shares.

A prospectus in electronic format may be made available on the Web sites maintained by one or more of the joint book-running managers of the offering and may also be made available on Web sites maintained by other Underwriters. The Underwriters may agree to allocate a number of shares to Underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the joint book-running managers to Underwriters that may make Internet distributions on the same basis as other allocations.

Except with the prior written consent of Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated, Accenture Ltd and its partners have agreed not to dispose of or hedge any of their common shares or securities convertible into or exchangeable for Class A common shares during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, subject to specified exceptions, including an exception that permits Accenture Ltd to issue a number of shares equal to 10% of the Class A common shares to be outstanding immediately following the offering (assuming our partners holdings of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares are redeemed or exchanged for newly issued Class A common shares on a one-for-one basis) in connection with acquisitions provided that the recipients of those shares agree to be bound by the lock-up agreement for the duration of the 180 days. See Shares Eligible for Future Sale for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price will be negotiated among Accenture Ltd and Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be Accenture Ltd s historical performance, estimates of the business potential and earnings prospects of Accenture Ltd, an assessment of Accenture Ltd s management and the consideration of the above factors in relation to market valuation of companies in related businesses.

The Class A common shares will be listed on the New York Stock Exchange under the symbol ACN. In order to meet one of the requirements for listing the Class A common shares on the New York Stock Exchange, the Underwriters have undertaken to sell lots of 100 or more shares to a minimum of 2,000 beneficial holders.

In connection with the offering, the Underwriters may purchase and sell Class A common shares in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Underwriters of a greater number of shares than they are required to purchase in the offering. Covered short sales are sales made in an amount not greater than the Underwriters option to purchase additional shares from Accenture Ltd in the offering. The Underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the Underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option. Naked short sales are any sales in excess of such option. The Underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Class A common shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A common shares made by the Underwriters in the open market prior to the completion of the offering.

The Underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the Underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of Accenture Ltd s Class A common shares, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Class A common shares. As a result, the price of the Class A common shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on New York Stock Exchange, in the over-the-counter market or otherwise.

The Underwriters do not expect sales to discretionary accounts to exceed 5% of the total number of shares offered.

The Underwriters have reserved for sale, at the initial public offering price, approximately 3,000,000 Class A common shares offered hereby for retired partners designated by Accenture who have expressed an interest in purchasing such Class A common shares in the offering. The number of shares available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby. We intend to require these retired partners to agree not to transfer these Class A common shares for a period of six months following the offering.

Accenture Ltd estimates that its share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $18 million, which includes filing, registration and listing fees as well as legal and accounting fees and expenses and printing costs.

Accenture Ltd and Accenture SCA have agreed to indemnify the several Underwriters against specific liabilities, including liabilities under the Securities Act of 1933.

[Alternate Page For International Prospectus]

UNDERWRITING

Accenture Ltd and the underwriters for the international offering (the International underwriters) named below have entered into an underwriting agreement with respect to the shares being offered outside the United States. With specific conditions, each International underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs International and Morgan Stanley & Co. International Limited are the joint book-running managers of the international offering. They, together with Credit Suisse First Boston (Europe) Limited, Deutsche Banc Alex. Brown Inc., J.P. Morgan Securities Inc., Salomon Smith Barney Inc., Banc of America Securities Limited, Lehman Brothers Inc., Merrill Lynch International, UBS AG, acting through its business group UBS Warburg and ABN AMRO Rothschild, are the representatives of the International underwriters.

International underwriters	Number of Shares
Goldman Sachs International	
Morgan Stanley & Co. International Limited	
Credit Suisse First Boston (Europe) Limited	
Deutsche Banc Alex. Brown Inc.	
J.P. Morgan Securities Inc.	
Salomon Smith Barney Inc.	

International underwriters	Number of Shares
Banc of America Securities Limited	
Lehman Brothers Inc.	
Merrill Lynch International	
UBS AG, acting through its business group UBS Warburg	
ABN AMRO Rothschild	
Total	

If the International underwriters sell more shares than the total number set forth in the table above, the International underwriters have an option to buy up to additional shares from Accenture Ltd to cover such sales. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the International underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

Accenture Ltd will sell the shares to the International underwriters at a per share price of $, which represents a fixed percentage discount from the initial public offering price set forth on the cover page of this prospectus. This discount is the International underwriters compensation.

The following table shows the per share and total underwriting discounts and commissions to be paid to the International underwriters by Accenture Ltd. Such amounts are shown assuming both no exercise and full exercise of the International underwriters option to purchase additional shares.

	Paid by Accenture Ltd	
	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the International underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the International underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. Any such securities dealers may resell any shares purchased from the International underwriters to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. If all the shares are not sold at the initial offering price, the representatives may change the offering price and the other selling terms.

Accenture Ltd has entered into an underwriting agreement with the underwriters for the U.S. offering (the U.S. underwriters, and, together with the International underwriters, the Underwriters) for the sale of shares in the United States in addition to the shares offered outside of the United States. The terms and conditions of both offerings are the same and the sale of shares in both offerings are conditioned on each other. Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated are the joint book-running managers of the U.S. offering. They, together with Credit Suisse First Boston Corporation, Deutsche Banc Alex. Brown Inc., J.P. Morgan Securities Inc., Salomon Smith Barney Inc., Banc of America Securities LLC, Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Warburg LLC and ABN AMRO Rothschild LLC, are the representatives of the U.S. underwriters. Accenture Ltd has granted the U.S. underwriters a similar option to purchase up to an aggregate of an additional shares.

A prospectus in electronic format may be made available on the Web sites maintained by one or more of the joint book-running managers of the offering and may also be made available on Web sites maintained by other Underwriters. The Underwriters may agree to allocate a number of shares to Underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the joint book-running managers to Underwriters that may make Internet distributions on the same basis as other allocations.

Except with the prior written consent of Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated, Accenture Ltd and its partners have agreed not to dispose of or hedge any of their common shares or securities convertible into or exchangeable for Class A common shares during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, subject to specified exceptions, including an exception that permits Accenture Ltd to issue a number of shares equal to 10% of the Class A common shares to be outstanding immediately following the offering (assuming our partners holdings of Accenture SCA Class I common shares and Accenture Canada Holdings exchangeable shares are redeemed or exchanged for newly issued Class A common shares on a one-for-one basis) in connection with acquisitions provided that the recipients of those shares agree to be bound by the lock-up agreement for the duration of the 180 days. See Shares Eligible for Future Sale for a discussion of certain transfer restrictions.

Prior to the offerings, there has been no public market for the shares. The initial public offering price will be negotiated among Accenture Ltd and Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be Accenture Ltd s historical performance, estimates of the business potential and earnings prospects of Accenture Ltd, an assessment of Accenture Ltd s management and the consideration of the above factors in relation to market valuation of companies in related businesses.

The Class A common shares will be listed on the New York Stock Exchange under the symbol ACN. In order to meet one of the requirements for listing the Class A common shares on the New York Stock Exchange, the Underwriters have undertaken to sell lots of 100 or more shares to a minimum of 2,000 beneficial holders.

In connection with the offering, the Underwriters may purchase and sell Class A common shares in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Shorts sales involve the sale by the Underwriters of a greater number of shares than they are required to purchase in the offering. Covered short sales are sales made in an amount not greater than the Underwriters option to purchase additional shares from Accenture Ltd in the offering. The Underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the Underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option. Naked short sales are any sales in excess of such option. The Underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there
may be downward pressure on the price of the Class A common shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A common shares made by the Underwriters in the open market prior to the completion of the offering.

The Underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the Underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of Accenture Ltd s Class A common shares, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Class A common shares. As a result, the price of the Class A common shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise.

Each Underwriter has also represented and agreed that (i) it has not offered or sold and, prior to the date six months after the date of issue of the Class A common shares, will not offer or sell any Class A common shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances that have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied, and will comply with, all applicable provisions of the Financial Services Act 1986 of Great Britain with respect to anything done by it in relation to the Class A common shares in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issuance of the Class A common shares to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) of Great Britain or is a person to whom the document may otherwise lawfully be issued or passed on.

The Class A common shares may not be offered, sold, transferred or delivered in or from The Netherlands, as part of their initial distribution or as part of any re-offering, and neither this prospectus nor any other document in respect of the offering may be distributed or circulated into The Netherlands, other than to individuals or legal entities which include, but are not limited to, banks, brokers, dealers, institutional investors and undertakings with a treasury department, who or which trade or invest in securities in the conduct of a business or profession.

The Underwriters do not expect sales to discretionary accounts to exceed 5% of the total number of shares offered.

The Underwriters have reserved for sale, at the initial public offering price, approximately 3,000,000 Class A common shares offered hereby for retired partners designated by Accenture who have expressed an interest in purchasing such Class A common shares in the offering. The number of shares available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby. We intend to require these retired partners to agree not to transfer these Class A common shares for a period of six months following the offering.

Accenture Ltd estimates that its share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $18 million, which includes filing, registration and listing fees as well as legal and accounting fees and expenses and printing

costs.

Accenture Ltd and Accenture SCA have agreed to indemnify the several Underwriters against specific liabilities, including liabilities under the Securities Act of 1933.

LEGAL MATTERS

Appleby Spurling & Kempe, Bermuda, will pass upon the validity of the issuance of the Class A common shares offered by this prospectus. Mello Jones & Martin, Bermuda, will pass upon the validity of the issuance of the Class A common shares for the underwriters. Certain legal matters will be passed upon for us by Simpson Thacher & Bartlett as to matters of United States and New York law. The underwriters are being represented as to United States legal matters by Latham & Watkins.

EXPERTS

The combined financial statements as of August 31, 1999 and 2000 and for each of the three years in the period ended August 31, 2000 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act about the securities we offer under this prospectus. This prospectus is materially complete, but does not contain all of the information included in the registration statement and the exhibits and schedules to the registration statement. For further information with respect to us and the Class A common shares, please refer to the registration statement, including its exhibits and schedules, which you may inspect and obtain copies at prescribed rates at the public reference facilities of the Securities and Exchange Commission at the addresses provided below.

As a result of the effectiveness of the registration statement under the Securities Act, we are subject to the informational reporting requirements of the Securities Exchange Act of 1934, and, under that Act, we file reports, proxy statements and other information with the Securities and Exchange Commission. You may inspect those reports, proxy statements and other information and the registration statement and its exhibits and schedules, without charge, and you may make copies of them at prescribed rates at the public reference facilities of the Securities and Exchange Commission s principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Securities and Exchange Commission s public reference facilities by calling the Securities and Exchange Commission in the United States at 1-800-SEC-0330. The Securities and Exchange Commission also maintains a Web site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission.

INDEX TO FINANCIAL STATEMENTS

COMBINED AND CONSOLIDATED BALANCE SHEETS
at August 31, 2000 and May 31, 2001
(In thousands of U.S. dollars)

	Combined Balance Sheet at August 31, 2000	Consolidated Balance Sheet at May 31, 2001
		(Unaudited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$1,270,516	$ 723,708
Short-term investments	395,620	
Receivables from clients	1,450,555	1,587,908
Unbilled services	682,935	807,921
Due from related parties	28,122	3,122
Deferred income taxes, net		125,924
Other current assets	171,537	226,983
Total current assets	3,999,285	3,475,566
NON-CURRENT ASSETS:		
Due from related parties	81,220	31,220
Investments	509,665	382,151
Property and equipment, net	705,508	793,215
Deferred income taxes, net		145,448
Other non-current assets	155,619	101,677
Total non-current assets	1,452,012	1,453,711
TOTAL ASSETS	$5,451,297	$4,929,277
LIABILITIES AND SHAREHOLDERS EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Short-term bank borrowings	$ 164,765	$ 528,083
Current portion of long-term debt	29,921	3,122
Accounts payable	169,648	157,740
Due to related parties	339,877	1,363,940
Deferred revenues	948,390	927,738
Accrued payroll and related benefits	700,843	1,013,661
Taxes payable	332,821	232,697
Deferred income taxes, net		310,535
Other accrued liabilities	297,714	332,555
Total current liabilities	2,983,979	4,870,071
NON-CURRENT LIABILITIES:		
Long-term debt	98,865	31,220
Retirement obligation		345,203
Deferred income taxes, net		98,566
Other non-current liabilities		840,000
Total non-current liabilities	98,865	1,314,989
MINORITY INTEREST		
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS EQUITY (DEFICIT):		
Preferred shares; 2,000,000,000 shares authorized, 0 shares issued and outstanding		
Class A common shares, par value $0.0000225 per share, 20,000,000,000 shares authorized, 0 and 212,335,319 shares issued and outstanding		5

	Combined Balance Sheet at August 31, 2000	Consolidated Balance Sheet at May 31, 2001
Class X common shares, par value $0.0000225 per share, 1,000,000,000 shares authorized, 0 and 591,161,472 shares issued and outstanding		13
Additional paid-in capital		
Retained earnings (deficit)		(1,178,396)
Partners paid-in capital	403,483	
Partners undistributed earnings	1,347,905	
Accumulated other comprehensive income (loss)	617,065	(77,405)
Total shareholders equity (deficit)	2,368,453	(1,255,783)
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY (DEFICIT)	$5,451,297	$4,929,277

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

ACCENTURE LTD

COMBINED INCOME STATEMENTS BEFORE PARTNER DISTRIBUTIONS
For the Nine Months Ended May 31, 2000 and 2001
(In thousands of U.S. dollars)
(Unaudited)

	Nine months ended	
	May 31, 2000	May 31, 2001
REVENUES:		
Revenues before reimbursements	$7,245,051	$ 8,666,285
Reimbursements	1,300,716	1,475,330
Revenues	8,545,767	10,141,615
OPERATING EXPENSES:		
Cost of services*:		
Cost of services before reimbursable expenses*	3,999,509	4,509,361
Reimbursable expenses	1,300,716	1,475,330
Cost of services*	5,300,225	5,984,691
Sales and marketing*	651,318	771,293
General and administrative costs*	936,039	1,130,724
Reorganization and rebranding costs*		777,234
Total operating expenses*	6,887,582	8,663,942
OPERATING INCOME*	1,658,185	1,477,673
Gain on investments, net	534,048	179,700
Interest income	45,491	59,613
Interest expense	(18,111)	(25,415)
Other income	31,993	20,793
Equity in losses of affiliates	(9,492)	(52,825)
INCOME BEFORE TAXES*	2,242,114	1,659,539
Provision for taxes	194,247	420,328

	Nine months ended	
INCOME BEFORE ACCOUNTING CHANGE*	2,047,867	1,239,211
Cumulative effect of accounting change		187,974
PARTNERSHIP INCOME BEFORE PARTNER DISTRIBUTIONS*	$2,047,866	$ 1,427,185

* Excludes payments for partner distributions.

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

ACCENTURE LTD

COMBINED STATEMENTS OF PARTNERS CAPITAL AND COMPREHENSIVE INCOME (LOSS)/ CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY (DEFICIT)
For the Nine Months Ended May 31, 2001
(In thousands of U.S. dollars)
(Unaudited)

	Preferred Shares	Class A Common Shares $	Class A Common Shares No. Shares	Class X Common Shares $	Class X Common Shares No. Shares	Additional Paid-in Capital	Retained Earnings (Deficit)	Paid-in Capital	Undistributed Earnings	Accumulated Other Comprehensive Income (Loss)	Total
alance at August 31, 2000	$	$		$		$	$	$ 403,483	$1,347,905	$ 617,065	$ 2,368,453
omprehensive income											
Partnership income before partner distributions									1,427,185		1,427,185
Other comprehensive income (loss)											
Unrealized losses on marketable securities, net of reclassification adjustment										(687,346)	(687,346
Foreign currency translation										(7,124)	(7,124
Other comprehensive income (loss)										(694,470)	
omprehensive income											732,715
apital paid in by partners								131,309			131,309
epayment of paid in capital to partners								(534,792)			(534,792
istribution to AW-SC									(261,988)		(261,988
istribution of partners income									(3,224,835)		(3,224,835
ommon shares issued		5	212,335	13	591,161						18
artner retirement and vacation benefits									(466,663)		(466,663
ransfer to retained earnings (deficit)							(1,178,396)		1,178,396		
alance at May 31, 2001	$	$ 5	212,335	$ 13	591,161	$	$(1,178,396)	$	$	$ (77,405)	$(1,255,783)

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

ACCENTURE LTD

COMBINED STATEMENTS OF CASH FLOWS
For the Nine Months Ended May 31, 2000 and 2001
(In thousands of U.S. dollars)
(Unaudited)

	Nine months ended	
	May 31, 2000	**May 31, 2001**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Partnership income before partner distributions	$2,047,866	$1,427,185
Adjustments to reconcile partnership income for the nine months to net cash provided by operating activities		
Depreciation	174,170	177,179
Amortization		137,500
Gain on sale of investments, net	(534,048)	(179,700)
Equity in losses of affiliates	9,492	52,825
eUnit charge		88,805
Losses on disposal of property and equipment	9,360	17,156
Other items, net	(21,033)	(6,342)
Cumulative effect of accounting change		(187,974)
Change in assets and liabilities		
(Increase) in receivables from clients	(154,502)	(137,353)
(Increase) in unbilled services	(203,451)	(124,986)
(Increase) in due from/(decrease) in due to related parties	(2,785)	(26,045)
(Increase) decrease in other current assets	45,428	(53,946)
Decrease in other non-current assets	6,636	37,446
(Decrease) in accounts payable	(21,291)	(11,908)
Increase (decrease) in deferred revenue	24,283	(31,445)
Increase in accrued payroll and employee benefits	108,756	178,722
Increase (decrease) in taxes payable	31,533	(100,124)
Increase (decrease) in other accrued liabilities	72,066	(34,904)
Increase in other non-current liabilities		634,516
Increase in deferred taxes		137,729
Total adjustments	(455,386)	567,151
Net cash provided by operating activities	1,592,480	1,994,336
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	535,877	421,861
Proceeds from sales of property and equipment		18,659
Purchases of investments	(87,740)	(215,461)
Purchase of intangible assets		(157,000)
Property and equipment additions	(182,617)	(300,701)
Advances to investee	(2,500)	
Net cash provided by (used in) investing activities	263,020	(232,642)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital paid in by partners	21,755	131,309
Repayment of paid-in capital to partners	(26,863)	(509,093)
Distribution of partners income	(1,485,712)	(1,950,301)
Payment to AW-SC		(313,832)

	Nine months ended	
Payment to escrow	(229,776)	
Repayments of long-term debt		(19,653)
Proceeds from issuance of short-term bank borrowings	269,236	749,323
Repayments of short-term bank borrowings	(176,838)	(389,131)
Net cash used in financing activities	(1,628,198)	(2,301,378)
Effect of exchange rate changes on cash and cash equivalents	(40,532)	(7,124)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	186,770	(546,808)
CASH AND CASH EQUIVALENTS, beginning of period	1,110,592	1,270,516
CASH AND CASH EQUIVALENTS, end of period	$1,297,362	$ 723,708

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

ACCENTURE LTD

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

1. BASIS OF PRESENTATION

Principles of Consolidation

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

Accenture Ltd s only business is to hold shares and to act as the sole general partner of its subsidiary, Accenture SCA, a Luxembourg partnership limited by shares. Accenture operates its business through Accenture SCA and subsidiaries of Accenture SCA. Accenture Ltd controls Accenture SCA s management and operations and consolidates Accenture SCA s results in its financial statements. Accenture Ltd has a 52% voting interest and a 26% economic ownership interest in Accenture SCA.

Prior to the transition to a corporate structure, the Accenture Worldwide Organization operated as a series of related partnerships and corporations under the control of its partners. In connection with the transition to a corporate structure, the partners have received Accenture Ltd Class A common shares or, in the case of partners resident in specified countries, Class I common shares issued by Accenture SCA or exchangeable shares issued by Accenture Canada Holdings Inc., an indirect subsidiary of Accenture SCA, in lieu of their interests in these partnerships and corporations. The transition to a corporate structure has been accounted for as a reorganization at carryover basis as there are no changes in the rights, obligations or economic interests of Accenture s partners upon the exchange of their interests for shares in Accenture Ltd, Accenture SCA or Accenture Canada Holdings Inc., except for those applied consistently among the partners or those resulting from Accenture s transition from a series of related partnerships and corporations to a corporate structure. The shares of Accenture SCA and Accenture Canada Holdings Inc. held by the partners are treated as a 74% minority interest in the consolidated financial statements of Accenture Ltd. However, the future exchange and/or redemption of Accenture SCA shares or Accenture Canada Holdings Inc. exchangeable shares will be accounted for at carryover basis. Accenture has incurred reorganization costs resulting from the transition to a corporate structure. These costs include approximately $445,000 of indirect taxes, such as capital and stamp duty imposed on transfers of assets among group members, and $59,500 of other reorganization costs primarily consisting of professional fees and out-of-pocket costs associated with the transition.

The accompanying financial statements for periods prior to May 31, 2001 have been prepared on a combined basis and reflect the accounts of the Accenture Worldwide Organization, including Accenture Partners Société Coopérative and the Member Firms and their controlled entities.

The accompanying unaudited financial statements have been prepared by Accenture pursuant to the rules and regulations of the Securities and Exchange Commission regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements and should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the audited financial statements and related notes thereto included in this prospectus. The accompanying unaudited financial statements reflect all adjustments, as well as the accounting change to adopt Statement of

(In thousands of U.S. dollars)

Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133), which are, in the opinion of management, necessary for a fair presentation of results for the interim periods presented. Preparing financial statements requires management to make estimates and assumptions that affect the amounts that are reported in the financial statements and accompanying disclosures. Although these estimates are based on management s best knowledge of current events and actions that Accenture may undertake in the future, actual results may be different from the estimates. The results of operations for the nine-month period ended May 31, 2001 are not necessarily indicative of the results to be expected for any future period or the full fiscal year.

2. ACCOUNTING CHANGE

Effective September 1, 2000, Accenture adopted SFAS 133, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the Consolidated Balance Sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in Partnership income before partner distributions. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in Accumulated other comprehensive income (loss) and are recognized in the Combined Income Statement Before Partner Distributions when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in Partnership Income Before Partner Distributions. The adoption of SFAS 133 resulted in an increase to Partnership Income Before Partner Distributions of $187,974. For the nine months ended May 31, 2001, Gain on investments, net includes $130,831 of unrealized investment losses recognized in accordance with SFAS 133.

As a strategic investment, Accenture acquires warrants to purchase securities of other companies. Warrants that can be net share settled are deemed derivative financial instruments and are not designated as hedging instruments. Accenture uses derivative instruments to manage exposures to foreign currency, securities price and interest rate risks. Accenture s objectives for holding derivatives are to minimize the risks using the most effective methods to eliminate or reduce the impacts of these exposures. During the nine months ended May 31, 2001, Accenture has not designated any of its derivatives as hedges as defined by SFAS 133.

3. COMPREHENSIVE INCOME (LOSS)

The components of Accumulated other comprehensive income (loss) at August 31, 2000 and May 31, 2001 are:

	August 31, 2000	May 31, 2001
Foreign currency translation adjustments	$ (75,101)	$(82,225)
Unrealized gains on securities:		
Unrealized holding gains	1,287,344	569,613
Less: reclassification adjustment for gains realized in Partnership Income Before Partner Distributions	(595,178)	(564,793)
Net unrealized gains	692,166	4,820
Accumulated other comprehensive income (loss)	$ 617,065	$(77,405)

4. INVESTMENTS

During the nine months ended May 31, 2001, Accenture recorded other than temporary impairment writedowns of $81,530 of which $18,998 was reclassified from Other comprehensive income to Gain on investments, net and $62,532 was directly expensed to Gain on investments, net.

5. BORROWINGS AND INDEBTEDNESS

On May 31, 2001, Accenture prepaid the $18,060 collateral trust note payable with annual installments through 2007 and secured by real property. Also on May 31, 2001, Accenture was released, at no cost to Accenture, as co-obligor on the $75,000 joint debt represented by unsecured notes payable through 2002.

6. INCOME TAXES

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

The components of the provision for income taxes reflected on the Combined Income Statement Before Partner Distributions include the following:

	Nine months ended May 31, 2001
Current taxes:	
U.S. federal	$
State and local	11,410
Foreign	248,285
Total current tax expense	259,695

ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands of U.S. dollars)
(Unaudited)

A reconciliation of the U.S. federal statutory income tax rate to Accenture s effective income tax rate is set forth below:

	Nine months ended May 31, 2001
U.S. federal statutory income tax rate	35.0%
U.S. state and local taxes, net	0.4
Rate benefit for partnership period (1)	(23.5)
Revaluation of deferred tax liabilities (2)	6.5
Costs of transition to a corporate structure	6.9
Effective income tax rate	25.3%

(1) The rate benefit for the partnership period relates to Accenture s earnings prior to its transition to a corporate structure, since these earnings generally were not subject to corporate income taxes.

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

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such differences are expected to reverse. Significant components of Accenture s deferred tax assets and liabilities at May 31, 2001 are as follows:

Deferred Tax Assets:	
Pensions	$128,038
Revenue recognition	55,727
Compensation & benefits	40,614
Tax credit carryforwards	14,262
Net operating loss carryforwards	12,214
Other	1,700
	252,555
Valuation allowance (1)	(15,971)
Total Deferred Tax Assets	236,584
Deferred Tax Liabilities:	
U.S. cash method	282,741
Investments	55,209
Depreciation & amortization	26,107
Other	10,256
Total Deferred Tax Liabilities	374,313
Net Deferred Tax Liabilities	$137,729

(1) Relates to the ability to recognize tax benefits associated with net operating loss carryforwards and foreign tax credit carryforwards of certain non-U.S. operations.

ACCENTURE LTD

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands of U.S. dollars)
(Unaudited)

Accenture has net operating loss carryforwards at May 31, 2001 of $37,067 that expire at various dates through 2011. Accenture has tax credit carryforwards at May 31, 2001 of $14,262. Of this amount, $3,757 expires at various dates through 2011 and $10,505 has an indefinite carryforward period.

7. PARTNERS CAPITAL

In connection with the transition to a corporate structure, Accenture returned partners paid-in capital of $534,792. In addition, undistributed earnings as of May 31, 2001 are expected to be paid to the partners in one or more installments on or prior to December 31, 2001. At May 31, 2001, $1,317,340 of undistributed earnings was included in Due to related parties on the consolidated balance sheet.

At May 31, 2001, Accenture established liabilities of $63,537 and $306,247 for the basic and early-retirement benefit plans, respectively, for retired partners. Benefits under these plans for active partners were eliminated in connection with the transition to a corporate structure. In addition, Accenture established a vacation liability of $71,040 for partners. The basic and early-retirement benefit liabilities and the partner vacation liability were recorded as reductions of partners capital as payments related to these obligations were previously recorded as distributions of partners income.

Effective September 1, 2000, 1,286 employees were admitted as partners of Accenture, which approximately doubled the number of partners. This increased number of partner admissions was designed to incentivize Accenture s professionals at an earlier stage in their careers. As a result, the financial statements for the nine months ended May 31, 2001 do not reflect compensation expense for these 1,286 additional partners, as compared to the nine months ended May 31, 2000.

8. SHAREHOLDERS EQUITY

Accenture Ltd Authorized Equity

Accenture Ltd has authorized 20 billion Class A common shares, par value of $0.0000225 per share, 1 billion Class X common shares, par value of $0.0000225 per share, and 2 billion preferred shares, par value of $0.0000225 per share.

Class A Common Shares

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

Class X Common Shares

Holders of Accenture Ltd s Class X common shares are entitled to one vote per share held of record on all matters submitted to a vote of shareholders at which they are present in person or by proxy. Class X common shares are not entitled to dividends and are not entitled to be paid any amount upon a winding up of Accenture Ltd. Most of Accenture s partners receiving Accenture SCA Class I common shares or Accenture Canada Holdings exchangeable shares in connection with the transition to a corporate structure received a corresponding number of Accenture Ltd Class X common shares. Accenture Ltd may, at its option, redeem any Class X common share for a redemption price equal to the par value of the Class X common share, 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.

Preferred Shares

The board of directors of Accenture Ltd has the authority to issue preferred shares in one or more series and to fix the rights, preferences, privileges and restrictions attaching to those shares, including dividend rights, conversion rights, voting rights, redemption terms and prices, liquidation preferences and the numbers of shares constituting any series and the designation of any series, without further vote or action by the shareholders. Any series of preferred shares could, as determined by the board of directors at the time of issuance, rank senior to the common shares with respect to dividends, voting rights, redemption and liquidation rights. These preferred shares are of the type commonly known as blank-check preferred stock. At present, Accenture Ltd has no plans to issue any preferred shares.

Voting Agreement

Persons and Shares Covered

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

The Accenture Ltd shares covered by the voting agreement generally include (1) any Accenture Ltd Class X common shares that are held by a partner, (2) any Accenture Ltd Class A common shares beneficially owned by a partner at the time in question and also as of or prior to the offering and (3) any Accenture Ltd Class A common shares if they are received from us while an employee, a partner or in connection with becoming a partner or otherwise acquired if the acquisition is required by us. The shares covered by the voting agreement are referred to as

covered shares. Accenture Ltd Class A common shares purchased by a covered person in the open market or, subject to certain limitations, in a subsequent underwritten public offering, will not generally be subject to the voting agreement. When a covered person ceases to be an employee of Accenture, the shares held by that covered person will no longer be subject to the voting provisions of the voting agreement described below.

Transfer Restrictions

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

except as described below, maintain beneficial ownership of his or her covered shares received on or prior to the date of the offering for a period of eight years thereafter; and

maintain beneficial ownership of at least 25% of his or her covered shares received on or prior to the date of the offering as long as he or she is an employee of Accenture.

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

Class X common shares of Accenture Ltd may not be transferred at any time, except upon the death of a holder of Class X common shares or with the consent of Accenture Ltd.

Accenture Canada Holdings exchangeable shares held by covered persons are also subject to the transfer restrictions in the voting agreement.

Voting

Under the voting agreement, prior to any vote of the shareholders of Accenture Ltd, a separate, preliminary vote of the covered shares owned by covered persons who are employees of Accenture will be taken on each matter upon which a vote of the shareholders is proposed to be taken. Subsequently, all of these covered shares will be voted in the vote of the shareholders of Accenture Ltd in accordance with the majority of the votes cast in the preliminary vote.

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

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

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NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands of U.S. dollars)
(Unaudited)

Term and Amendment

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

Waivers and Adjustments

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

9. MINORITY INTEREST

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

Accenture SCA Class I Common Shares

Partners in Australia, Denmark, France, Italy, Norway, Spain, Sweden and the United States received Accenture SCA Class I common shares and Accenture Ltd Class X common shares. Each Class I common share of Accenture SCA entitles its holder to one vote on all matters submitted to a vote of shareholders of Accenture SCA. Subject to contractual transfer restrictions, Accenture SCA is obligated, at the option of the holder, to redeem any outstanding Accenture SCA Class I common share at a redemption price per share generally equal to the market price of an Accenture Ltd Class A common share at the time of the redemption. Accenture SCA may, at its option, pay this redemption price with cash or by delivering Accenture Ltd Class A common shares on a one-for-one basis. This one-for-one redemption price and exchange ratio will be adjusted if Accenture Ltd holds more than a de minimis amount of assets (other than its interest in Accenture SCA and assets it holds only transiently prior to contributing them to Accenture SCA) or incurs more than a de minimis amount of liabilities (other than liabilities for which Accenture SCA has a corresponding liability to Accenture Ltd). Accenture Ltd does not intend to hold any material assets other than its interest in Accenture SCA or to incur any material liabilities such that this one-for-one exchange ratio would require an adjustment.

Accenture SCA Transfer Rights Agreement

Persons and Shares Covered

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

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

Transfer Restrictions

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

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

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

In addition, at any time after the third anniversary of the date of the consummation of the transition to a corporate structure, covered persons holding Accenture SCA Class I common shares may, without restriction, require Accenture SCA to redeem any Accenture SCA Class I common share held by such holder for a redemption price per share generally equal to the lower of the market price of an Accenture Ltd Class A

common share and $1. Accenture SCA may, at its option, pay this redemption price in cash or by delivering Accenture Ltd Class A common shares.

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

Term and Amendment

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

Waivers and Adjustments

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

Accenture Canada Holdings exchangeable shares

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

10. eUNIT BONUS PLAN

Effective September 1, 2000, Accenture implemented a deferred bonus plan (the &">150,000

23,206

Total

2,453,832

5,499,900

4,524,694

4,674,694

9,141,038

EXECUTIVE COMPENSATION TABLES

Below is a description of the assumptions that were used in creating the tables above.

Base Salary and Annual Performance-Based Incentive Paid in Cash

The amounts of these elements of compensation are governed by the employment agreements. See “Executive Employment Agreements” above. At December 31, 2016, each of the employment agreements had a term expiring

December 31, 2017. In addition, the meaning of “change of control” as used in the tables is set forth in the employment agreements.

Long-Term Incentives: TSR Performance Units, Stock Options and Restricted Stock

The amounts pertaining to the TSR performance units, stock options, and restricted stock are governed by the terms of their respective awards. See the discussion following the table “Grants of Plan-Based Awards” above. With respect to unvested TSR performance units, restricted stock, and stock options, the tables assume that accelerated vesting for voluntary termination at retirement occurs in the discretion of the Compensation Committee at age 60 with ten years of service or at age 55 with 20 years of service.

As discussed previously, TSR performance units vest 100% upon a change of control and are paid at target. For other terminations (including death, disability, certain retirements, and termination not for cause), the TSR performance units become vested pro rata, but are not paid until after the expiration of their three-year periods. For purposes of the tables above, these pro rata payments are estimated based upon calculations that assume the performance period of each TSR performance unit ended December 31, 2016. Regarding the TSR performance units

for the 2014-2016 performance period, the amounts reported in the columns represent the awards actually payable at the end of the three-year performance period and do not represent any adjustments due to termination of employment.

For stock option amounts, the tables provide values for options which would become vested upon a termination event. The values are based upon the difference between the closing market price of SCI stock of $28.40 per share on December 31, 2016, and the actual exercise prices of the options. The amounts of unvested options and their exercise prices are set forth in the table “Outstanding Equity Awards at Fiscal Year-End 2016” herein above.

For restricted stock amounts, the tables provide values for restricted stock which would become vested upon termination events shown in the tables. The values are calculated by multiplying the unvested amounts of restricted stock by $28.40, the closing market price of SCI stock on December 31, 2016. The amounts of unvested restricted stock are set forth in the table “Outstanding Equity Awards at Fiscal Year-End 2016” herein above.

Other Benefits

The tables assume accelerated vesting of the unvested amounts pertaining to each executive’s interest in the Executive Deferred Compensation Plan. For a discussion of vesting, see the discussion following the table “Nonqualified Deferred Compensation in 2016” above.

Under the columns “Involuntary Not for Cause Termination” and “Change of Control: Involuntary or Good Reason Termination”, the tables include the Company’s estimates of the value of post-retirement health

benefits. These values are $33,083 annually for each of the executives, except that the values are $23,206 annually for Mr. Waltrip, and $27,730 for Mr. Webb.

The tables include life insurance proceeds under the “Death” column as follows: $7,000,000 for Mr. Ryan, $4,600,000 for Mr. Webb, $2,750,000 for Mr. Tanzberger, $2,362,500 for Mr. Waring, and $150,000 for Mr. Waltrip.

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CERTAIN TRANSACTIONS

In February 2007, the Company adopted a written policy regarding “related person transactions”, which are required to be disclosed under SEC rules. Generally, these are transactions that involve (i) the Company, (ii) a Director, officer, or 5% shareholder, or their family member or affiliates, and (iii) an amount over $120,000. Under the policy, our General Counsel will review any related person transaction with our Nominating and Corporate Governance Committee or its Chairman. Then, the committee or the Chairman will make a determination whether the transaction is consistent with the best interests of the Company and our shareholders. In February 2017, the Nominating and Corporate Governance Committee, reviewed and approved the following reported transactions:

For 2016, SCI paid $221,692 in compensation to Ms. Katherine Buckwalter and her husband, Mr. Bryan Bentley, in their capacities as employees of the Company. Ms. Buckwalter is the daughter of Mr. Alan R. Buckwalter, a Director of the Company. In February 2016, Ms. Buckwalter resigned her position with the Company to pursue career opportunities in banking.

The family of Mr. Sumner J. Waring, III, Senior Vice President Operations, has had a relationship with SCI since 1996, when the family sold its business to SCI. In 2016, the Company leased office space through April 2017 from a company owned by Mr. Waring’s mother and paid rent in the amount of $12,684 in 2016. In February 2017, the Company authorized a twelve-month extension of the lease through April 2018. In addition, Mr. Waring’s mother owns a company that leases funeral homes to the Company under a lease expiring in 2017 for which the Company paid rent of $200,000 in 2016. Also in February 2016, the Company authorized a five-year renewal of the lease.

Voting Securities and Principal Holders

The table below sets forth information with respect to any person who is known to the Company as of March 13, 2017 to be the beneficial owner of more than five percent of the Company's Common Stock.

Name and Address of Beneficial Owner	Amount Beneficially Owned	Percent of Class
FMR LLC and Abigail P. Johnson 245 Summer Street Boston, Massachusetts 02210	17,730,635(1)	9.3 %
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	15,896,799(2)	8.3 %
The Vanguard Group 100 Vanguard Blvd Malvern, PA 19355	14,292,576(3)	7.5 %
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	10,007,984(4)	5.2 %

(1) Based on a filing made by the named company on February 14, 2017, which reported sole voting power for 5,679,683 shares, shared voting power for no shares, sole investment power for 17,730,635 shares, and shared investment power for no shares.
(2) Based on a filing made by the named company on January 27, 2017, which reported sole voting power for 15,182,672 shares, shared voting power for no shares, sole investment power for 15,896,799 shares, and shared investment power for no shares.
(3) Based on a filing made by the named company on February 13, 2017, which reported sole voting power for 110,288 shares, shared voting power for 22,987 shares, sole investment power for 14,168,801 shares, and shared investment power for 123,775 shares.
(4) Based on a filing made by the named company on February 7, 2017, which reported sole voting power for 2,236,689 shares, shared voting power for no shares, sole investment power for 10,007,984 shares, and shared investment power for no shares.

The table below sets forth, as of March 13, 2017, the amount of the Company's Common Stock beneficially owned by each Named Executive Officer, each Director and nominee for Director, and all Directors and executive

officers as a group, based upon information obtained from such persons. Securities reported as beneficially owned include those for which the persons listed have sole voting and investment power, unless otherwise noted.

Name of Individual or Group	Shares Owned	Right to Acquire Ownership Under Options Exercisable Within 60 Days	Total	Percent of Class
Thomas L. Ryan	1,595,309	2,352,333	3,947,642	2.0 %
Michael R. Webb	723,853	1,182,666	1,906,519	1.0 %
Eric D. Tanzberger	201,354	405,966	607,320	*
Sumner J. Waring, III	333,994	273,965	607,959	*
R. L. Waltrip	1,745,059(1)	—	1,745,059	*
Alan R. Buckwalter	109,343	—	109,343	*
Anthony L. Coelho	77,517	—	77,517	*
Victor L. Lund	203,751	—	203,751	*

John W. Mecom, Jr.	116,000	—	116,000	*	
Clifton H. Morris, Jr.	198,782 (2)	—	198,782	*	
Ellen Ochoa	20,477	—	20,477	*	
W. Blair Waltrip	1,628,828 (3)	—	1,628,828	*	
Marcus A. Watts	66,600	—	66,600	*	
Edward E. Williams	164,932	—	164,932	*	
Executive Officers and Directors as a Group (17 persons)	7,007,490	4,947,262	11,954,752	6.2	%

* Less than one percent

(1) Includes 468,384 shares held in trusts under which Mr. R. L. Waltrip's three children, as trustees, share voting and investment powers; Mr. R.L. Waltrip disclaims beneficial ownership of such shares. These shares are also included in the shares owned by Mr. W. Blair Waltrip. See footnote (4). Also includes 460,133 shares held by trusts of which Mr. R. L. Waltrip is the trustee having sole voting and investment powers.

(2) Includes 4,034 shares owned by Mr. Morris' wife. Mr. Morris disclaims beneficial ownership of such shares.

(3) Includes 468,384 shares held in trusts under which Mr. W. Blair Waltrip, his brother, and his sister are trustees and have shared voting and investment power and for which Mr. W. Blair Waltrip disclaims 2/3 beneficial ownership. Also includes 85,431 shares held by other family members or trusts, of which shares Mr. W. Blair Waltrip disclaims beneficial ownership. Of the shares attributable to the trusts, 468,384 shares are also included in the shares owned by Mr. R. L. Waltrip. See footnote (1). Also includes 59,400 shares held by a charitable foundation of which Mr. W. Blair Waltrip is President.

PROPOSAL ON FREQUENCY OF "SAY-ON-PAY"
PROPOSAL 4

Pursuant to SEC rules, we are including this proposal to enable our shareholders to indicate how frequently we should seek an advisory vote on the compensation of our Named Executive Officers. By voting on this proposal, shareholders may indicate whether they would prefer an advisory vote on Named Executive Officers compensation once every one, two, or three years, or they may abstain from voting.

The proxy card provides shareholders with the opportunity to choose among four options (holding the vote every one, two, or three years, or abstaining). The optimal frequency of vote will be based on a judgment about the relative benefits of each of the options. There have been diverging views expressed on this question and the Board believes there is a reasonable basis for each of the options. Some shareholders may determine that the two-year or three-year option is appropriate since our compensation program is structured to support long-term performance. Some shareholders may believe an annual vote is appropriate to allow more prompt reaction to our compensation policies.

Our Board recommends that shareholders vote for the option of every “one year” as the frequency to vote on Named Executive Officer compensation. An annual advisory vote will enable shareholders to provide direct input to the Company regarding its compensation philosophy, policies, and practices as disclosed in the proxy statement each year. However, since each option is reasonable, our Board intends to adopt the option that receives the most votes of our shareholders.

The Board of Directors recommends a vote of "EVERY ONE YEAR" on this proposal.

PROPOSAL 5: APPROVAL OF THE AMENDED AND RESTATED 2016 EQUITY INCENTIVE PLAN

APPROVAL OF THE AMENDED AND RESTATED 2016 EQUITY INCENTIVE PLAN
PROPOSAL 5

The Board of Directors of the Company has adopted amendments to the 2016 Equity Incentive Plan, to be effective August 1, 2017 and, subject to approval by shareholders, amended and restated the 2016 Equity Incentive Plan (as amended, the "2016 Plan"), to:

(1) explicitly allow non-employee directors to be eligible participants thereunder,
add provisions giving non-employee directors the right to receive shares of common stock under the 2016 Plan and
(2) to set a maximum limit of $300,000 on the value of the annual equity retainer award that may be issued to each non-employee director, and,
increase the shares available for issuance under the 2016 Plan by approximately 410,000 shares (representing the
(3) deferred shares plus the net remaining shares available under the Service Corporation International Amended and Restated Director Fee Plan).

In May 2011, the Company adopted the Service Corporation International Amended and Restated Director Fee Plan (the "Director Plan") under which equity based compensation awards are made to the non-employee members of the Company's Board of Directors. On February 8, 2017, the Company decided to combine the Director Plan with and into the Plan, and as a result of this consolidation, to amend and restate the 2016 Plan. As a result of the amendment and restatement of the 2016 Plan, the Company intends to transfer its obligations under the Director Plan to the 2016 Plan. As of August 1, 2017, the Company is obligated to deliver an estimated 345,000 director deferred shares under the Director Plan. Approximately 65,000 shares will be assumed by the 2016 Plan to satisfy future director equity awards under the 2016 Plan. The Company believes that granting equity awards to non-employee directors under the 2016 Plan will simplify the Company's administrative obligations by allowing grants of equity awards to both non-employee directors and employees to be administered through one plan.

The Board of Directors is also asking the shareholders to re-approve the 2016 Plan for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), in order to permit certain awards that may be granted in the future under the 2016 Plan to qualify as performance based compensation that is exempt from the $1 million deduction limit under Section 162(m) of the Code.

Approval of this proposal is subject to the approval of a majority of the holders of shares of the Company's common stock present in person or represented by proxy and entitled to vote at the Annual Meeting. THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE PROPOSAL TO AMEND THE 2016 PLAN.

The following description of the 2016 Plan, as proposed to be amended by this proposal, is qualified in its entirety by reference to the full text of the 2016 Plan, as proposed to be amended by this proposal, which is attached to this Proxy Statement as Annex C.

Description of the 2016 Plan

Purpose

The purpose of the 2016 Plan is to provide a means whereby certain key employees of the Company and its affiliates may develop a sense of proprietorship and personal involvement in the development and financial success of the

Company, and to encourage them to remain with, and devote their best efforts to, the business of the Company, thereby advancing the interests of the Company and its shareholders. The Company believes that the possibility of participation in the 2016 Plan through (i) receipt of Stock Options, (ii) the grant of Bonus Awards, (iii) the award of Restricted Stock Awards, (iv) the grant of Restricted Stock Units, (v) the grant of Stock Equivalent Units, (vi) the grant of Performance Grants, and (vii) the receipt of SARs (we collectively refer to Stock Options, Bonus Awards, Restricted Stock Awards, Restricted Stock Units, Stock Equivalent Units, Performance Grants and SARs as "Awards"), will provide key employees an incentive to perform more effectively and will assist the Company in obtaining and retaining people of outstanding training and ability. In addition, effective August 1, 2017, non-employee directors of the Company will be eligible to receive certain Awards under the 2016 Plan.

Term

The 2016 Plan became effective on May 11, 2016. No further awards may be granted under the 2016 Plan after May 11, 2026, which is ten (10) years after the 2016 Plan's effective date, and the 2016 Plan will terminate thereafter once all awards have been satisfied, exercised or expire.

Administration

PROPOSAL 5: APPROVAL OF THE AMENDED AND RESTATED 2016 EQUITY INCENTIVE PLAN

The 2016 Plan is administered by the Compensation Committee of the Board of Directors (the "Committee"). The Committee is comprised solely of at least two members who are both Disinterested Persons and Outside Directors (each as defined in the 2016 Plan). Except pursuant to provisions pertaining solely to Director Awards (which shall be administered by the full Board of Directors), no member of the Committee is eligible to participate in the 2016 Plan. All questions of interpretation and application of the 2016 Plan and Awards shall be determined by the Committee.

The Committee has full authority, subject to the terms of the 2016 Plan, to establish rules and regulations for the proper administration of the 2016 Plan, to select the employees to whom awards are granted, and to set the date of grant, the type of award that shall be made and the other terms of the awards. When granting awards, the Committee will consider such factors as an individual's duties and present and potential contributions to our success and such other factors as the Committee may in its discretion deem relevant.

Participation

Participation in the 2016 Plan is limited to key employees ("Employees") selected by the Committee, and commencing on August 1, 2017, non-employee members of the board of directors of the Company ("Directors"). The Company estimates approximately 100 Employees and nine (9) Directors are eligible to participate in the 2016 Plan. To the extent provisions summarized in this Description of the 2016 Plan solely refer to Employees, such provisions should be read for purposes of Awards granted to Directors, as also referring to Directors.

Shares of Stock Available For Awards

As of March 13, 2017, under the 2016 Plan, an aggregate of 2,990,742 shares of Common Stock (i) have been issued under or in payment of Awards or (ii) are available for issuance under or in payment of Awards that have been made, leaving 10,009,258 shares of Common Stock currently available for use by the Company in making Awards. The shares may be treasury shares or authorized but unissued shares of the Company. On March 13, 2017, the closing price of the Common Stock on the New York Stock Exchange was $30.84 per share.

In connection with the granting of a Stock Option or SAR, the number of shares of Common Stock available for issuance under the 2016 Plan shall be reduced by the number of shares of Common Stock in respect of which the Stock Option or SAR is granted or denominated. In connection with the granting of an Award that is not a Stock Option or SAR, the number of shares of Common Stock available for issuance under the 2016 Plan shall be reduced by a number of shares of Common Stock equal to

the product of (i) the number of shares of Common Stock in respect of which the Award is granted and (ii) 1.5. However, Awards that by their terms do not permit settlement in shares of Common Stock shall not reduce the number of shares of Common Stock available for issuance under the 2016 Plan.

Any shares of Common Stock that are tendered by a Participant or withheld as full or partial payment of withholding or other taxes or as payment for the exercise or conversion price of an Award under the 2016 Plan shall not be added back to the number of shares of Common Stock available for issuance under the 2016 Plan.

Whenever any outstanding Stock Option or other Award (or portion thereof) expires, is cancelled or forfeited or is otherwise terminated for any reason without having been exercised or payment having been made in the form of shares of Common Stock, the number of shares of Common Stock available for issuance under the 2016 Plan shall be increased by the number of shares of Common Stock allocable under the 2016 Plan to the expired, forfeited, cancelled or otherwise terminated Stock Option or other Award (or portion thereof). To the extent that any Award is forfeited, or

any Stock Option or SAR terminates, expires or lapses without being exercised, the shares of Common Stock allocable under the 2016 Plan to such Awards will not be counted as shares delivered under the 2016 Plan. Any calculation of the number of shares which become available for issuance under the 2016 Plan based on the forgoing sentences shall reflect the share adjustment described above.

Shares of Common Stock delivered under the 2016 Plan in settlement of an Award issued or made (i) upon the assumption, substitution, conversion or replacement of outstanding awards under a plan or arrangement of an acquired entity or (ii) as a post-transaction grant under such a plan or arrangement of an acquired entity shall not reduce or be counted against the maximum number of shares of Common Stock available for delivery under the 2016 Plan, to the extent that an exemption from the stockholder approval requirements for equity compensation plans applies under the rules or listing standards of the principal national securities exchange on which the Common Stock is listed.

Awards valued by reference to Common Stock that may be settled in equivalent cash value will count as shares of Common Stock delivered to the same extent as if the Award were settled in shares of Common Stock.

The maximum number of shares of Common Stock that may be subject to Stock Options, Restricted Stock Awards, Stock Equivalent Unit awards, SARs, and Performance Grants denominated in shares of Common Stock granted to any one individual during any calendar year may not exceed 2,000,000 shares of Common Stock.

PROPOSAL 5: APPROVAL OF THE AMENDED AND RESTATED 2016 EQUITY INCENTIVE PLAN

The 2016 Plan provides that the number of shares subject thereto and shares covered by Awards outstanding shall be equitably adjusted in the event of stock dividends, stock splits, or other capital adjustments before delivery by the Company of all shares subject to the 2016 Plan.

The Committee shall have the authority to adjust the performance goals (either up or down) and the level of the Performance Grant that a participant may earn under the 2016 Plan, to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, and (v) items of an unusual nature or of infrequency of occurrence or non-recurring items which we reported in the Company's income statement in the Company's annual report to shareholders for the applicable year.

Compensation Deduction Limitation

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), generally limits to $1,000,000 per year per employee the tax deduction available to public companies for certain compensation paid to designated executives ("covered employees"). These covered employees include the Chief Executive Officer and the next three highest compensated officers of the Company.

Section 162(m)(4)(C) of the Code provides an exception from this deduction limitation for certain "performance-based compensation" if specified requirements are satisfied, including: (i) the establishment by a compensation committee comprised of outside directors of performance goals which must be met for the additional compensation to be earned, (ii) the approval of the material terms of the performance goals by the shareholders after adequate disclosure, and (iii) the certification by the compensation committee that the performance goals have been met. The 2016 Plan is designed to satisfy these statutory requirements for Incentive Options and Nonqualified Options, Bonus Awards and Performance Grants. Therefore, if the 2016 Plan is approved by shareholders, the Company anticipates being entitled to deduct an amount equal to the ordinary income reportable by each optionee on exercise of a Nonqualified Option, the early disposition of shares of stock acquired by exercise of an Incentive Option, and the payment of Bonus Awards or Performance Grants in Common Stock or in cash.

Stock Options

The Committee may designate a Stock Option as an Incentive Option or as a Nonqualified Option. The terms of each Stock Option shall be set out in a written Award Agreement which incorporates the terms of the 2016 Plan.

A Stock Option's grant price may not be less than the greater of (i) 100% of the Fair Market Value of the Common Stock on the date of grant or (ii) the per share value of the Common Stock on the date of the grant and may not be exercisable after 10 years from the date of grant. Except for adjustments for certain changes in our common stock, the Committee may not, without the approval of our stockholders, amend any outstanding Option award agreement that evidences an Option grant to lower the Option exercise price or to cancel, exchange, substitute, buyout or surrender outstanding Options in exchange for cash, other awards or Options with an exercise price that is less than the exercise price of the original Options.

If an Incentive Option is granted to an employee who then owns, directly or by attribution under the Code, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or a subsidiary,

then the term of the option will not exceed five years, and the option price will be at least 110% of the fair market value of the shares on the date that the option is granted.

Stock Options may be exercisable by written notice of exercise and payment of the grant price in cash, or in previously owned shares of Common Stock or an attestation to ownership thereof valued at Fair Market Value on the date of exercise, or in any other form of payment acceptable to the Committee. Special rules apply which limit the time of exercise of an Incentive Option following an Employee's termination of employment. The Committee may impose restrictions on the exercise of any Stock Option. In the event of a "Change of Control" (as defined in the 2016 Plan), all Stock Options or SARs shall remain exercisable until the expiration of the remaining term of such Stock Option or SAR.

Subject to the limitations described above under the section "Shares Available for Awards," the number of shares for which an Option is granted to an employee or director will be determined by the Committee.

The status of each Option granted to an employee as either an Incentive Option or a Nonqualified Option will be designated by the Committee at the time of grant. If, however, the aggregate fair market value (determined as of the date of grant) of shares with respect to which Incentive Options become exercisable for the first time by an employee exceeds $100,000 in any calendar year, the options with respect to the excess shares will be Nonqualified Options.

The Option price upon exercise may, at the discretion of the Committee, be paid by an employee in cash, other shares of common stock owned by the employee or by a combination of cash and common stock. Additionally,

Stock Appreciation Rights, as described further below under the section "Stock Appreciation Rights," may be granted to employees in conjunction with Options granted under the 2016 Plan. The 2016 Plan also allows the Committee, in its discretion, to establish procedures pursuant to which an employee may affect a cashless exercise of an Option. All Options will be evidenced by a written agreement containing provisions consistent with the 2016 Plan. The agreements will include details about the effect of termination of employment on the exercisability of the Option, any vesting or performance periods applicable to the Option and such other provisions as the Committee deems appropriate. The Committee generally has the discretion to amend outstanding Option award agreements.

An Incentive Option is not transferable other than by will or the laws of descent and distribution, and may be exercised during the employee's lifetime only by the employee or his or her guardian or legal representative. A Nonqualified Option is not transferable other than by will or the laws of descent and distribution, pursuant to a qualified domestic relations order or with the consent of Committee.

Bonus Awards

The Committee may designate certain Employees who become eligible to earn a Bonus Award if certain pre-established performance goals are satisfied. In determining which Employees shall be eligible for a Bonus Award, the Committee will consider the nature of the Employee's duties, past and potential contributions to the success of the Company and its affiliates, and such other factors as the Committee deems relevant in connection with accomplishing the purposes of the 2016 Plan.

The Committee shall determine the terms of a Bonus Award, if any, for each measurement period selected by the Committee, which shall not be greater than one year. The performance goals determined by the Committee may include, but are not limited to, increases in the following measures of performance: net profits, operating income, stock price, earnings per share, sales and/or return on equity. Before any Bonus Award may be paid, the Committee must certify in writing that the performance goal has been satisfied. The maximum amount of any Bonus Award payable to any one Employee in a single measurement period shall not exceed $15,000,000; and the maximum amount of any Bonus Awards payable to any one Employee in any calendar year shall not exceed $15,000,000. The Committee retains the discretion to make downward adjustments to Bonus Awards otherwise payable if the performance goal is attained.

The Committee intends to establish performance goals in accordance with Section 162(m) of the Code to enable the

Company to deduct in full the total payment of any Bonus Award as "performance-based compensation."

Performance Grants

The Committee may designate certain Employees to become eligible to receive a Performance Grant if certain pre-established performance goals are satisfied. In determining which Employees shall be eligible for a Performance Grant, the Committee will consider the nature of the Employee's duties, past and potential contributions to the success of the Company and its affiliates, and such other factors as the Committee deems relevant in connection with accomplishing the purposes of the 2016 Plan.

The Committee shall determine the terms of a Performance Grant, if any, for each performance cycle. The performance goals determined by the Committee are limited to the following: (i) revenue and income measures (which include revenue, return or revenue growth, gross margin, income from operations, net income, net sales, earnings per share, earnings before interest, taxes, depreciation and amortization ("EBIDTA"), achievement of profit,

economic value added ("EVA"), and price per share of Common Stock); (ii) expense measures (which include costs of goods sold, selling, loss or expense ratio, general and administrative expenses and overhead costs); (iii) operating measures (which include productivity, operating income, operating earnings, cash flow, funds from operations, cash from operations, after-tax operating income, market share, expenses, margins, operating efficiency); cash flow measures (which include net cash flow from operating activities and net cash flow before financing activities) and sales measures (which include customer satisfaction, sales of services, sales production, sales of funeral or cemetery merchandise or services in advance of need or at the time of need); (iv) liquidity measures (which include earnings before or after the effect of certain items such as interest, taxes, depreciation and amortization, and free cash flow); (v) leverage measures (which include debt-to-equity ratio and net debt); (vi) market measures (which include market share, stock price, growth measure, total stockholder return and market capitalization measures); (vii) return measures (which include book value, return on capital, return on net assets, return on stockholders' equity; return on assets; stockholder returns, and which may be risk-adjusted); (viii) corporate value and sustainability measures which may be objectively determined (which include compliance, safety, environmental and personnel matters); and (ix) other measures such as those relating to acquisitions or dispositions (which include proceeds from dispositions), any of which may be adjusted or measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. Before any Performance Grant may be paid, the Committee must certify in writing that the performance goal has been

satisfied. The maximum amount of any Performance Grant payable to any Employee during a performance cycle may not exceed $15,000,000. The Committee retains the discretion to make downward adjustments to Performance Grants otherwise payable if the performance goal is attained.

The Committee intends to establish performance goals in accordance with Section 162(m) of the Code to enable the Company to deduct in full the total payment of any Performance Grant as “performance-based compensation.”

Restricted Stock Awards

The Committee may grant Restricted Stock Awards to certain Employees of the Company. In determining which Employees shall be eligible for a Restricted Stock Award, the Committee will consider the nature of the Employee’s duties, past and potential contributions to the success of the Company and its affiliates, and such other factors as the Committee deems relevant in connection with accomplishing the purposes of the 2016 Plan.

The Committee shall determine the conditions and restrictions of a Restricted Stock Award, including forfeiture restrictions, forfeiture restriction periods, and performance criteria, if any, with respect to the Restricted Stock Award.

Restricted Stock Units

The Committee may grant Restricted Stock Units to certain Employees of the Company. In determining which Employees shall be eligible for an award of Restricted Stock Units, the Committee will consider the nature of the Employee’s duties, past and potential contributions to the success of the Company and its affiliates, and such other factors as the Committee deems relevant in connection with accomplishing the purposes of the 2016 Plan.

The Committee shall determine the conditions and restrictions of an award of Restricted Stock Units, including the number of units, the terms of redemption, and the performance criteria, if any.

Stock Equivalent Units

The Committee may grant Stock Equivalent Units to certain Employees of the Company. In determining which Employees shall be eligible for an award of Stock Equivalent Units, the Committee will consider the nature of the Employee’s duties, past and potential contributions to the success of the Company and its affiliates, and such other factors as the Committee deems relevant in connection with accomplishing the purposes of the 2016 Plan.

The Committee shall determine the conditions and restrictions of an award of Stock Equivalent Units, including the number of units, the terms of redemption, and the performance criteria, if any.

SARs

A Stock Appreciation Right or SAR award will entitle an employee to receive, upon the exercise of the Stock Appreciation Right, shares of common stock (valued based on the fair market value at the time of exercise), cash or a combination thereof, in the Committee’s discretion, in an amount equal to the excess of the fair market value of the common stock subject to the Stock Appreciation Right as of the date of the exercise over the purchase price of the Stock Appreciation Right. If granted in tandem with an Option, the exercise of a Stock Appreciation Right will result in the surrender of the related Option, and unless otherwise provided by the Committee, the exercise of an Option will result in the surrender of a related Stock Appreciation Right, if any. Further, if a Stock Appreciation Right is not

granted in tandem with an Option, subject to certain adjustments for recapitalizations and reorganization events, the exercise price of the Stock Appreciation Right will not be less than the fair market value of a share of common stock on the date the Stock Appreciation Right is granted.

The Committee may establish the term of a Stock Appreciation Right, but in no event may a Stock Appreciation Right be exercisable after ten years from the date of grant. If granted in tandem with an Option, a Stock Appreciation Right will expire no later than the related Option's expiration date. If neither the Stock Appreciation Right nor the related Option is exercised before the end of the day on which the right ceases to be exercisable, the right will be deemed to have been exercised as of that date, and payment will be made to the holder in cash.

Except for adjustments for certain changes in the common stock, the Committee may not, without the approval of our stockholders, amend any outstanding Stock Appreciation Right award agreement that evidences a Stock Appreciation Right grant to lower the Stock Appreciation Right exercise price or to cancel, exchange, substitute, buyout or surrender outstanding Stock Appreciation Rights in exchange for cash, other awards or Stock Appreciation Rights with an exercise price that is less than the exercise price of the original Stock Appreciation Right.

The Committee may establish other terms and conditions for Stock Appreciation Rights under the 2016 Plan, which will be set forth in an award agreement.

Limits on Transferability

Except as set forth above, the Awards granted under the 2016 Plan will not be transferable by Employees, except by

will or under the laws of descent and distribution, and will be exercisable only during the Employee's lifetime by the Employee. The Committee may grant Awards transferable, without payment of consideration, to "immediate family members" (as defined in the 2016 Plan) of the Employee.

Recapitalization, Reorganization, Change of Control and Other Adjustments

Adjustment upon a Change in Capitalization. If we effect a subdivision or consolidation of our shares of common stock or the payment of a stock dividend on its common stock without receiving any consideration, the number of shares of common stock for an un-expired award will be adjusted accordingly. If the capitalization event increases the number of outstanding shares, the number of shares of common stock for the un-expired award will be increased proportionately, and the purchase price per share will be reduced proportionately. Similarly, if the capitalization event decreases the number of outstanding shares, the number of shares of common stock for the un-expired award will be decreased proportionately, and the purchase price per share will be increased proportionately. In the event we recapitalize, reclassify our capital stock or otherwise changes its capital structure, or a recapitalization, the number and class of shares of common stock under an un-expired award will also be adjusted appropriately to account for the recapitalization.

Adjustment upon a Change of Control. The 2016 Plan provides that, if a Change of Control (as defined in the 2016 Plan) occurs, then unless otherwise provided in an individual award agreement, the following shall occur:

- If an employee is employed by the Company on the date the Change of Control occurs and his or her employment is, within the twenty-four (24) month period commencing on the effective date of such Change of Control, involuntarily terminated, then immediately prior to such termination (i) each Award granted under this Plan to the employee shall become immediately vested and fully exercisable and any restrictions applicable to the Award shall lapse, and (ii) if the Award is an Option or SAR, the Award shall remain exercisable until the expiration of the remaining term of the Award;

- If any Award is a Performance Grant, then each of the Performance Criteria shall be deemed to be satisfied at the target payment level as of the date the Change of Control occurs. If the Performance Grant requires continued service with the Company through a designated vesting date, then such Award shall be treated in the same manner as a Restricted Stock Unit award and the Performance Grant shall be paid at the target payment level on the date or dates, as applicable,

such Award becomes vested. If the Performance Grant does not require continued service with the Corporation through a designated vesting date, then such Award shall be vested and settled by the Company on the date of the Change of Control.

Other Adjustments. In the event of changes in the outstanding common stock by reason of recapitalizations, reorganizations, mergers, consolidations, combinations, split-ups, split-offs, spin-offs, exchanges or other relevant changes in capitalization or distributions to the holders of common stock occurring after an award is granted, the award (and any agreement evidencing the award) will be subject to adjustment by the Committee in its discretion, including the number and price of shares of common stock or other consideration subject to the award. In the event of such a change in the outstanding common stock or distribution to the holders of common stock, or upon other recapitalization or reorganization events as described in the 2016 Plan, the aggregate number of shares available under the 2016 Plan and the maximum number of shares that may be subject to awards granted to any one individual may be appropriately adjusted to the extent determined necessary by the Committee.

Amendment or Termination of 2016 Plan

The Board of Directors of the Company may amend, terminate or suspend the 2016 Plan at any time, in its sole and absolute discretion; provided, however, to the extent required under applicable stock exchange rules or other applicable rules or regulations, no amendment or modification shall be made to the 2016 Plan without the approval of the Company's shareholders. To the extent required to maintain the status of any Incentive Option under the Code, no amendment that would (a) change the aggregate number of shares of Common Stock which may be issued under Incentive Options, (b) change the class of Employees eligible to receive Incentive Options, or (c) decrease the grant price for Stock Options or SARS below the Fair Market Value of the Common Stock at the time it is granted, shall be made without the approval of the Company's shareholders.

Director Awards

Director Fee Payments. The Company will award shares of stock to each Director at the time of the annual shareholders meeting representing the annual director equity retainer. The number of shares representing the annual director equity retainer may be established from time to time by the Board. The annual director equity retainer shall be payable to each Director for service as a director from May 1 of any year through April 30 of the following year.

The annual director equity retainer shall be paid on the day of the annual shareholders meeting (the "Payment Date").

PROPOSAL 5: APPROVAL OF THE AMENDED AND RESTATED 2016 EQUITY INCENTIVE PLAN

The annual director equity retainer shall be paid in the form of shares of Stock unless the Director makes a timely deferral election to have such amounts paid in the form of deferred stock units ("Director Deferred Units"). Each payment of Stock or Director Deferred Units will be fully vested. Prior to December 31 of the calendar year immediately preceding the applicable May 1 - April 30 annual retainer period, each Director shall elect (the "Annual Election") to have such payment of the annual director equity retainer made in shares of Stock or Director Deferred Units. A newly elected Director shall be permitted to submit an initial deferral election with respect to his or her annual director equity retainer within thirty days of election to the Board; provided, however, that such election shall only apply to awards received after the date it is filed. Failure to elect a deferral of the annual director equity retainer by a Director in any year shall result in the annual director equity retainer being paid in shares of Stock in such year.

If a Director elects to receive payment of the annual director equity retainer in Director Deferred Units, an account or accounts (a "Director's Unit Account") will be established with the Company in the name of such director. Such Director's Unit Account will be credited with the hypothetical number of Director Deferred Units. As of each of the Company's cash dividend payment dates, each Director's Unit Account shall be credited with an amount equal to the cash dividends that would be payable on the number of shares of Stock that equals the number of Director Deferred Units in the Director's Unit Account. The number of Director Deferred Units in a Director's Unit Account shall be adjusted by the Board in its sole discretion to recognize the effect that otherwise would result from any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, merger, consolidation, spin-off, reorganization, partial or complete liquidation or any other corporate transaction or event having an effect similar to any of the foregoing. "Fair Market Value" on any date shall mean the average of the high and low sale prices of the Stock on the principal securities exchange on which the Stock is listed, or if not so listed, on the principal securities market on which the Stock is traded.

Distribution of a Director's Unit Account.

Distribution of a director's account to a Director is intended to begin after termination of service as a Director, whether through retirement or otherwise, unless a Director has indicated in such Director's Annual Election a specified date for such distribution to occur. If a Director has selected the distribution of the Director's Unit Account to begin after termination of service as a Director, distributions shall commence on June 15 following termination, unless such distribution is required to be delayed under Section 409A of the Code, in which case such distribution shall commence at the time this statutory

delay has expired. In each Annual Election, a Director shall elect the manner of distributions from the Director's Unit Account for that Annual Election, which election shall be either (a) in a single lump sum payment or (b) in approximately equal annual installments over a period of up to five (5) years. A failure to timely make such election shall result in a single lump sum payment with respect to that Annual Election.

Distributions from a Director's Unit Account will be made in whole shares of Stock based on the number of shares equal to the whole number of Director Deferred Units credited to the Director's Unit Account. No fractional shares will be distributed and any account balance remaining after a distribution of Stock will be paid in cash.

Distributions from a Director's Unit Account shall be made in accordance with the Director's Annual Elections. A Director may request that the time or manner of distribution selected in previously executed Annual Elections be changed. Any request by a Director to change the time/manner of such previously selected distribution must comply with the following: (i) such election may not take effect until at least twelve (12) months after the date on which this election is made; (ii) the distribution must be deferred for at least five (5) years from the date the distribution otherwise would have been paid; and (iii) such election may not be made less than twelve (12) months before the date

the distribution is otherwise scheduled to be paid.

Dividend Equivalent Payments. If a Director Deferred Unit is issued after August 1, 2017, the Director also shall receive a dividend equivalent right with respect to such unit. The Director shall receive payment of such dividend equivalent right at the same time as the associated Director Deferred Unit. For periods on or after August 1, 2017, dividend equivalent payments made with respect to Director Deferred Units issued pursuant to the terms of the Director Plan shall be credited as a cash dividend equivalent payment instead of a stock dividend equivalent payment. Any such cash dividend equivalent payments shall be paid to the Director on the same date as a stock dividend equivalent payment would have been paid for periods prior to August 1, 2017.

Incorporation of Director Plan Awards

Deferred Units under the Director Plan. Any deferred stock unit awards issued under the previously adopted Service Corporation International Amended and Restated Director Fee Plan (the “Director Plan”) on or before August 1, 2017 are incorporated into the 2016 Plan and classified as Director Deferred Units. The Company is obligated to issue one share of Stock under the 2016 Plan with respect to each credited Director Deferred Unit, which shares will be issued pursuant to the same terms and conditions as applied pursuant to the Director Plan and any

elections made by the Director under the Director Plan. Any deferral elections made pursuant to the Director Plan's terms will be honored for the calendar year ending 2017.

Director Plan Share Pool. The Director Plan's available pool of Stock, determined as of August 1, 2017, will be incorporated into the 2016 Plan and used solely to satisfy the Company's obligation to issue shares with respect to (i) Director Deferred Units which were credited to a Director's Unit Account on August 1, 2017 as a result of the Director Plan merging with and into the 2016 Plan, and (ii) future awards of Stock and/or Director Deferred Units to Directors. Shares of Stock delivered under the Director Plan Share Pool in settlement of an Award will not reduce or be counted against the maximum number of shares of Stock available for delivery under the 2016 Plan. Once the Director Plan share pool is depleted, any Awards or Stock issued to Directors will be made under the 2016 Plan's general reserve.

Limitations

The aggregate grant date fair value (computed as of the date of grant in accordance with applicable financial accounting rules) of the shares of Stock issued to a Director during a calendar year, as determined by the Board, shall not exceed $300,000 per calendar year.

Other Provisions

A Director shall not be deemed for any purpose to be, or have any rights as, a stockholder of the Company with respect to any Common Stock issued under the 2016 Plan until such Director shall have become the holder of record of such Common Stock.

The Board of Directors, in its sole discretion, may make adjustments in the number of Director Deferred Units in a Director's Unit Account to account for any stock dividend, stock split, or other similar capital adjustment.

Federal Tax Consequences

This general tax discussion is intended for the information of the shareholders of the Company considering how to vote with respect to this proposal and not as tax guidance to employees who receive awards under the 2016 Plan. Different tax rules may apply to specific Employees or Directors who receive awards under the 2016 Plan.

Incentive Stock Options. Incentive Options are subject to special federal income tax treatment. No federal income tax is imposed on an employee upon the grant or the exercise of an Incentive Option if the employee does not dispose of the shares acquired pursuant to the exercise within the two-year period beginning on the date the option was granted or within the one-year period beginning on the date the option was exercised, collectively, the holding

period. In such event, we would not be entitled to any deduction for federal income tax purposes in connection with the grant or exercise of the option or the disposition of the shares so acquired. With respect to an Incentive Option, the difference between the fair market value of the stock on the date of exercise and the exercise price must generally be included in the employee's alternative minimum taxable income for the year in which such exercise occurs. However, if the employee exercises an Incentive Option and disposes of the shares received in the same year and the amount realized is less than the fair market value of the shares on the date of exercise, then the amount included in alternative minimum taxable income will not exceed the amount realized over the adjusted basis of the shares.

Nonqualified Options. As a general rule, no federal income tax is imposed on the employee upon the grant of a Nonqualified Option such as those under the 2016 Plan (whether or not including a Stock Appreciation Right), and we

are not entitled to a tax deduction by reason of such grant. Generally, upon the exercise of a Nonqualified Option, the employee will be treated as receiving compensation taxable as ordinary income in the year of exercise in an amount equal to the excess of the fair market value of the shares of stock at the time of exercise over the option price paid for such shares. In the case of the exercise of a Stock Appreciation Right, if the employee receives the appreciation in the Stock Appreciation Right, the cash is compensation income taxable to the employee; if the employee receives the appreciation in the form of stock, the difference between the fair market value of the stock and any amount paid by the employee for the stock is taxable to the employee. Upon the exercise of a Nonqualified Option or a Stock Appreciation Right, and subject to the application of Section 162(m) of the Code as discussed below, we may claim a deduction for compensation paid at the same time and in the same amount as compensation income is recognized by the employee assuming any federal income tax reporting requirements are satisfied.

Upon a subsequent disposition of the shares received upon exercise of a Nonqualified Option or a Stock Appreciation Right, any difference between the fair market value of the shares at the time of exercise and the amount realized on the disposition would be treated as capital gain or loss. If the shares received upon the exercise of an option or a Stock Appreciation Right are transferred to the employee subject to certain restrictions, then the taxable income realized by the employee, unless the employee elects otherwise, and our tax deduction (assuming any federal income tax reporting requirements are satisfied) should be deferred and should be measured at the fair market value of the shares at the time the restrictions lapse. The restriction imposed on officers, directors and 10% stockholders by Section 16(b) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), is such a restriction during the period prescribed thereby if other shares have been

purchased by such an individual within six months of the exercise of a Nonqualified Option or Stock Appreciation Right.

Restricted Stock and Restricted Stock Units. An employee who receives a Restricted Stock Award or a grant of Restricted Stock Units will not realize taxable income at the time of grant, and we will not be entitled to a deduction at that time, assuming that the restrictions constitute a substantial risk of forfeiture for federal income tax purposes. When the risk of forfeiture with respect to the stock subject to the award lapses, the employee will realize ordinary income in an amount equal to the fair market value of the shares of common stock at such time over the amount, if any, paid for the shares, and subject to Section 162(m) of the Code, we will be entitled to a corresponding deduction. All dividends and distributions (or the cash equivalent thereof) with respect to a Restricted Stock Award paid to the employee before the risk of forfeiture lapses will also be compensation income to the employee when paid and, subject to Section 162(m) of the Code, deductible as such by us. Notwithstanding the foregoing, an employee who receives a Restricted Stock Award may elect under Section 83(b) of the Code to be taxed at the time of grant of the Restricted Stock Award based on the fair market value of the shares of common stock on the date of the award, in which case (1) subject to Section 162(m) of the Code, we will be entitled to a deduction at the same time and in the same amount, (2) dividends paid to the employee during the period the forfeiture restrictions apply will be taxable as dividends and will not be deductible by us and (3) there will be no further federal income tax consequences when the risk of forfeiture lapses. Such election must be made not later than thirty days after the grant of the Restricted Stock Award and is irrevocable.

Bonus Awards and Stock Equivalent Units. An employee who has been granted a Bonus Award or a Stock Equivalent Unit award generally will not realize taxable income at the time of grant, and we will not be entitled to a deduction at that time. Whether a Bonus Award or a Stock Equivalent Unit award is paid in cash or shares of common stock, the employee will have taxable compensation, and subject to the application of Section 162(m) of the Code as discussed below, we will have a corresponding deduction. The measure of such income and deduction will be the amount of any cash paid and the fair market value of any shares of common stock either at the time the performance award is paid or at the time any restrictions on the shares (including restrictions under Section 16(b) of the Exchange Act) subsequently lapse, depending on the nature, if any, of the restrictions imposed and whether the individual elects to be taxed without regard to any such restrictions. Any dividend equivalents paid with respect to a Bonus Award or a Stock Equivalent Unit award prior to the actual issuance of shares under the award will be compensation income to the employee and, subject to the application of Section 162

(m) of the Code as discussed below, deductible as such by us.

Stock Awards and Deferred Stock Units. A director who receives a Stock Award will receive taxable income at the time of grant, and we will be entitled to a deduction at that time. A director who receives a Deferred Stock Unit award will receive taxable income at the time shares are delivered to the director with respect to that award and we will be entitled to a deduction at the time such share delivery occurs.

Section 162(m) of the Code. Section 162(m) of the Code precludes a public corporation from taking a deduction for annual compensation in excess of $1 million paid to its chief executive officer or any of its three other highest paid officers. However, compensation that qualifies under Section 162(m) of the Code as “performance-based” is specifically exempt from the deduction limit. Based on Section 162(m) of the Code and the regulations issued thereunder, our ability to deduct compensation income generated in connection with the exercise of Stock Options and Stock Appreciation Rights granted by the Committee under the 2016 Plan should not be limited by Section 162(m) of the Code, provided that the 2016 Plan is approved by stockholders. Further, we believe that compensation income generated in connection with Qualified Performance-Based Awards granted by the Committee under the 2016 Plan

should not be limited by Section 162(m) of the Code. The 2016 Plan has been designed to provide flexibility with respect to whether Restricted Stock Awards granted by the Committee will qualify as performance-based compensation under Section 162(m) of the Code and, therefore, be exempt from the deduction limit. Assuming no election is made under Section 83(b) of the Code, if the lapse of the forfeiture restrictions relating to a Restricted Stock Award granted by the Committee is based solely upon the satisfaction of one of the performance criteria set forth in the 2016 Plan, then we believe that the compensation expense deduction relating to such an award should not be limited by Section 162(m) of the Code if the Restricted Stock becomes vested. However, compensation expense deductions relating to Restricted Stock Awards granted by the Committee will be subject to the Section 162(m) deduction limitation if the Restricted Stock becomes vested based upon any other criteria set forth in such award (such as the occurrence of a change of control or vesting based upon continued service with us). If the lapse of the forfeiture restrictions relating to a Stock Unit Award granted by the Committee is based solely upon the satisfaction of one of the performance criteria set forth in the 2016 Plan, then we believe that the compensation expense deduction relating to such an award should not be limited by Section 162(m) of the Code if the Stock Unit becomes vested. However, compensation expense deductions relating to Stock Unit Awards granted by the Committee will be subject to the Section 162(m) deduction limitation if the Restricted Stock Units become

vested based upon any other criteria set forth in such award (such as the occurrence of a change in control or vesting based upon continued service with us).

Section 409A of the Code. Section 409A of the Code generally provides that any non-qualified deferred compensation arrangement which does not meet specific requirements regarding (1) timing of payouts, (2) advance election of deferrals or (3) restrictions on acceleration of payouts will result in immediate taxation of any amounts deferred to the extent not subject to a substantial risk of forfeiture. Failure to comply with Section 409A of the Code may result in the early taxation (plus interest) to the holder of the deferred compensation and the imposition of a 20% penalty on the holder on such deferred amounts included in the holder's income. In general, to avoid a violation of Section 409A of the Code, nonqualified deferred compensation amounts may only be paid out on a separation from service, disability, death, change-in-control, an unforeseen emergency (other than death) or a specified time (all as defined under Section 409A of the Code). Furthermore, an election to defer compensation must be made in the calendar year prior to performance of services, and any provision for accelerated payout other than for the reasons specified above may cause the amounts deferred to be subject to early taxation and the imposition of the excise tax. Except Awards deferred by non-employee Directors, it is our intention that no Award under the 2016 Plan be "deferred compensation" subject to Section 409A of the Code unless and to the extent that the Committee determines otherwise. The terms and conditions governing any awards that the Committee determines will

be subject to Section 409A of the Code will be set forth in an award agreement that will be drafted with the intent to comply with Section 409A of the Code.

The 2016 Plan is not qualified under Section 401(a) of the Code.

The comments set forth in the above paragraphs are only a summary of certain of the United States federal income tax consequences relating to the 2016 Plan. No consideration has been given to the effects of state, local or other tax laws on the 2016 Plan or award recipients.

Inapplicability of ERISA. Based upon current law and published interpretations, we do not believe that the 2016 Plan is subject to any of the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Plan Benefits

The Company is not currently able to determine the amount of Awards that will be received in the future by any of the persons eligible to receive an Award under the 2016 Plan.

The Board of Directors recommends a vote "FOR" the approval of the Amended and Restated 2016 Equity Incentive Plan.

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PROPOSAL 6: SHAREHOLDER PROPOSAL TO REQUIRE AN INDEPENDENT CHAIR

SHAREHOLDER PROPOSAL TO REQUIRE AN INDEPENDENT BOARD CHAIRMAN
PROPOSAL 6

The International Brotherhood of Teamsters on behalf of the Teamsters General Fund, 25 Louisiana Avenue, NW, Washington DC 20001, which represents that the Teamsters General Fund is the beneficial owner of 141 shares of common stock, has given notice that it intends to present the following resolution at the annual meeting.
In accordance with proxy regulations, the shareholder proposal and supporting statement presented below appear exactly as submitted. The Company disclaims all responsibility for the content of the proposal and the supporting statement, including sources referenced in the supporting statement.
For the reasons set forth in The Board’s Statement in Opposition, which immediately follows the proposal, our Board of Directors unanimously recommends that stockholders vote AGAINST this proposal.

Resolution Proposed by Shareholder
RESOLVED: Shareholders of Service Corporation International ("SCI" "the Company"), urge the Board of Directors (the "Board") to take the steps necessary to adopt a policy to require that, to the extent feasible, the Chairman of the Board shall be an independent Director who has not previously served as an executive officer of the Company. The policy should be implemented so as not to violate any contractual obligations. The policy should also specify the process for selecting a new independent Chairman if the current Chairman ceases to be independent between annual meetings of shareholders; or if no independent Director is available and willing to serve as Chairman.

SUPPORTING STATEMENT:
In January 2016, CEO Ryan Thomas took over as Chairman from founder and former CEO Robert Waltrip, who continues on the board as Chairman Emeritus. This was a missed opportunity, we believe, to establish true independent board leadership through the appointment of an independent chair. Such leadership is urgently required given that the board bears many of the hallmarks of an insular and entrenched board, including, as of the 2016 annual shareholder meeting:

- An average Director tenure of nearly 22 years.
- Four independent Directors with more than a quarter of a century service apiece, including the lead independent Director.
- A Nominating and Corporate Governance Committee with an average director tenure of more than 19 years.
- Three former executives on the board.
- Six out of eight independent board members with professional ties to Houston where the company is headquartered, including the three most recent appointees.
- Excessive Director compensation with median independent director pay of $384,000, which is 42% higher than the S&P500 median of $270,000, even though SCI is an S&P400 midcap company; and chairman emeritus compensation of $952,000.
- Two directors from the founding Waltrip family, even though the family holds less than 1% of the Company's stock.
- An MSCI GMI Analyst Governance rating of D.

We believe the combination of these two roles in a single person weakens a corporation's governance, which can harm shareholder value.

It is difficult to overstate the importance of the Board of Directors’ responsibility to protect shareholders' long-term interests by providing independent oversight of management. In our opinion, the designation of a lead independent Director is not an adequate substitute for an independent Board Chairman. We believe an independent Chairman can enhance investor confidence in our Company and strengthen the independent leadership of the Board.

We urge your support FOR this proposal.

The Board's Statement in Opposition

The Board has carefully considered the above proposal, and believes that it is not in the interest of the shareholders. Accordingly, our Board recommends that you vote AGAINST the proposal.

Our Board believes that the current structure is effective.

A. Lead Director

Our Board has taken several steps to create a balanced governance structure in which independent directors exercise substantial oversight over management. Effective in January 2016, our Board established the position of Lead Director and the independent members of the Board selected Mr. Coelho to serve as the Lead Director. As provided in our Lead Independent Director

PROPOSAL 6: SHAREHOLDER PROPOSAL TO REQUIRE AN INDEPENDENT CHAIR

Charter, the Lead Director has responsibilities that include:

- Upon request, being available for consultation and direct communication with shareholders;
- Presiding at executive sessions of the independent directors;
- Serving as the liaison between the Chairman and the independent directors;
- Presiding at all meetings of the Board at which the Chairman is not present;
- Being available to consult with the Chairman regarding information sent to the Board, scheduling, and agendas of Board meetings;
- Being available to consult with the chairpersons of the Board committees.

These responsibilities of the Lead Director are substantially similar to many of the functions typically fulfilled by a board chairman, and our Board believes that such responsibilities provide an opportunity for the independent directors to discuss management performance and any other issues with candor and independence. As the Lead Director and formerly as the Chair of the Nominating and Corporate Governance Committee, Mr. Coelho has also directly overseen the composition, functioning, and evaluation of our board's committees and has encouraged communication among the Directors and between management and the board to facilitate productive working relationships and promote appropriate oversight.

B. Chairman and Chief Executive Officer

At present, our Board has chosen to have Mr. Ryan serve as both Chairman and Chief Executive Officer and Mr. Coelho serve as Independent Lead Director. Our Board believes that this structure allows the Chief Executive Officer to effectively and efficiently guide the Board utilizing the insight and perspective he has gained by running the Company. In addition, our Chief Executive Officer has the necessary experience, commitment, and support of the other Board members to carry out the role of Chairman effectively. His in-depth knowledge of our Company, our growth and historical development, coupled with his extensive industry expertise and significant leadership experience, make him particularly qualified to lead discussions at the Board level on important matters affecting us. Our Board believes shareholders have benefited from Mr. Ryan's strategic and operational insights and strong leadership skills across the full range of Company leadership responsibilities, ranging from day-to-day operational execution to long-term strategic direction, including leadership in significant acquisition and capital allocation decision-making, as well as risk management. Our performance under the current leadership structure has been strong, strengthening the position of our Company as the leader in the death care industry.

C. Independent Directors

Eight of our Board's eleven Directors are independent under NYSE rules, and these directors have robust roles in overseeing our Company and its management. All of the members of each of the Audit, Compensation and Nominating and Corporate Governance Committees are independent. The committees play an important role in our Company's governance and have unrestrained access to management and the authority to retain independent advisors as they deem appropriate. This means that oversight of key matters-such as the performance and compensation of our executive officers (including the Chief Executive Officer), the integrity of our financial statements, compliance with legal and regulatory requirements, the nomination of directors, and the evaluation of the Board and its committees-is entrusted to independent directors.

The Company's long-term growth and financial performance reflect the effectiveness of our leadership notwithstanding the expressed concerns of the proposing shareholder.

The Company has achieved long-term total shareholder return of 233% over ten years (as compared to the S&P 500 total shareholder return of 96% over ten years). The Company believes such long-term performance has resulted from the leadership of our officers and directors, including those who have many years of experience and board service with our Company. That experience and tenure has been tempered with exposure to several economic cycles in the death care industry, providing these leaders with a unique understanding for the development and oversight of a sustainable long-term strategy for the Company. Regarding the other concerns of the proposing shareholder, we would like to reiterate the following:

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Mr. R. L. Waltrip, our former chairman, stepped down in 2015 and no longer receives long-term incentive compensation grants.

- Our Board refreshment program resulted in the election of a new member, Dr. Ellen Ochoa, in 2015.
- Our Board remains committed to adding new Directors to enhance our Board with diverse viewpoints, backgrounds, and expertise.
- The Board recently updated and modified its compensation practices (see the Director Compensation section of this Proxy Statement).

Accordingly, we believe our leadership structure is, and has been, effective in the creation of sustainable long-term growth of the Company.

Our Board of Directors believes shareholders are best served by giving the Board organizational flexibility.

Our Board believes that it is uniquely qualified to evaluate the optimal leadership structure for the Board on behalf of

PROPOSAL 6: SHAREHOLDER PROPOSAL TO REQUIRE AN INDEPENDENT CHAIR

our Company and shareholders from time to time. The Board has extensive experience with, and knowledge of, our Company’s strategy, operations, management structure, and culture, as well as the strengths, skills and leadership styles of our Directors and management.

Effective corporate governance requires consideration of the dynamics of the Board and senior management and other factors on an ongoing basis, rather than a universal approach with unnecessary constraints on the Board's flexibility. Based on the foregoing, our Board believes that adopting a policy that requires an independent board chairman is not in the interest of our Company and shareholders.

The Board of Directors recommends a vote "AGAINST" the proposal.

PROPOSAL 7: SHAREHOLDER PROPOSAL TO ADOPT SIMPLE MAJORITY VOTING

SHAREHOLDER PROPOSAL TO ADOPT SIMPLE MAJORITY VOTING
PROPOSAL 7

The Amalgamated Bank’s LongView MidCap 400 Index Fund, 275 Seventh Avenue, New York, NY 10001, who has indicated it is a beneficial owner of more than $2,000 worth of the Company’s common stock, advised the Company that the following shareholder proposal will be presented at the annual meeting.
In accordance with the proxy regulations, the shareholder proposal and supporting statement presented below appear exactly as submitted. The Company disclaims all responsibility for the content of the proposal and the supporting statement, including sources referenced in the supporting statement.
For the reasons set forth in The Board’s Statement in Opposition, which immediately follows the proposal, our Board of Directors unanimously recommends that shareholders vote AGAINST this proposal.
Resolution Proposed by Shareholder
RESOLVED: The shareholders request that the Service Corporation International board of Directors take the steps necessary within the board's power to eliminate provisions in the Company's governing documents that require shareholders to approve a proposal by more than a majority of the shares voted, and to replace such provisions with a requirement of shareholder approval by a majority of the shares voted for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary, this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws.
SUPPORTING STATEMENT
In 2014 shareholders approved a non-binding shareholder proposal asking the board to "declassify" the board of Directors so that all Directors would be elected annually, rather than having one-third of the board elected each year to three-year terms. The proposal was adopted with 79.9% of the shares voted voting "yes."
In 2015 the board placed a binding declassification proposal before shareholders. That proposal was supported by 98.67% of the shares voting "yes" or "no," but the measure was defeated because it received 79.97% of the outstanding shares, falling just short of the requirement of approval from 80% of the outstanding shares.
The board did not re-submit a similar proposal to shareholders in 2016.

We are filing this proposal because we still believe in the importance of enhancing board accountability by requiring that all directors be elected annually. More broadly, we believe that the time has come to eliminate supermajority provisions generally in the Company's articles of incorporation, as those provisions can frustrate the views of an overwhelming majority of the Company's owners.
The 80% threshold applies not simply to board declassification, but also to approval of merger or consolidation agreements with a holder of over ten percent of the Company's stock; the size of the board; a shareholder vote to remove a director (though only a majority is required if 80% of the board votes for removal); the repeal or amendment of any of these provisions; and changes to the majority vote needed to amend or repeal the bylaws.
Supermajority voting requirements have been identified as one of six entrenching mechanisms that are negatively related to company performance, according to What Matters in Corporate Governance by Lucien Bebchuk, Alma Cohen and Allen Ferrell of the Harvard Law School. Supermajority requirements can be used to block initiatives supported by most shareowners, but opposed by a status quo management.
We are disappointed that the board did not renew its effort to establish annual director elections last year. Given the closeness of the vote in 2015, it would not seem difficult to have garnered the votes needed through additional efforts by a proxy solicitor and management. As the board chose not to do so, we believe that it is important to remedy the cause of this failure at its root.
We urge you to vote FOR this proposal.
The Board’s Statement in Opposition
The Board has carefully considered the above proposal, and believes that it is not in the interest of the shareholders. Accordingly, our Board recommends that you vote AGAINST the proposal.
Supermajority voting provisions provide protection against certain takeovers.

The supermajority voting provisions protect the Company's shareholders by encouraging 10% beneficial owners making unsolicited takeover bids to negotiate directly with the Board. The board is subject to fiduciary duties under the law to act in a manner that it believes to be in the interests of the Company and its shareholders. In addition, more than 70% of the Company's Board members are 'independent' under the standards adopted by

the New York Stock Exchange. Supermajority voting requirements encourage potential acquirers to deal directly with the Board. The Company believes that its independent Board is in the best position to evaluate proposed offers, to consider alternatives, and to protect shareholders against abusive tactics during a takeover process, and as appropriate, to negotiate the best possible return for all shareholders. Elimination of these supermajority provisions would make it more difficult for the Company's independent, shareholder-elected Board to preserve and maximize value for all shareholders in the event of an unsolicited takeover bid.

Supermajority voting provisions enhance the Board's ability to carry out its fiduciary duties to act in the interests of all shareholders.

The Board has a fiduciary duty under the law to act in a manner that it believes to be in the interests of the Company and its shareholders. Shareholders, on the other hand, do not have the same fiduciary duty as the directors. As a result, a group of shareholders with a short-term focus may act in their own self-interests to the detriment of other shareholders. Accordingly, the supermajority voting standards are necessary to safeguard the long-term interests of the Company and its shareholders.

Supermajority voting provisions ensure that there is a broad consensus of support before a fundamental change is adopted.

Texas law permits supermajority voting requirements and a number of publicly-traded companies have adopted these provisions to preserve and maximize long-term value for all shareholders. Because these provisions give holders of less than a majority of the outstanding shares the ability to defeat certain extraordinary transactions or fundamental changes, they generally have the effect of giving minority shareholders a greater voice in corporate structure and governance. The Board strongly believes that extraordinary transactions and fundamental changes to corporate governance should have the support of a broad consensus of the Company's shareholders rather than a simple majority. Our governing documents were intentionally created to include a supermajority vote standard that would apply to certain specific and limited areas because of their importance to the Company. The Board also believes that the supermajority vote requirements protect shareholders, particularly minority shareholders, against the potentially self-interested actions of short-term investors. Without these provisions, it would be possible for a group of short-term shareholders to approve an extraordinary transaction that is not in the best interest of the Company and opposed by nearly half of the Company's shareholders.

Summary of supermajority voting provisions.

Under the Company's Restated Certificate of Incorporation and Bylaws (collectively, governance documents), a simple majority vote requirement already applies to most matters submitted for shareholder approval. Our governance

documents require the affirmative vote of not less than four-fifths of the outstanding shares of common stock entitled to vote for a few, but important, matters of corporate structure and governance. Those are as follows: (i) an alteration, amendment or repeal, or any new provision, inconsistent with certain provisions of the existing governance documents; (ii) the amendment of governance documents regarding the size or declassification of the Board; (iii) the merger, consolidation, sale or certain other transactions of the Company with a beneficial owner of more than 10% of any class of capital stock of the Company; or (iv) the removal of directors by shareholders, except that a majority vote will suffice for removal of a director if four-fifths of the Board recommends such removal. The Board believes that in these limited circumstances the higher voting requirements are appropriate and enable the shareholder-elected Board members to most effectively safeguard the long-term interests of all of the shareholders.

In 2015, the Board of Directors provided and recommended to shareholders a declassification proposal to phase out the classified structure of our Board of Directors so that all directors would be elected annually. However, the declassification proposal was not approved by the requisite affirmative vote of at least four-fifths of the outstanding shares of common stock of the Company. In conjunction with the current proposal, the Board of Directors has again reviewed considerations relating to declassification, including that a classified board provides stability and continuity, protects shareholder value and furthers director independence. While the Board believes there are certain merits to declassification, the Board believes that elimination of all existing supermajority voting standards is not in the interests of all shareholders as discussed above.

Important Note

It is important to note that shareholder approval of this non-binding proposal would not itself result in the adoption of simple majority voting. Under the Company's governance documents, to change the supermajority voting requirements, the Board must first authorize amendments to the Company's governance documents, which amendments then must be approved by the holders of at least 80% of all classes of outstanding stock of the Company entitled to vote.

After careful consideration of this proposal, the Board determined that retention of the supermajority voting requirements remain in the long-term interests of the Company and its shareholders. The Board believes that the substantial benefits of a supermajority voting requirement do not come at the expense of prudent corporate governance. To the contrary, the voting requirement is designed to protect the interests of all shareholders.

The Board of Directors recommends a vote "AGAINST" the proposal.

OTHER INFORMATION

Information About the Meeting and Voting

Q: Who is entitled to vote?

A: Shareholders of record who held common stock of SCI at the close of business on March 13, 2017 are entitled to vote at the 2017 Annual Meeting of Shareholders (the "Annual Meeting"). As of the close of business on that date, there were outstanding 188,384,415 shares of SCI common stock, $1.00 par value ("Common Stock").

Q: What are shareholders being asked to vote on?

A: Shareholders are being asked to vote on the following items at the Annual Meeting:

1. Election of three nominees to the Board of Directors.
2. Approval of PricewaterhouseCoopers LLP as SCI's independent registered public accounting firm for the 2017 fiscal year.
3. Consideration of an advisory vote to approve Named Executive Officer compensation.
4. Consideration of a vote on the frequency of the advisory vote to approve named executive officer compensation.
5. Proposal to approve the Amended and Restated 2016 Equity Incentive Plan.
6. Consideration of two shareholder proposals, if presented.

The Company will also transact such other business as may properly come before the meeting. The affirmative vote of a majority of the total shares represented in person or by proxy and entitled to vote at the Annual Meeting is required for approval of each of the proposals.

Q: How do I vote my shares?

A: You can vote your shares using one of the following methods:

Vote through the internet at www.proxyvote.com using the instructions on the proxy or voting instruction card. Also, you can vote by visiting our new Annual meeting website at www.sciannualmeeting.com and clicking the link to vote.

Vote by telephone using the toll-free number shown on the proxy or voting instruction card.

Complete, sign, and return a written proxy card in the pre-stamped envelope provided.

Attend and vote at the meeting.

Internet and telephone voting are available 24 hours a day, and if you use one of those methods, you do not need to return a proxy card. Unless you are planning to vote at the meeting, your vote must be received on or before May 10, 2017.

Even if you submit your vote by one of the first three methods mentioned above, you may still vote at the meeting if you are the record holder of your shares or hold a legal proxy from the record holder. Your vote at the

meeting will constitute a revocation of your earlier voting instructions.

Q: What if I want to vote in person at the Annual Meeting?

A: The Notice of Annual Meeting of Shareholders provides details of the date, time, and place of the Annual Meeting, if you wish to vote in person. To attend the Annual Meeting in person, you will need proof of your share ownership and valid picture identification.

Q: How does the Board of Directors recommend voting?

A: The Board of Directors recommends voting:

FOR each of the three nominees to the Board of Directors. Biographical information for each nominee is outlined in this Proxy Statement under "Election of Directors".

FOR approval of PricewaterhouseCoopers LLP as SCI's independent registered public accounting firm for the 2017 fiscal year.

FOR approval, on an advisory basis, of named executive officer compensation.

FOR an annual vote on the frequency of the advisory vote to approve named executive officer compensation.

FOR approval of the Amended and Restated 2016 Equity Incentive Plan.

AGAINST the shareholder proposals, if presented.

Although the Board of Directors does not contemplate that any nominee will be unable or unwilling to serve, if such a situation arises, the proxies that do not withhold authority to vote for directors will be voted for a substitute nominee(s) chosen by the Board.

Q: If I give my proxy, how will my stock be voted on other business brought up at the Annual Meeting?

A: By submitting your proxy, you authorize the persons named on the proxy card to use their discretion in voting on any other matters properly brought before the Annual Meeting. At the date hereof, SCI does not know of any other business to be considered at the Annual Meeting.

Q: Can I revoke my proxy once I have given it?

A: Yes. Your proxy, even though executed and returned, may be revoked any time prior to the time that it is voted at the Annual Meeting by a later-dated proxy or by written notice of revocation filed with the Secretary, Service Corporation International, 1929 Allen Parkway, Houston, TX 77019. Alternatively, you can attend the Annual Meeting, revoke your proxy in person, and vote at the meeting itself.

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Q: How will the votes be counted?
A: Each properly executed proxy received in time for the Annual Meeting will be voted as specified therein, or if a shareholder does not specify how the shares represented by his or her proxy are to be voted, they will be voted (i) for the nominees listed therein (or for other nominees as provided above), (ii) for approval of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm, (iii) for approval on an advisory basis of Named Executive Officer compensation, (iv) for every 1 year as the frequency of the advisory vote to approve named executive officer compensation, (v) for approval of the Amended and Restated 2016 Equity Incentive Plan, and (vi) against the shareholder proposals. Holders of SCI Common Stock are entitled to one vote per share on each matter considered at the Annual Meeting. In the election of Directors, a shareholder has the right to vote the number of his or her shares for as many persons as there are to be elected as Directors. Shareholders do not have the right to cumulate votes in the election of Directors. Abstentions are counted towards the calculation of a quorum. An abstention has the same effect as a vote against a proposal, or in the case of the election of Directors, as shares for which voting power has been withheld.
Q: What if my SCI shares are held through a bank or broker?
A: If your shares are held through a broker or bank, you will receive voting instructions from your bank or broker describing how to vote your stock. If you do not vote your shares, your broker or bank does not have the discretion to vote your shares on the proposals, except that they have the discretion to vote your shares for approval of PricewaterhouseCoopers LLP as SCI's independent registered public accounting firm for the 2017 fiscal year. A "broker non-vote" refers to a proxy that votes on one matter, but indicates that the holder does not have the authority to vote on other matters. Broker non-votes will have the following effects at our Annual Meeting: for purposes of determining whether a quorum is present, a broker non-vote is deemed to be present at the meeting; for purposes of the election of Directors and other matters to be voted on at the meeting, a broker non-vote will not be counted.
Q: How does a shareholder or interested party communicate with the Board of Directors, committees, or individual Directors?
A: Any shareholder or interested party may communicate with the Board of Directors, any committee of the Board, the non-management Directors as a group or any Director, by sending written communications addressed to the Board of Directors of Service Corporation International, a Board committee, the non-management Directors, or such individual Director or Directors, c/o Secretary, Service Corporation International, 1929 Allen Parkway, Houston,

TX 77019. All communications will be compiled by the Secretary of the Company and submitted to the Board of Directors (or other addressee) at the next regular Board meeting.
Q: What is the Company's web address?
A: The SCI home page is www.sci-corp.com. At the website, the following information is available for viewing. The information below is also available in print to any shareholder who requests it.
Bylaws of SCI
Charters of the Audit Committee, the Compensation Committee, Investment Committee and the Nominating and Corporate Governance Committee
Corporate Governance Guidelines
Principles of Conduct and Ethics for the Board of Directors
Code of Conduct and Ethics for Officers and Employees
Q: How can I obtain a copy of the Annual Report on Form 10-K?
A: A copy of SCI's 2016 Annual Report on Form 10-K is furnished with this proxy statement to each shareholder entitled to vote at the Annual Meeting. If you do not receive a copy of the Annual Report on Form 10-K, you may obtain one free of charge by writing to Investor Relations, P.O. Box 130548, Houston, Texas 77219-0548.
This Proxy Statement, the Notice of Annual Meeting of Shareholders, and the enclosed proxy card are furnished to shareholders beginning on or about March 30, 2017 and are available at the new Annual meeting website at www.sciannualmeeting.com.
Q: Why is it important to vote via the internet or telephone, or send in my proxy card so that it is received on or before May 10, 2017?

A: The Company cannot conduct business at the Annual Meeting unless a quorum is present. A quorum will only be present if a majority of the outstanding shares of SCI common stock as of March 13, 2017 is present at the meeting in person or by proxy. It is for this reason that we urge you to vote via the internet or telephone or send in your completed proxy card(s) as soon as possible, so that your shares can be voted even if you cannot attend the meeting.

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Proxy Solicitation

In addition to solicitation by mail or internet, further solicitation of proxies may be made by mail, facsimile, telephone or oral communication following the original solicitation by Directors, officers and regular employees of the Company who will not be additionally compensated therefore, or by its transfer agent. The expense of such solicitation will be borne by the Company and will include reimbursement paid to brokerage firms and other custodians, nominees, and fiduciaries for their expenses in forwarding solicitation material regarding the Annual Meeting to beneficial owners.

To avoid unnecessary expense, please return your proxy regardless of the number of shares that you own. Simply date, sign and return the enclosed proxy in the enclosed business reply envelope.
Service Corporation International
1929 Allen Parkway
P.O. Box 130548
Houston, Texas 77219-0548

Submission of Shareholder Proposals
Any proposal to be presented by a shareholder at the Company's 2018 Annual Meeting of Shareholders must be received by the Company by November 30, 2017, so that it may be considered by the Company for inclusion in its proxy statement relating to that meeting.
Pursuant to the Company's Bylaws, any holder of Common Stock of the Company desiring to bring business before the Company's 2018 Annual Meeting of

Shareholders in a form other than a shareholder proposal in accordance with the preceding paragraph must give advance written notice in accordance with the Bylaws that is received by the Company, addressed to the Corporate Secretary, no earlier than January 10, 2018 and no later than January 30, 2018. Any notice pursuant to this or the preceding paragraph should be addressed to the Corporate Secretary, Service Corporation International, 1929 Allen Parkway, P.O. Box 130548, Houston, Texas 77219-0548.
Other Business
The Board of Directors of the Company is not aware of other matters to be presented for action at the Annual Meeting of Shareholders; however, if any such matters are

properly presented for action, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their judgment.
Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to the Company during its most recent fiscal year and Forms 5 and amendments thereto furnished to the Company with respect to its most recent fiscal year, and written representations from

reporting persons that no Form 5 was required, the Company believes that all required Form 3, 4, and 5 reports for transactions occurring in 2016 were timely filed.

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ANNEXES

Annex A: Non-GAAP Financial Measures

We believe that the following non-GAAP financial measures provide a consistent basis for comparison between years, and better reflect the performance of our core operations. We also believe these measures help facilitate comparisons to our competitors' results.

Set forth below is a reconciliation of our non-GAAP financial measures. We do not intend for this information to be considered in isolation or as a substitute for other measures of performance prepared in accordance with GAAP.

Adjusted Earnings and Adjusted EPS (In Millions, except diluted EPS)	Twelve Months Ended December 31, 2016		2015		2014	
	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS
Net income attributable to common stockholders, as reported	$177.0	$0.90	$233.8	$1.14	$172.5	$0.81
Pre-tax reconciling items:						
Impact of divestitures and impairment charges, net	26.8	0.14	(6.0)	(0.02)	(113.5)	(0.53)
Losses on early extinguishment of debt	22.5	0.11	6.9	0.03	29.7	0.14
Acquisition and integration costs	5.5	0.03	3.0	0.01	45.5	0.21
System transition costs	12.0	0.06	3.8	0.02	9.5	0.04
Pension termination settlement/Legal settlement	5.6	0.03	—	—	12.3	0.06
Tax reconciling items:						
Tax benefit from special items	(17.2)	(0.09)	(2.3)	(0.01)	77.8	0.37
Change in certain tax reserves and other	20.9	0.11	3.0	0.01	3.2	0.01
Adjusted earnings from continuing operations and adjusted diluted earnings per share from continuing operations	$253.1	$1.29	$242.2	$1.18	$237.0	$1.11
Diluted weighted average shares outstanding (in thousands)		196,042		204,450		214,200

Adjusted Operating Cash Flow (In Millions)	Twelve Months Ended December 31,		
	2016	2015	2014
Net cash provided by operating activities, as reported	$463.6	$472.2	$317.4
Premiums paid on early extinguishment of debt	20.5	6.5	24.8
Acquisition, integration, and system transition costs	11.7	6.6	62.2
Excess tax benefits from share-based awards	12.7	18.1	30.1
Payments related to tax structure changes or divestitures	—	10.5	63.8
Legal defense fees	—	—	10.3
Adjusted operating cash flow	$508.5	$513.9	$508.6
Cash tax payments	112.6	93.0	42.0
Adjusted operating cash flow before cash tax payments	$621.1	$606.9	$550.6

Adjusted Return on Equity (In Millions)	Twelve Months Ended December 31,		
	2016	2015	2014
Net income attributable to common stockholders, as reported	$177.0	$233.8	$172.5
Adjusted earnings from continuing operations (see adjusted EPS reconciliation above)	253.1	242.2	237.0
Total common stockholders' equity, as reported	1,092.7	1,184.7	1,368.7
Average equity	1,138.7	1,276.7	1,419.4
Add special items (see adjusted EPS reconciliation above)	76.1	8.4	64.6
Less accumulated other comprehensive income	16.5	6.2	59.4
Adjusted common stockholders' equity	1,152.3	1,186.9	1,373.9
Average adjusted equity	1,169.6	1,280.4	1,403.6
Return on equity	15.5 %	18.3 %	12.2 %
Adjusted return on equity	21.6 %	18.9 %	16.9 %
2013 items to calculate average equity:			
Total common stockholders' equity, as reported	$1,470.1		
Special items adjusted from EPS	51.5		
Accumulated other comprehensive income	88.4		
Adjusted common stockholders' equity	$1,433.2		

Annex B: 2016 Peer Group

ABERCROMBIE & FITCH CO.		EDWARDS LIFESCIENCES CORP.		MURPHY OIL CORPORATION	
ADT CORP.	*	ENDO INTERNATIONAL PLC.		NOBLE ENERGY, INC.	
AGILENT TECHNOLOGIES INC.	*	EP ENERGY CORP.		OUTERWALL INC.	
ALEXION PHARMACEUTICALS INC.		EQT CORPORATION		PATTERSON COMPANIES INC.	
AMERICAN TOWER CORPORATION		EQUIFAX INC.	*	PERKINELMER INC.	*
ANN INC.		EQUINIX, INC.		PITNEY BOWES INC.	
APOLLO EDUCATION GROUP, INC.		EQUITY RESIDENTIAL		POLARIS INDUSTRIES INC.	
ARCH COAL INC.		EXPRESS INC.		POPULAR INC.	
ASCENA RETAIL GROUP INC.		EXTERRAN HOLDINGS INC		PROLOGIS INC.	*
ASPEN INSURANCE HLDGNS LTD.	*	FIRST AMERICAN FINANCIAL CORP	*	RANGE RESOURCES CORP.	
BELK INC.		FOSSIL GROUP, INC.		REGENERON PHARMACEUTICALS	
BON-TON STORES INC.		GARMIN LTD.		RENT-A-CENTER INC.	
BRINKS CO.	*	GENERAL GROWTH PROP, INC.		SOUTHWESTERN ENERGY CO.	
BROOKDALE SENIOR LIVING INC.		GENESIS ENERGY LP		STEELCASE INC.	
C. R. BARD	*	GNC HOLDINGS INC.		SYMETRA FINANCIAL CORP.	
BRUNSWICK CORPORATION	*	GRAHAM HOLDINGS COMPANY		TD AMERITRADE HOLDINGS CORP.	*
CABELA’S INCORPORATED		H&R BLOCK INC.	*	TEEKAY CORP.	
CARTER'S, INC.		HASBRO INC.		TETRA TECH INC.	
CHICO’S FAS INC.		HCC INSURANCE HOLDINGS INC.		THE NASDAQ OMX GROUP INC	*
CHURCH & DWIGHT CO. INC.	*	HELMERICH & PAYNE, INC.		TIFFANY & CO.	
CINTAS CORPORATION	*	HERMAN MILLER CORPORATION	*	TORCHMARK CORPORATION	*
CIT GROUP INC.		HNI CORPORATION	*	TRIPLE-S MANAGEMENT CORP.	
CME GROUP INC.	*	HOSPIRA INC.		TRUEBLUE INC.	
CNO FINANCIAL GROUP, INC.	*	INTUITIVE SURGICAL INC.		TUPPERWARE BRANDS CORP	
COACH, INC.		IRON MOUNTAIN INC.		ULTA SALON, COSM & FRAG INC.	
CONSOL ENERGY INC.		KEMPER CORPORATION	*	VARIAN MEDICAL SYSTEMS INC.	*
COTY, INC.		KEYCORP.	*	VENTUS INC.	
CRESCENT POINT ENERGY CORP.		LEGG MASON INC.	*	VWR CORP.	
CROWN CASTLE INTL CORP.		LEGGETT & PLATT, INCORPORATED	*	WATERS CORP.	*

DCP MIDSTREAM PARTNERS LP	LPL FINANCIAL HOLDINGS INC.	WILLIAMS-SONOMA INC.
DENTSPLY SIRONA INC. *	MAGELLAN MIDSTREAM PTNRS LP	WOLVERINE WORLD WIDE
DEVRY EDUCATION GROUP INC.	MALLINCKRODT PLC.	WPX ENERGY, INC.
DSW INC.	MCDERMOTT INTERNATIONAL INC.	ZIMMER BIOMET HOLDINGS INC.
EDGEWELL PERSONAL CARE CO.	MERCURY GENERAL CORP.	ZOETIS INC.
EDUCATION MANAGEMENT CORP.	MSC INDUSTRIAL DIRECT *	

* Indicates the company is part of the subset of peers used to measure total shareholder return performance for our TSR performance units as part of long-term compensation for our named executive officers. In addition, the following companies were also in our TSR performance unit peer group: Autozone Inc. and Servicemaster Global Holdings due to their correlation in stock price.

Annex C: Amended and Restated Equity Incentive Plan

SERVICE CORPORATION INTERNATIONAL
AMENDED AND RESTATED 2016 EQUITY INCENTIVE PLAN

ARTICLE I
PLAN

1.1 Purpose. The Service Corporation International 2016 Equity Incentive Plan (Amended and Restated) (the "Plan") is intended to provide a means whereby certain Employees of the Company and its Affiliates may develop a sense of proprietorship and personal involvement in the development and financial success of the Company, and to encourage them to remain with and devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its shareholders. Accordingly, the Company may grant to certain Employees Awards in the form of Incentive Stock Options, Nonqualified Stock Options, Bonus Awards, Restricted Stock Awards, Restricted Stock Units, Stock Equivalent Units, Performance Grants and SARs, subject to the terms of the Plan.

1.2 Effective Date of Plan. The Plan was originally effective May 11, 2016. This Plan shall be amended and restated effective as of August 1, 2017, provided such amendment and restatement is approved by at least a majority vote of shareholders voting in person or by proxy with respect to the Plan at the Company's shareholders' meeting on May 10, 2017. No Award shall be granted pursuant to the Plan after May 11, 2026.

ARTICLE II
DEFINITIONS

The words and phrases defined in this Article shall have the meaning set out in these definitions throughout the Plan, unless the context in which any such word or phrase appears reasonably requires a broader, narrower, or different meaning.

2.1 "Affiliate" means any parent corporation and any subsidiary corporation. The term "parent corporation" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, at the time of the action or transaction, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain. The term "subsidiary corporation" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of the action or transaction, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

2.2 "Award" means any Bonus Award, Option, SAR, Restricted Stock Awards, Stock Equivalent Unit, Performance Grant, or Restricted Stock Unit granted, whether singly, in combination, or in tandem, to a Participant who is an Employee pursuant to such applicable terms, conditions and limitations as may be established in order to fulfill the objectives of this Plan

2.3 "Award Agreement" means the written or electronic agreement provided in connection with an Award setting forth the terms and conditions of the Award. Such Agreement may contain any other provisions that the Committee, in its sole discretion, shall deem advisable which are not inconsistent with the terms of the Plan. Any Participant who is granted an Award and who does not affirmatively reject the applicable Award Agreement shall be deemed to have accepted the terms of the Award as stated in the Award Agreement.

2.4 "Board of Directors" or "Board" means the board of directors of the Company.

2.5 "Bonus Award" means an Award, denominated in cash or in Stock, made to an Employee under Article VI which is intended to qualify as performance based compensation as defined in Section 162(m) and regulations issued thereunder.

2.6 "Change of Control" means the happening of any of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person"), of beneficial ownership (within the

meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of Common Stock of the Company (the "Outstanding Company Common Stock"), or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change of Control under this subsection (a): (1) any acquisition directly from the Company (excluding an acquisition by virtue of the exercise of a conversion privilege), (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (4) any acquisition by any corporation pursuant to a reorganization, merger or consolidation, if, following such reorganization, merger or

consolidation, the conditions described in clauses (i), (ii) and (iii) of subsection (c) of this definition of "Change of Control" are satisfied; or

(b) Individuals who, as of the effective date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the effective date of the Plan whose election, or nomination for election by the Company's shareholders, was approved by (i) a vote of at least a majority of the directors then comprising the Incumbent Board, or (ii) a vote of at least a majority of the directors then comprising the Executive Committee of the Board at a time when such committee was comprised of at least five members and all members of such committee were either members of the Incumbent Board or considered as being members of the Incumbent Board pursuant to clause (i) of this subsection (b), shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, unless, following such reorganization, merger or consolidation, (i) more than 60% of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company or such corporation resulting from such reorganization, merger or consolidation, and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) Approval by the shareholders of the Company of (i) a complete liquidation or dissolution of the Company, or (ii) the sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation, with respect to which following such sale or other disposition, (A) more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding the Company and any employee benefit plan (or related trust) of the Company or such corporation, and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors, and (C) at least a majority of the members of the board of directors of such corporation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition of assets of the Company.

Notwithstanding the foregoing, however, the following additional rules shall apply:
(1) A transaction described in Section 2.6(c) or 2.6(d) above shall not be a "Change of Control" unless it is actually completed, and such event shall not occur until the closing date for such transaction; and
(2) In any circumstance or transaction in which compensation resulting from or in respect of an Award would result in the imposition of an additional tax under Section 409A if the foregoing definition of "Change of Control" were to apply, but would not result in the imposition of any additional tax if the term "Change of Control" were defined herein to mean a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5), then "Change of Control" shall mean a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3

(i)(5), but only to the extent necessary to prevent such compensation from becoming subject to an additional tax under Section 409A.

2.7 "Code" means the Internal Revenue Code of 1986, as amended.

2.8 "Committee" means the Compensation Committee of the Board of Directors or such other committee designated by the Board of Directors. The Committee shall at all times consist solely of two or more members of the Board of Directors, and all members of the Committee shall be both Disinterested Persons and Outside Directors.

2.9 "Company" means Service Corporation International, a Texas corporation.

2.10 "Covered Employee" means an Employee who is, or is determined by the Committee may become, a "covered employee" within the meaning of Section 162(m).

2.11 "Director" means an individual who is a non-employee member of the Company's Board of Directors.

2.12 "Director Deferred Units" means such portion of an Award to a Director that is timely elected to be deferred into a Director Unit Account as described in Section 14.2.

2.13 "Director Plan" means the Service Corporation International Amended and Restated Director Fee Plan, which was combined with and into the Plan effective as of August 1, 2017.

2.14 "Director Plan Share Pool" means the unissued portion of the pool of shares authorized for grant under Section 8.1 of the Director Plan, determined as of July 31, 2017, which shares shall be authorized for issuance to the Directors under the terms of the Plan and shall be used for the sole purpose of (i) satisfying the Company's share delivery obligations with respect to share deferrals made under the terms of the Director Plan for periods prior to August 1, 2017, and (ii) issuing grants of Shares to Participants who are the Directors pursuant to Article XIV of the Plan for periods on or after August 1, 2017.

2.15 "Director Unit Account" means an account established with the Company in the name of such Director that will be credited with (i) the hypothetical number of Director Deferred Units deferred by the Director under Section 14.2, (ii) the hypothetical number of Director Deferred Units credited to the Director under Section 14.3, and (iii) dividend equivalent payments with respect to such Director Deferred Units."

2.16 "Disability" means the inability of the Employee to perform his or her duties as an employee on a full-time basis as a result of incapacity due to mental or physical illness which continues for more than one year after the commencement of such incapacity, such incapacity to be determined by a physician selected by the Company or its insurers and acceptable to the Employee or the Employee's legal representative (such agreement as to acceptability not to be withheld unreasonably).

2.17 "Disinterested Person" means an individual who satisfies such requirements as the Securities and Exchange Commission may establish for non-employee directors administering plans intended to qualify for exemption under Rule 16b-3 (or its successor) under the Exchange Act.

2.18 "Employee" means a key employee employed by the Company or any Affiliate to whom an Award is granted.

2.19 "Fair Market Value" of the Stock as of any date means (i) the average of the high and low sale prices of the Stock on that date on the principal securities exchange on which the Stock is listed; or (ii) if the Stock is not listed on a securities exchange, the average of the high and low bid quotations for the Stock on that date as reported by the National Quotation Bureau Incorporated; or (iii) if none of the foregoing is applicable, the average between the closing bid and ask prices per share of stock on the last preceding date on which those prices were reported or that amount as determined by the Committee. If the foregoing provisions are not applicable, then the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate, in accordance with Section 409A.

2.20 "Grant Price" means the price at which a Participant may exercise an Option, SAR or other right to receive cash or Common Stock, as applicable, under the terms of an Award.

2.21 "Incentive Option" means an Option granted under the Plan which is designated as an "Incentive Option" and satisfies the requirements of Section 422 of the Code.

2.22 "Nonqualified Option" means an Option granted under the Plan other than an Incentive Option.

2.23 "Option" means an Incentive Option or a Nonqualified Option granted under the Plan to purchase shares of Stock.

2.24 "Outside Director" means a member of the Board of Directors serving on the Committee who satisfies the requirements of Section 162(m).

2.25 “Participant” means any Employee or Director granted an Award under the Plan.
2.26 “Performance Criteria” means the criteria the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period, which need not be the same for each Participant. The Performance Criteria are limited to the following:
(a)revenue and income measures (which include revenue, return or revenue growth, gross margin, income from operations, net income, net sales, earnings per share, earnings before interest, taxes, depreciation and amortization (“EBIDTA”), achievement of profit, economic value added (“EVA”), and price per share of Common Stock);
(b)expense measures (which include costs of goods sold, selling, loss or expense ratio, general and administrative expenses and overhead costs);
(c)operating measures (which include productivity, operating income, operating earnings, cash flow, funds from operations, cash from operations, after-tax operating income, market share, expenses, margins, operating efficiency); cash flow measures

(which include net cash flow from operating activities and net cash flow before financing activities) and sales measures (which include customer satisfaction, sales of services, sales production, sales of funeral or cemetery merchandise or services in advance of need or at the time of need);
(d)liquidity measures (which include earnings before or after the effect of certain items such as interest, taxes, depreciation and amortization, and free cash flow);
(e)leverage measures (which include debt-to-equity ratio and net debt);
(f)market measures (which include market share, stock price, growth measure, total stockholder return and market capitalization measures);
(g)return measures (which include book value, return on capital, return on net assets, return on stockholders' equity; return on assets; stockholder returns, and which may be risk-adjusted);
(h)corporate value and sustainability measures which may be objectively determined (which include compliance, safety, environmental and personnel matters); and
(i)other measures such as those relating to acquisitions or dispositions (which include proceeds from dispositions).
Unless otherwise stated, a Performance Criteria need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo, performance relative to a peer group determined by the Committee or limiting economic losses (measured, in each case, by reference to specific business criteria), and may be adjusted or measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Committee shall, within the time prescribed by Section 162(m), define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period for such Participant.
2.27 "Performance Goals" means the goals established in writing by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of an Affiliate or an individual. The Committee shall establish Performance Goals for each Performance Period prior to, or as soon as practicable after, the commencement of such Performance Period.
2.28 "Performance Grant" means an Award, denominated in cash or in Stock, made to an Employee under Article IX which is intended to qualify as performance based compensation as defined in Section 162(m) and regulations issued thereunder.
2.29 "Performance Period" means the designated period during which the Performance Criteria must be satisfied with respect to a Bonus Award.
2.30 "Plan" means the Service Corporation International Amended and Restated 2016 Equity Incentive Plan, as set out in this document and as it may be amended from time to time.
2.31 "Restricted Stock Award" means shares of Stock issued as an Award and subject to restrictions and conditions pursuant to Article VII.
2.32 "Restricted Stock Unit" means a bookkeeping entry representing a right granted to an Employee under Article X to receive a share of Stock on a date determined in accordance with the provisions of Article X and the Employee's Award Agreement.
2.33 "Section 162(m)" means Section 162(m) of the Code and any Treasury Regulations and guidance promulgated thereunder.
2.34 "Section 409A" means Section 409A of the Code and any Treasury Regulations and guidance promulgated thereunder.
2.35 "Stock" means the common stock of the Company, $1.00 par value or, in the event that the outstanding shares of common stock are later changed into or exchanged for a different class of stock or securities of the Company or another corporation, that other stock or security.
2.36 "Stock Appreciation Right" or "SAR" means a right to receive a payment, in cash or Stock, equal to the excess of the Fair Market Value or other specified valuation of a specified number of shares of Stock on the date the right is exercised over a specified Grant Price, and subject to restrictions and conditions pursuant to Article XI.
2.37 "Stock Equivalent Unit" means an Award made to an Employee under Article VIII that entitles the Employee to receive an amount in cash equal to the Fair Market Value of one share of Stock on the date of redemption of such Stock Equivalent Unit, and which is intended to qualify as performance based compensation as defined in Section

162(m) and regulations issued thereunder.

2.38 "10% Shareholder" means an individual who, at the time the Option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any Affiliate. An individual shall be considered as owning the stock owned, directly or indirectly, by or for his brothers and sisters (whether by whole or half blood), spouse, ancestors, and lineal descendants; and stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust, shall be considered as being owned proportionately by or for its shareholders, partners or beneficiaries.

ARTICLE III

ELIGIBILITY

The individuals who shall be eligible to receive Awards shall be (i) those Employees as the Committee shall determine from time to time, and (ii) for periods on an after August 1, 2017, Directors.

ARTICLE IV

GENERAL PROVISIONS RELATING TO AWARDS

4.1 Authority to Grant Awards. The Committee may grant Awards to those Employees or Directors as it shall determine from time to time under the terms and conditions of the Plan. Subject only to any applicable limitations set out in the Plan, the amount of any Award and the number of shares of Stock to be covered by any Award to be granted to an Employee or a Director shall be as determined by the Committee. Except for Bonus Awards, each Award shall be evidenced by an Award Agreement which shall set forth the terms and conditions of the Award. An Employee who has received an Award in any year may receive an additional Award or Awards in the same year or in subsequent years. After considering the effects of any action on Section 162(m), the Committee may, in its discretion, waive or accelerate any restrictions to which the Options, Restricted Stock Awards, Restricted Stock Units, SARs and Stock Equivalent Units may be subject; provided, however that the Committee may not alter, amend or modify pre-established performance based criteria to which any Award may be subject.

4.2 Dedicated Shares. Except as otherwise expressly provided in Section 14.6 below, the total number of shares of Stock with respect to which Awards may be granted under the Plan shall be 13,000,000 shares. The shares of Stock may be treasury shares or authorized but unissued shares. The numbers of shares of Stock stated in this Section 4.2 shall be subject to adjustment in accordance with the provisions of Section 4.6.

(a)In connection with the granting of an Option or SAR, the number of shares of Stock available for issuance under this Plan shall be reduced by the number of shares of Stock in respect of which the Option or SAR is granted or denominated. For example, upon the grant of stock-settled SARs, the number of shares of Stock available for issuance under this Plan shall be reduced by the full number of SARs granted, and the number of shares of Stock available for issuance under this Plan shall not thereafter be increased upon the exercise of the SARs and settlement in shares of Stock, even if the actual number of shares of Stock delivered in settlement of the SARs is less than the full number of SARs exercised. In connection with the granting of an Award that is not an Option or SAR, the number of shares of Stock available for issuance under this Plan shall be reduced by a number of shares of Stock equal to the product of (i) the number of shares of Stock in respect of which the Award is granted and (ii) 1.5. However, Awards that by their terms do not permit settlement in shares of Stock shall not reduce the number of shares of Stock available for issuance under this Plan.

(b)Any shares of Stock that are tendered by a Participant or withheld as full or partial payment of withholding or other taxes or as payment for the exercise or conversion price of an Award under this Plan shall not be added back to the number of shares of Stock available for issuance under this Plan.

(c)Whenever any outstanding Option or other Award (or portion thereof) expires, is cancelled or forfeited or is otherwise terminated for any reason without having been exercised or payment having been made in the form of shares of Stock, the number of shares of Stock available for issuance under this Plan shall be increased by the number of shares of Stock allocable to the expired, forfeited, cancelled or otherwise terminated Option or other Award (or portion thereof). To the extent that any Award is forfeited, or any Option or SAR terminates, expires or lapses without being exercised, the shares of Stock subject to such Awards will not be counted as shares delivered under this Plan. Any calculation of the number of shares which become available for issuance under this Plan based on the forgoing sentences of this Section 4.2(c) shall reflect the share adjustment in the second to last sentence of Section 4.2(a) above (for example, forfeiture of one Restricted Stock Unit shall result in the addition of 1.5 shares of Stock to the available number of shares).

(d)Shares of Stock delivered under the Plan in settlement of an Award issued or made (i) upon the assumption, substitution, conversion or replacement of outstanding awards under a plan or arrangement of an acquired entity or (ii) as a post-transaction grant under such a plan or arrangement of an acquired entity shall not reduce or be counted against the maximum number of shares of Stock available for delivery under the Plan, to the extent that an exemption from the stockholder approval requirements for equity compensation plans applies under the rules or listing standards of the principal national securities exchange on which the Stock is listed.

(e)Awards valued by reference to Stock that may be settled in equivalent cash value will count as shares of Stock delivered to the same extent as if the Award were settled in shares of Stock.

4.3 Award Limits. Notwithstanding any provision in the Plan to the contrary:

(a)The maximum number of shares of Stock that may be subject to Options, Restricted Stock Awards, Stock Equivalent Unit awards, SARs, and Performance Grants denominated in shares of Stock granted to any one individual

during any calendar year may not exceed 2,000,000 shares of Stock (subject to adjustment as provided in Section 4.6 below), and

(b)The maximum amount of compensation that may be paid under all Performance Grants denominated in cash (including the Fair Market Value of any shares of Stock paid in satisfaction of such Performance Awards) granted to any one individual during any calendar year may not exceed $15,000,000 and any payment due with respect to a Performance Grant shall be paid no later than ten (10) years after the date of grant of such Performance Grant.

(c)The maximum amount which may be paid to any Employee pursuant to one or more Bonus Awards under Article VI for any single Performance Period shall not exceed $15,000,000; and the maximum amount of any Bonus Awards payable to any one Employee in any calendar year shall not exceed $15,000,000.

The limitations set forth in clauses (a), (b) and (c) above shall be applied in a manner that will permit compensation generated under the Plan to constitute "performance-based" compensation for purposes of Section 162(m), including, without limitation, counting against such maximum number of shares, to the extent required under Section 162(m) and applicable interpretive authority thereunder, any shares subject to Options or SARs that are canceled or adjusted as provided in Section 4.6 below.

4.4 Non-Transferability. Except as otherwise determined by the Committee in compliance with Rule 16b-3 under the Exchange Act, the Awards granted hereunder shall not be transferable by the Employee otherwise than by will or under the laws of descent and distribution, and shall be exercisable, during the Employee's lifetime, only by the Employee. The Committee may grant Awards that are transferable, without payment of consideration, to immediate family members of the Employee; the Committee may also amend outstanding Awards to provide for such transferability. A transfer of a Nonqualified Option pursuant to this Section may only be effected by the Company at the written request of an Employee and shall become effective only when recorded in the Company's record of outstanding Nonqualified Options. In the event a Nonqualified Option is transferred as contemplated hereby, such Nonqualified Option may be subsequently transferred by the transferee only by will or the laws of descent and distribution or, without payment of consideration, to immediate family members of the Employee. In the event a Nonqualified Option is transferred as contemplated hereby, such Nonqualified Option will continue to be governed by and subject to the terms of this Plan and the relevant grant, and the transferee shall be entitled to the same rights as the Employee hereunder, as if no transfer had taken place. As used herein, "immediate family members" shall mean with respect to any person, such person's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Employee's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Employee) control the management of assets, and any other entity in which these persons (or the Employee) own more than 50% of the voting interests.

4.5 Requirements of Law. The Company shall not be required to sell or issue any Stock under any Award if issuing that Stock would constitute or result in a violation by the Employee or the Company of any provision of any law, statute, or regulation of any governmental authority. Specifically, in connection with any applicable statute or regulation relating to the registration of securities pursuant to any Award, the Company shall not be required to issue any Stock unless the Committee has received evidence satisfactory to it to the effect that the holder of that Award will not transfer the Stock except in accordance with applicable law, including receipt of an opinion of counsel satisfactory to the Company to the effect that any proposed transfer complies with applicable law. The determination by the Committee on this matter shall be final, binding and conclusive. The Company may, but shall in no event be obligated to, register any Stock covered by the Plan pursuant to applicable securities laws of any country or any political subdivision. In the event the Stock issuable pursuant to an Award is not registered, the Company may imprint on the certificate evidencing the Stock any legend that counsel for the Company considers necessary or advisable to comply with applicable law. The Company shall not be obligated to take any other affirmative action in order to cause the exercise of, or the issuance of shares under, an Award to comply with any law or regulation of any governmental authority.

4.6 Changes in the Company's Capital Structure; Adjustments.

(a)The existence of the Plan and the Awards granted hereunder shall not affect or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the Stock or the rights thereof, the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding.

(b)In the event of any subdivision or consolidation of outstanding shares of Stock, declaration of a dividend payable in shares of Stock or other stock split, then (i) the number and kind of shares of Stock or other securities reserved under this Plan and the number of shares of Stock available for issuance pursuant to specific types of Awards as described in Section 4.2, (ii) the number and kind of shares of Stock or other securities covered by outstanding Awards, (iii) the Grant Price or other price in respect of such Awards, (iv) the appropriate Fair Market Value and other price determinations for such Awards, and (v) to the extent consistent with the requirements of Section 162(m), the

limitations shall each be proportionately adjusted by the Board as the Board deems appropriate, in its sole discretion, to reflect such transaction. In the event of any other recapitalization or capital reorganization of the Corporation, any consolidation or merger of the Corporation with another corporation or entity, the adoption by the Corporation of any plan of exchange affecting Stock or any distribution to holders of Stock of securities or property (including cash dividends that the Board determines are not in the ordinary course of business but excluding normal cash dividends or dividends payable in Stock), the Board shall make such adjustments as it determines, in its sole discretion, appropriate to (x) the number and kind of shares of Stock or other securities reserved under this Plan and the number of shares of Stock available for issuance pursuant to specific types of Awards as described in Section 4.2 and (y)(i) the number and kind of shares of Stock or other securities covered by Awards, (ii) the Grant Price or other price in respect of such Awards, (iii) the appropriate Fair Market Value and other price determinations for such Awards, and (iv) to the extent consistent with the requirements of Section 162(m), the Award Limits described in Section 4.3 to reflect such transaction. In the event of a corporate merger, consolidation, acquisition of assets or stock, separation, reorganization, or liquidation, the Board shall be authorized (x) to assume under the Plan previously issued compensatory awards, or to substitute new Awards for previously issued compensatory awards, including Awards, as part of such adjustment;

(y) to cancel Awards that are Options or SARs and give the Participants who are the holders of such Awards notice and opportunity to exercise for 15 days prior to such cancellation; or (z) to cancel any such Awards and to deliver to the Participants cash in an amount that the Board shall determine in its sole discretion is equal to the fair market value of such Awards on the date of such event, which in the case of Options or SARs shall be the excess, if any, of the Fair Market Value of Stock on such date over the Grant Price of such Award. Any adjustment under this Section 4.6(b) need not be the same for all Participants.

(c)The Committee shall have the authority to adjust the Performance Goals (either up or down) and the level of the Performance Grant that a Participant may earn under this Plan, to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, and (v) items of an unusual nature or of infrequency of occurrence or non-recurring items which we reported in the Company's income statement in the Company's annual report to shareholders for the applicable year.

(d)Notwithstanding the foregoing: (i) any adjustments made pursuant to this Section to Awards that are considered "deferred compensation" within the meaning of Section 409A shall be made in compliance with the requirements of Section 409A unless the Participant consents otherwise; (ii) any adjustments made to Awards that are not considered "deferred compensation" subject to Section 409A shall be made in such a manner as to ensure that after such adjustment, the Awards either continue not to be subject to Section 409A or comply with the requirements of Section 409A unless the Participant consents otherwise; and (iii) the Committee shall not have the authority to make any adjustments under this Section to the extent that the existence of such authority would cause an Award that is not intended to be subject to Section 409A to be subject thereto.

4.7 Termination of Employment. Except as specifically provided herein, the Committee shall set forth in the Award Agreement the status of any Award or shares of Stock underlying any Award upon the termination of the Employee's employment for any reason.

4.8 Election Under Section 83(b) of the Code. No Employee shall exercise the election permitted under Section 83(b) of the Code without prior approval of the Committee. If an Employee files an election under Section 83(b) of the Code without approval, such Award shall be forfeited.

4.9 Change of Control. Notwithstanding any other provisions of the Plan, and unless otherwise expressly addressed in an Award Agreement, the provisions of this Section 4.9 shall apply in the event a Change of Control.

(a)If an Employee is employed by the Corporation or one of its Subsidiaries or Affiliates on the date a Change of Control occurs and such employment is, within the twenty-four (24) month period commencing on the effective date of such Change in Control, involuntarily terminated, then immediately prior to such termination (i) each Award granted under this Plan to the Employee shall become immediately vested and fully exercisable and any restrictions applicable to the Award shall lapse, and (ii) if the Award is an Option or SAR, the Award shall remain exercisable until the expiration of the remaining term of the Award

(b)Notwithstanding the provisions of Section 4.9(a), if any Award constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A, the timing of settlement of such Award pursuant to this Section 4.9 shall, subject to Section 13.3 hereof, be in accordance with the settlement terms set forth in the applicable Award Agreement if such Change in Control fails to constitute a "change in the ownership of the corporation," a "change in effective control of the corporation" or a "change in the ownership of a substantial portion of the assets of the corporation," within the meaning of Section 409A(a)(2)(A)(v) of the Code.

(c)If any Award is a Performance Grant, then each of the Performance Criteria shall be deemed to be satisfied at the target payment level as of the date the Change of Control occurs. If the Performance Grant requires continued service with the Corporation through a designated vesting date, then such Award shall be treated in the same manner as a Restricted Stock Unit award under Section 4.9(a) above and the Performance Grant shall be paid at the target payment level on the date or dates, as applicable, such Award becomes vested. If the Performance Grant does not require continued service with the Corporation through a designated vesting date, then such Award shall be vested and settled by the Corporation on the date of the Change of Control.

4.1 Minimum Vesting Period. Each Award issued under this Plan's terms shall have a vesting period of not less than one (1) year; provided, however, that (i) no minimum vesting period shall apply with respect to grants of up to five

percent (5%) of the amount designated in Section 4.2 above, subject to adjustment as provided in Section 4.6, and (ii) this Section 4.10 shall not apply to Awards issued pursuant to Section 4.2(e) above or Article XIV below.

ARTICLE V

OPTIONS

5.1 Type of Option. The Committee shall specify whether a given Option shall constitute an Incentive Option or a Nonqualified Option.

5.2 Grant Price. The price per share at which shares of Stock may be purchased under an Incentive Option shall not be less than the greater of (i) 100% of the Fair Market Value per share of Stock on the date the Option is granted, or (ii) the per share par value of the Stock on the date the Option is granted. The Committee in its discretion may provide that the price per share at which shares of Stock may be purchased shall be more than 100% of Fair Market Value per share. In the case of any 10% Shareholder, the price per share at which shares of Stock may be purchased under an Incentive Option shall not be less than the greater of: (a) 110% of the Fair Market Value per share of Stock on the date the Incentive Option is granted or (b) the per share par value of the Stock on the date the Incentive Option is granted.

The price per share at which shares of Stock may be purchased under a Nonqualified Option shall not be less than the greater of: (i) 100% of the Fair Market Value per share of Stock on the date the Option is granted or (ii) the per share par value of the Stock on the date the Option is granted. The Committee in its discretion may provide that the price per share at which shares of Stock may be purchased shall be more than 100% of Fair Market Value per share.

5.3 Duration of Options. No Option shall be exercisable after the expiration of 10 years from the date the Option is granted. In the case of a 10% Shareholder, no Incentive Option shall be exercisable after the expiration of five years from the date the Incentive Option is granted.

5.4 Amount Exercisable. Each Option may be exercised from time to time, in whole or in part, in the manner and subject to the conditions the Committee, in its discretion, may provide in the Award Agreement, as long as the Option is valid and outstanding. To the extent that the aggregate Fair Market Value (determined as of the time an Incentive Option is granted) of the Stock with respect to which Incentive Options first become exercisable by the optionee during any calendar year (under the Plan and any other incentive stock option plan(s) of the Company or any Affiliate) exceeds $100,000, the Incentive Options shall be treated as Nonqualified Options. In making this determination, Incentive Options shall be taken into account in the order in which they were granted.

5.5 Exercise of Options. Options shall be exercised by the delivery of written notice to the Company setting forth the number of shares with respect to which the Option is to be exercised, together with: (i) cash, check, certified check, bank draft, or postal or express money order payable to the order of the Company for an amount equal to the Grant Price of the shares, (ii) if acceptable to the Company, Stock at its Fair Market Value equal to the Grant Price of the shares on the date of exercise, (iii) an executed attestation form acceptable to the Company attesting to ownership of Stock at its Fair Market Value equal to the Grant Price of the shares on the date of exercise and/or (iv) any other form of payment which is acceptable to the Committee, and specifying the address to which the certificates for the shares are to be mailed. As promptly as practicable after receipt of written notification and payment, the Company shall deliver to the Employee certificates for the number of shares with respect to which the Option has been exercised, issued in the Employee's name. If shares of Stock are used in payment, the Fair Market Value of the shares of Stock tendered must be less than the Grant Price of the shares being purchased, and the difference must be paid by check. Delivery shall be deemed effected for all purposes when the Company or a stock transfer agent of the Company shall have deposited the certificates in the United States mail, addressed to the optionee, at the address specified by the Employee.

Whenever an Option is exercised by exchanging shares of Stock owned by the Employee, the Employee shall deliver to the Company certificates registered in the name of the Employee representing a number of shares of Stock legally and beneficially owned by the Employee, free of all liens, claims, and encumbrances of every kind, accompanied by stock powers duly endorsed in blank by the record holder of the shares represented by the certificates (with signature guaranteed by the Company or a commercial bank or trust company or by a brokerage firm having a membership on a registered national stock exchange). The delivery of certificates upon the exercise of Options is subject to the condition that the person exercising the Option provide the Company with the information the Company might reasonably request pertaining to exercise, sale or other disposition.

5.6 Substitution Options. Options may be granted under the Plan from time to time in substitution for stock options held by employees of other corporations who are about to become employees of or affiliated with the Company or any Affiliate as the result of a merger or consolidation of the employing corporation with the Company or any Affiliate, or the acquisition by the Company or any Affiliate of the assets of the employing corporation, or the acquisition by the Company or any Affiliate of stock of the employing corporation as the result of which it becomes an Affiliate of the Company.

5.7 No Rights as Stockholder. No Employee shall have any rights as a shareholder with respect to Stock covered by an Option until the date a stock certificate is issued for the Stock.

5.8 Prohibition on Repricing of Awards. No Option or SAR may be repriced, replaced, regranted through cancellation, exchanged for cash, exchanged for any other Awards or modified without stockholder approval (except as contemplated in Section 4.6 hereof), if the effect of such action would be to reduce the exercise price for the shares

underlying such Option or SAR.

ARTICLE VI

BONUS AWARDS

6.1 Bonus Awards and Eligibility. The Committee, in its sole discretion, may designate certain Employees of the Company who are eligible to receive a Bonus Award if certain pre-established performance goals are met. In determining which Employees shall be eligible for a Bonus Award, the Committee may, in its discretion, consider the nature of the Employee's duties, past and potential contributions to the success of the Company and its Affiliates, and such other factors as the Committee deems relevant in connection with accomplishing the purposes of the Plan.

6.2 Establishment of Bonus Award. The Committee shall determine the terms of the Bonus Award, if any, to be made to an Employee for each Performance Period selected by the Committee which shall not be greater than one year. The Committee shall have the discretion to make downward adjustments to Bonus Awards otherwise payable if the performance goals are attained.
6.3 Criteria for Performance Goals. The Performance Goals shall be selected by the Committee from the Performance Criteria in accordance with Section 162(m) and regulations issued thereunder.
6.4 Committee Certification. The Committee must certify in writing that a Performance Goal has been met prior to payment to any Employee of the Bonus Award by issuance of a certificate for Stock or payment in cash. If the Committee certifies the entitlement of an Employee to the performance based Bonus Award, the payment shall be made to the Employee subject to other applicable provisions of the Plan, including but not limited to, all legal requirements and tax withholding.
6.5 Procedures with Respect to Grants to Covered Employees. This Section 6.5 shall apply to Bonus Awards made to individuals who are classified as Covered Employees. To the extent necessary to comply with the qualified performance-based award requirements of Section 162(m)(4)(C) of the Code, with respect to any Bonus Award that may be granted to one or more Covered Employees, no later than 90 days following the commencement of any fiscal year in question or any other designated fiscal period or period of service (or such other time as may be required or permitted by Section 162(m)), the Committee shall, in writing, (i) designate one or more Covered Employees, (ii) select the Performance Criteria applicable to the Performance Period, (iii) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period, and (iv) specify the relationship between Performance Criteria and the Performance Goals and the amounts to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Committee shall certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. No Award or portion thereof that is subject to the satisfaction of any condition shall be considered to be earned or vested until the Committee certifies in writing that the conditions to which the distribution, earning or vesting of such Award is subject have been achieved. The Committee may not increase during a year the amount of a Bonus Award that would otherwise be payable upon satisfaction of the conditions but may reduce or eliminate the payments as provided for in the Award Agreement.
6.6 Payment and Limitations. Bonus Awards shall be paid on or before the 90th day following both (i) the end of the Performance Period, and (ii) certification by the Committee that the Performance Goals and any other material terms of the Bonus Award and the Plan have been satisfied, or as soon thereafter as is reasonably practicable. The Bonus Award may be paid in Stock, cash, or a combination of Stock and cash, in the sole discretion of the Committee. If paid in whole or in part in Stock, the Stock shall be valued at Fair Market Value as of the date the Committee directs payments to be made in whole or in part in Stock. However, no fractional shares of Stock shall be issued, and the balance due, if any, shall be paid in cash.

The maximum amount which may be paid to any Employee pursuant to one or more Bonus Awards under this Article VI for any single Performance Period shall not exceed the limitations provided in Section 4.3 above.
ARTICLE VII
RESTRICTED STOCK
7.1 Restricted Stock Awards and Eligibility. The Committee, in its sole discretion, may grant Restricted Stock Awards to certain Employees of the Company. In determining which Employees shall be eligible for a Restricted Stock Award, the Committee may, in its discretion, consider the nature of the Employee’s duties, past and potential contributions to the success of the Company and its Affiliates, and such other factors as the Committee deems relevant in accomplishing the purposes of the Plan. Awards of Restricted Stock shall be subject to such conditions and restrictions as are established by the Committee and set forth in the Award Agreement, including, without limitation, the number of shares of Stock to be issued to the Employee, the consideration for such shares, forfeiture restrictions and forfeiture restriction periods, performance criteria, if any, and other rights with respect to the shares.
7.2 Issuance of Restricted Stock. Upon the grant of a Restricted Stock Award to an Employee, issuance of the stock (electronically or by physical certificate) shall be made for the benefit of the Employee as soon as administratively practicable, and subject to other applicable provisions of the Plan, including but not limited to, all legal requirements

and tax withholding. Any stock certificate evidencing shares of Restricted Stock pending the lapse of restrictions shall bear a legend making appropriate reference to the restrictions imposed. Upon the grant of a Restricted Stock Award, the Employee may be required to provide such further assurance and documents as the Committee may require to enforce the restrictions.

7.3 Voting and Dividend Rights. The Employee shall have the right to receive dividends during any forfeiture restriction period, to vote the Stock subject thereto and to enjoy all other shareholder rights, except that (i) the Employee shall not be entitled to delivery of the Stock until any forfeiture restriction period shall have expired, (ii) the Company shall retain custody of the Stock during the forfeiture restriction period, and (iii) the Employee may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the Stock during any forfeiture restriction period.

7.4 Deferral. To the extent permissible under the Service Corporation International Executive Deferred Compensation Plan, the Committee may permit an Employee to elect to defer receipt and payment of a Restricted Stock Award in accordance with the terms of such plan.

7.5 Transfers of Unrestricted Shares. Subject to Section 7.4, upon the vesting date of a Restricted Stock Award, such Restricted Stock will be transferred free of all restrictions to an Employee (or his or her legal representative, beneficiaries or heirs).

ARTICLE VIII

STOCK EQUIVALENT UNITS

8.1 Stock Equivalent Units and Eligibility. The Committee, in its sole discretion, may grant Stock Equivalent Units to certain Employees of the Company. In determining which Employees shall be eligible for an Award of Stock Equivalent Units, the Committee may, in its discretion, consider the nature of the Employee's duties, past and potential contributions to the success of the Company and its Affiliates, and such other factors as the committee deems relevant in accomplishing the purposes of the Plan. Awards of Stock Equivalent Units shall be subject to such conditions and restrictions as are established by the Committee and set forth in the Award Agreement, including, without limitation, the number of units, performance criteria, if any, and terms of redemption of the Stock Equivalent Units (whether in connection with the termination of employment or otherwise).

8.2 Voting and Dividend Rights. No Employee shall be entitled to any voting rights or to receive any dividends with respect to any Stock Equivalent Units.

8.3 Redemption of Stock Equivalent Units. The Committee shall provide in each Award Agreement pertaining to Stock Equivalent Units a procedure for the redemption by the Company of the Stock Equivalent Units. A Stock Equivalent Unit may be paid either in cash or in shares of Stock, as designated in the applicable Award Agreement. If a Stock Equivalent Unit provides for payment in cash, the amount to be paid in cash to an Employee upon redemption of each Stock Equivalent Unit shall be the Fair Market Value of one share of Stock on the date of redemption. If a Stock Equivalent Unit provides for payment in shares of Stock, the Employee shall receive one share of Stock for each Stock Equivalent Unit.

8.4 Valuation of Stock Equivalent Units. Each Stock Equivalent Unit shall be initially valued at the Fair Market Value of one share of Stock on the date the Stock Equivalent Unit is granted. The value of each Stock Equivalent Unit shall fluctuate with the daily Fair Market Value of one share of Stock. Payment for redemption of Stock Equivalent Units shall be made to the Employee subject to the other applicable provisions of the Plan, including, but not limited to, all legal requirements and tax withholding.

ARTICLE IX

PERFORMANCE GRANTS

9.1 Performance Grants and Eligibility. The Committee, in its sole discretion, may designate certain Employees of the Company who are eligible to receive a Performance Grant if certain pre-established performance goals are met. In determining which Employees shall be eligible for a Performance Grant, the Committee may, in its discretion, consider the nature of the Employee's duties, past and potential contributions to the success of the Company and its Affiliates, and such other factors as the Committee deems relevant in connection with accomplishing the purposes of the Plan.

9.2 Establishment of Performance Grant. The Committee shall determine the terms of the Performance Grant, if any, to be made to an Employee for a period in excess of one year designated by the Committee (the "Performance Cycle"). The Committee shall have the discretion to make downward adjustments to Performance Grants otherwise payable if the performance goals are attained.

9.3 Criteria for Performance Goals. The performance goals shall be pre-established by the Committee in accordance with Section 162(m) and regulations issued thereunder. Performance goals determined by the Committee may include, but are not limited to, increases in net profits, operating income, Stock price, earnings per share, sales and/or return on equity.

9.4 Committee Certification. The Committee must certify in writing that a performance goal has been met prior to payment to any Employee of the Performance Grant by issuance of a certificate for Stock or payment in cash. If the Committee certifies the entitlement of an Employee to the performance based Performance Grant, the payment shall be made to the Employee subject to other applicable provisions of the Plan, including but not limited to, all legal requirements and tax withholding.

9.5 Payment and Limitations. Performance Grants shall be paid on or before the 90th day following both (i) the end of the Performance Cycle, and (ii) certification by the Committee that the performance goals and any other material

terms of the Performance Grant and the Plan have been satisfied, or as soon thereafter as is reasonably practicable. The Performance Grant may be paid in Stock, cash, or a combination of Stock and cash, in the sole discretion of the Committee. If paid in whole or in part in Stock, the Stock shall be valued at Fair Market Value as of the date the Committee directs payments to be made in whole or in part in Stock. However, no fractional shares of Stock shall be issued, and the balance due, if any, shall be paid in cash.

The maximum amount which may be paid to any Employee pursuant to one or more Performance Grants under this Article IX for any single Performance Cycle shall not exceed the limit provided in Section 4.3 above.

ARTICLE X

RESTRICTED STOCK UNITS

10.1 Restricted Stock Units and Eligibility. The Committee, in its sole discretion, may grant Restricted Stock Units to certain Employees of the Company. In determining which Employees shall be eligible for an Award of Restricted Stock Units, the Committee may, in its discretion, consider the nature of the Employee's duties, past and potential contributions to the success of the Company and its Affiliates, and such other factors as the committee deems relevant in accomplishing the purposes of the Plan. Awards of Restricted Stock Units shall be subject to such conditions and restrictions as are established by the Committee and set forth in the

Award Agreement, including, without limitation, the number of units, performance criteria, if any, and terms of redemption of the Restricted Stock Units (whether in connection with the termination of employment or otherwise).

10.2 Voting and Dividend Rights. No Employee shall be entitled to any voting rights with respect to any share of Stock represented by a Restricted Stock Unit until the date of issuance of such shares. To the extent provided in an Award Agreement, the Employee shall be entitled to receive Dividend Equivalents with respect to the payment of cash dividends on shares of Stock having a record date prior to the date on which the Restricted Stock Units held by such Employee are settled. Such Dividend Equivalents, if any, shall be paid to the Employee on the payroll date immediately following the scheduled dividend date.

10.3 Settlement of Restricted Stock Units. The Company shall issue to an Employee on the date on which Restricted Stock Units subject to the Employee's Award Agreement vest or on which other date determined by the Committee, in its discretion, and set forth in the Award Agreement, one (1) share of Stock (and/or any other new, substituted or additional securities or other property pursuant to an adjustment described in Section 4.6) for each Restricted Stock Unit then becoming vested or otherwise to be settled on such date, subject to the withholding of applicable taxes. A Restricted Stock Unit may only be paid in whole Shares. The stock certificate evidencing the shares payable under a Restricted Stock Unit will be issued within an administratively reasonable period after the date on which the Restricted Stock Unit vests so that the payment of shares qualifies for the short-term deferral exception under Section 409A. Notwithstanding the foregoing, if permitted by the Committee and set forth in the Award Agreement, the Participant may elect in accordance with the terms specified in the Award Agreement to defer receipt of all or any portion of the shares of Stock or other property otherwise issuable to the Employee pursuant to this Section. To the extent permissible under applicable law, the Committee may permit a Participant to defer payment under a Restricted Stock Unit to a date or dates after the Restricted Stock Unit vests, provided that the terms of the Restricted Stock Unit and any deferral satisfy the requirements to avoid imposition of the "additional tax" under Section 409A(a)(1)(B).

10.4 Effect of Termination of Service. Unless otherwise provided in the grant of a Restricted Stock Unit, as set forth in the Award Agreement, if an Employee's service terminates for any reason, whether voluntary or involuntary, then the Participant shall forfeit to the Company any Restricted Stock Units which remain subject to vesting under the Award Agreement on the date of termination.

10.5 Deferral. To the extent permissible under the Service Corporation International Executive Deferred Compensation Plan, the Committee may permit an Employee to elect to defer receipt and payment of a Restricted Stock Unit in accordance with the terms of such plan.

ARTICLE XI

STOCK APPRECIATION RIGHTS

11.1 Stock Appreciation Rights. A Stock Appreciation Right or SAR is an award that may or may not be granted in tandem with an Option, and entitles the holder to receive an amount equal to the difference between the Fair Market Value of a share of Stock at the time of exercise of the SAR and the Grant Price, subject to the applicable terms and conditions of the tandem options and the following provisions of this Article XI.

11.2 Exercise. An SAR shall entitle the Employee to receive, upon the exercise of the SAR, shares of Stock (valued at their Fair Market Value at the time of exercise), cash, or a combination thereof, in the discretion of the Committee, in an amount equal in value to the excess of the Fair Market Value of the shares of Stock subject to the SAR as of the date of such exercise over the Grant Price of the SAR. If granted in tandem with an Option, the exercise of an SAR will result in the surrender of the related Option and, unless otherwise provided by the Committee in its sole discretion, the exercise of an Option will result in the surrender of a related SAR, if any.

11.3 Expiration Date. The "expiration date" with respect to an SAR shall be determined by the Committee, and if granted in tandem with an Option, shall be not later than the expiration date for the related Option. If neither the right nor the related Option is exercised before the end of the day on which the right ceases to be exercisable, such right shall be deemed exercised as of such date and payment shall be made to the holder in cash. Notwithstanding the preceding, the expiration date for an SAR shall be not later than 10 years from the date the SAR is granted.

11.4 Award Agreements. At the time any Award is made under this Article XI, the Company and the Participant shall enter into an Award Agreement setting forth each of the matters contemplated hereby, and such additional matters as the Committee may determine to be appropriate. The terms and provisions of the respective Award Agreements need not be identical.

ARTICLE XII
ADMINISTRATION

The Plan shall be administered by the Committee. All questions of interpretation and application of the Plan and Awards granted thereunder shall be subject to the determination of the Committee. A majority of the members of the Committee shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by a majority of the members shall be as effective as if it had been made by a majority vote at a meeting properly called and held. The Plan shall be administered in such a manner as to permit the Options granted under it which are designated to be Incentive Options to qualify as Incentive Options. In carrying out its authority under the Plan, the Committee shall have full and final authority and discretion, including but not limited to the following rights, powers and authorities, to:

(a)determine the Employees to whom and the time or times at which Awards will be made;

(b)determine the number of shares and the purchase price of Stock covered in each Award, subject to the terms of the Plan;
(c)determine the terms, provisions and conditions of each Award, which need not be identical;
(d)define the effect, if any, on an Award of the death, Disability, retirement, or termination of employment of the Employee;
(e)subject to Article XII, adopt modifications and amendments to the Plan or any Award Agreement, including, without limitation, any modifications or amendments that are necessary to comply with the laws of the countries in which the Company or its Affiliates operate;
(f)prescribe, amend and rescind rules and regulations relating to administration of the Plan; and
(g)make all other determinations and take all other actions deemed necessary, appropriate, or advisable for the proper administration of the Plan.
The actions of the Committee in exercising all of the rights, powers, and authorities set out in this Article and all other Articles of the Plan, when performed in good faith and in its sole judgment, shall be final, conclusive and binding on all parties.

ARTICLE XIII

AMENDMENT OR TERMINATION OF PLAN

The Board of Directors of the Company may amend, terminate or suspend the Plan at any time, in its sole and absolute discretion; provided, however, to the extent required under applicable stock exchange rules or other applicable rules or regulations, no amendment or modification shall be made to the Plan without the approval of the Company's shareholders; provided further, however, that to the extent required to maintain the status of any Incentive Option under the Code, no amendment that would (i) change the aggregate number of shares of Stock which may be issued under Incentive Options, (ii) change the class of Employees eligible to receive Incentive Options, or (iii) decrease the Grant Price for Options or SARs below the Fair Market Value of the Stock at the time it is granted, shall be made without the approval of the Company's shareholders. Subject to the preceding sentence, the Board shall have the power to make any changes in the Plan and in the regulations and administrative provisions under it or in any outstanding Incentive Option as in the opinion of counsel for the Company may be necessary or appropriate from time to time to enable any Incentive Option granted under the Plan to continue to qualify as an incentive stock option or such other stock option as may be defined under the Code so as to receive preferential federal income tax treatment.

ARTICLE XIV

TREATMENT OF NON-EMPLOYEE DIRECTORS

14.1 Annual Equity Retainer Awards. The Company shall award shares of Stock to each Director at the time of the annual shareholders meeting (the "Director Equity Grant"). The Board shall designate the terms and conditions of the Director Equity Grant under this Section 14.1, provided, however, that unless otherwise designated by the Board, the Awards shall be fully vested on the date of grant. Except as otherwise provided in Section 14.2 below, the Director Equity Grant shall be paid in the form of shares of Stock on the day of the annual shareholders meeting. The aggregate grant date fair value (computed as of the date of grant in accordance with applicable financial accounting rules) of the shares of Stock issued to a Director during a calendar year shall be determined by the Board and shall not exceed $300,000 per calendar year. As of the close of business on the date of the Company's annual shareholder meeting, the number of share of Stock issued to each director shall be equal to (x) the designated dollar amount of the Director Equity Grant, divided by (y) the Fair Market Value of a share of Stock on that day, which amount shall be rounded to the nearest whole share. The limitations described in this Section 14.1 shall be determined without regard to grants of awards under the Director Plan prior to August 1, 2017 or compensation, if any, paid to a Director during any period in which such individual was an Employee or Consultant (other than in the capacity of a non-employee director).
14.2 Director Deferred Units. Notwithstanding Section 15.6, each Director may file a deferral election with the Company no later than December 31 of the calendar year immediately preceding the calendar year in which the annual Director Equity Grant is paid to elect to have some or all of such Award made in the form of Director Deferred Units with a deferred delivery date (the "Annual Election"). A new Director may make an election to defer his or her annual retainer fee in accordance with procedures established by the Company, provided that such election (i) is made prior to the date the Director is appointed or elected to the Board, (ii) is effective as of the Director's appointment or election to the Board, and (iii) only applies to that portion of the annual retainer fee earned after the signed election is

delivered to the Company. Failure to timely elect a deferral of the Award in any year shall result in the Award being paid in shares of Stock on the date of the annual meeting. If a Director files a timely election to receive payment of the Director Equity Grant in Director Deferred Units, such units shall be credited to the Director Unit Account established by the Company. The Company may, in its sole discretion, cause the ongoing administration and payment of the Director Deferred Units, and any associated dividend equivalent payments (including earnings on such amounts), to be administered pursuant to the terms of the Service Corporation International Executive Deferred Compensation Plan, as such plan may be amended from time to time.

14.3 Incorporated Director Plan Awards. Any deferred stock unit awards issued under the Director Plan for periods on or before August 1, 2017, including dividend equivalent payments credited as additional deferred stock units, shall be incorporated into this Plan and classified as Director Deferred Units. The Company shall be obligated to issue one share of Stock under this Plan with respect to each Director Deferred Unit which is credited pursuant to this Section 14.3, which shares shall be issued pursuant to the same terms and conditions as applied pursuant to the Director Plan and any distribution elections made by the Directors under

such plan's terms. Any deferral elections made pursuant to the Director Plan's terms shall be honored for the calendar year ending December 31, 2017.

14.4 Dividends.

a.If a Director Deferred Unit is issued after August 1, 2017, the Director also shall receive a dividend equivalent right with respect to such unit. On each date a dividend is paid by the Company to its shareholders with respect to a share of Stock, the Director's Deferred Unit Account shall be credited with a cash dividend equivalent payment equal to the amount of the dividend that would have been paid with respect to a share of stock. Any cash dividend equivalent payments credited to a Director's Deferred Unit Account pursuant to this Section 14.4(a) shall be paid to the Director on the date the associated Director Deferred Units is paid to such Director.

b.For periods on or after August 1, 2017, dividend equivalent payments made with respect to Director Deferred Units issued pursuant to the terms of the Director Plan shall be credited as a cash dividend equivalent payment instead of a stock dividend equivalent payment. On each date a dividend is paid by the Company to its shareholders with respect to a share of Stock, the Director's Deferred Unit Account shall be credited with a cash dividend equivalent payment equal to the amount of the dividend that would have been paid with respect to a share of stock. Any cash dividend equivalent payment credited under this Section 14.4(b) shall be paid to the Director on the same date as a stock dividend equivalent payment would have been paid pursuant to the election or elections made under the Director Plan prior to August 1, 2017.

14.5 Adjustments. The number of Director Deferred Units in a Director Unit Account shall be adjusted by the Board in its sole discretion to recognize the effect that otherwise would result from any event described in Section 4.6.

14.6 Director Plan Share Pool. The available pool of Stock under Section 8.1 of the Director Plan as of August 1, 2017 shall be incorporated into this Plan and used solely to satisfy the Company's obligation to issue shares of Stock with respect to (i) Director Deferred Units which were credited to a Director Unit Account on August 1, 2017 as a result of the merger of the Director Plan with and into this Plan, and (ii) grants of shares of Stock to Participants who are the Directors pursuant to this Article XIV of the Plan for periods on or after August 1, 2017. Shares of Stock delivered under the Director Plan Share Pool in settlement of an Award shall not reduce or be counted against the maximum number of shares of Stock available for delivery under Section 4.2 of the Plan. Once the Director Plan Share Pool is depleted, any future Awards to Directors under Section 14.4 shall be made under the Plan's general reserve described in Section 4.2.

14.7 Distributions. Notwithstanding other provisions of the Plan with regard to distributions for Awards, the following terms shall apply to distributions to Directors:

(a) Distribution of a Director Unit Account to a Director is intended to begin after termination of service as a Director, whether through retirement or otherwise, unless a Director has indicated in such Director's Annual Election a specified date for such distribution to occur. If a Director has selected the distribution of the Director Unit Account to begin after termination of service as a Director, distributions shall commence on June 15 following a Director's termination of service, unless such distribution is required to be delayed under Section 409A, in which case such distribution shall commence at the time this statutory delay has expired.

(b) In each Annual Election, a Director shall elect the manner of distributions from the Director Unit Account for that Annual Election. For periods commencing on or after August 1, 2017, an Annual Election shall permit payment as either (i) in a single lump sum payment, or (ii) in approximately equal annual installments over a period of up to 5 years. A failure to timely make such election shall result in a single lump sum payment with respect to that Annual Election.

(c) Distributions from a Director Unit Account shall be made in whole shares of Stock based on the number of shares equal to the whole number of Director Deferred Units credited to the Director Unit Account. No fractional shares shall be distributed and any account balance remaining after a distribution of Stock shall be paid in cash.

(d) Distributions from a Director Unit Account shall be made in accordance with the Director's Annual Elections. A Director may request that the time or manner of distribution selected in previously executed Annual Elections be changed. Any request by a Director to change the time/manner of such previously selected distribution must comply with the following:

(i) such election may not take effect until at least twelve (12) months after the date on which this election is made;

(ii) the distribution must be deferred for at least five (5) years from the date the distribution otherwise

ARTICLE XV
MISCELLANEOUS

15.1 No Establishment of a Trust Fund. No property shall be set aside nor shall a trust fund of any kind be established to secure the rights of any Employee under the Plan. All Employees shall at all times rely solely upon the general credit of the Company for the payment of any benefit which becomes payable under the Plan.

15.2 No Employment Obligation. The granting of any Award shall not constitute an employment contract, express or implied, nor impose upon the Company or any Affiliate any obligation to employ or continue to employ any Employee. The right of the Company or any Affiliate to terminate the employment of any person shall not be diminished or affected by reason of the fact that an Award has been granted to him.

15.3 Section 409A. Except to the extent that Section 7.4, Section 10.3, Section 10.5 or 14.2 applies to an Award, it is the intention of the Company that no Award shall be "deferred compensation" subject to Section 409A unless and to the extent that the Committee specifically determines otherwise, and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. Notwithstanding any provision of the Plan to the contrary, in the event that the Committee determines that any Award may be subject to Section 409A, the Committee may adopt such amendment to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions that the Committee determines are necessary or appropriate to (i) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Section 409A.

15.4 Tax Withholding. The Company or any Affiliate shall be entitled to deduct from other compensation payable to each Employee any sums required by federal, state, or local tax law to be withheld with respect to the grant or exercise of an Option, the cash payment of a Performance Grant, Bonus Award or redemption of a Stock Equivalent Unit, or issuance of Stock in payment of Restricted Stock, Restricted Stock Units, a Performance Grant or a Bonus Award. In the alternative, the Company may require the Employee (or other person exercising the Option or receiving Stock) to pay the sum directly to the employer corporation or, except as the Committee may otherwise provide in an Award, the Employee may satisfy such tax obligations in whole or in part by delivery of Stock, including shares of Stock retained from the Award creating the obligation, valued at Fair Market Value. If the Employee (or other person exercising the Option or receiving the Stock) is required to pay the sum directly, payment in cash or by check of such sums for taxes shall be delivered within 3 business days after (i) the date of exercise, or (ii) notice of the Committee's decision to pay all or part of a Performance Grant or Bonus Award in Stock, whichever is applicable. The Company shall have no obligation upon exercise of any Option, or notice of the Committee's decision to pay all or part of the Performance Grant or Bonus Award in Stock, until payment has been received, unless withholding (or offset against a cash payment) as of or prior to the date of exercise or issuance of Stock is sufficient to cover all sums due with respect to that exercise or issuance of Stock. The Company and its Affiliates shall not be obligated to advise an Employee of the existence of the tax or the amount which the employer corporations will be required to withhold.

15.5 Right of Offset. The Company will have the right to offset against its obligation to deliver shares of Stock (or other property) under the Plan or any Award Agreement any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans, repayment obligations under any Awards, or amounts repayable to the Company pursuant to tax equalization, housing, automobile or other employee programs) that the Employee then owes to the Company and any amounts the Committee otherwise deems appropriate pursuant to any tax equalization policy or agreement; provided, however, that no such offset shall be permitted if it would constitute an "acceleration" of a payment hereunder within the meaning of Section 409A. This right of offset shall not be an exclusive remedy and the Company's election not to exercise the right of offset with respect to any amount payable to an Employee shall not constitute a waiver of this right of offset with respect to any other amount payable to the Participant or any other remedy.

15.6 Prohibition On Deferred Compensation. It is the intention of the Company that no Award shall be "deferred compensation" subject to Section 409A unless and to the extent that the Committee specifically determines otherwise, and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. The terms and conditions governing any Awards that the Committee determines will be subject to Section 409A, including any rules for elective or mandatory deferral of the delivery of cash or shares of Stock pursuant thereto, shall be set forth in the applicable Award Agreement, and shall comply in all respects with Section 409A. Notwithstanding any provision herein to the contrary, any Award issued under the Plan that constitutes a deferral of compensation under a "nonqualified deferred compensation plan" as defined under Section 409A(d)(1) of the Code and is not specifically designated as such by the Committee shall be modified or cancelled to comply with the requirements of Section 409A, including any rules for elective or mandatory deferral of the delivery of cash or shares pursuant thereto.

15.7 Indemnification of the Committee and the Board of Directors. With respect to administration of the Plan, the Company shall indemnify each present and future member of the Committee and the Board of Directors, and each member of the Committee and the Board of Directors shall be entitled without further act on his part to indemnity from the Company to the fullest extent allowed under the Texas Business Organizations Code.

15.8 Gender. If the context requires, words of one gender when used in the Plan shall include the others and words used in the singular or plural shall include the other.

15.9 Headings. Headings of Articles and Sections are included for convenience of reference only and do not constitute part of the Plan and shall not be used in construing the terms of the Plan.

15.10 Other Compensation Plans. The adoption of the Plan shall not preclude the Company from establishing any other forms of incentive or other compensation for employees of the Company or any Affiliate.

15.11 Other Awards. The grant of an Award shall not confer upon the Employee the right to receive any future or other Awards under the Plan, whether or not Awards may be granted to similarly situated Employees, or the right to receive future Awards upon the same terms or conditions as previously granted.

15.12 Governing Law. The provisions of the Plan shall be construed, administered, and governed under the laws of the State of Texas.

SERVICE CORPORATION INTERNATIONAL
ATTN: INVESTOR RELATIONS
1929 ALLEN PARKWAY HOUSTON, TX 77019

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

Electronic Delivery of Future PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign

up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59
P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:
KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice & Proxy Statement AND Form 10-K are available at www.proxyvote.com

SERVICE
CORPORATION
INTERNATIONAL

PROXY
SOLICITED ON
BEHALF OF THE
BOARD OF
DIRECTORS
For The Annual
Meeting of
Shareholders May
10, 2017

The undersigned hereby appoints Thomas L. Ryan, Gregory T. Sangalis and Eric D. Tanzberger, and each or any of them as attorneys, agents and proxies of the undersigned with full power of substitution, for and in the name, place and stead of the undersigned, to attend the annual meeting of shareholders of

Service Corporation International (the "Company") to be held in the Conference Center, Heritage I and II, Service Corporation International, 1929 Allen Parkway, Houston, Texas at 9:00 a.m. Central Time on May 10, 2017, and any adjournment(s) thereof, and to vote thereat the number of shares of Common Stock of the Company which the undersigned would be entitled to vote if personally present as indicated on the reverse side hereof and, in their discretion, upon any other business which may properly come before said meeting. This proxy, when properly executed, will be voted in accordance with your indicated directions. If no direction is made, this proxy will be voted FOR the election of directors, FOR proposals 2 and 3; FOR 1 Year on proposal 4; FOR proposal 5; and AGAINST proposals 6 and 7.

Continued and to be signed on reverse

side