



# Memorandum

TO: WILLIAM D. GREEN, CHAIRMAN & CEO

FROM: MARY AILEEN MURPHY, DIRECTOR  
OF INTERNATIONAL OPERATIONS

DATE: MAY 1, 2009

SUBJECT: RECOMMENDATIONS FOR  
EXPANSION INTO LIMA, PERU

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## Executive Summary

Since its inception in 2001, Accenture has successfully become the industry leader in global expansion. With operations reaching over 52 countries, the company has developed its Global Delivery strategy to reach the needs of its customers. Currently operating in Asia, Europe and the Americas, Accenture provides a wealth of office locations; however, with the ever increasing rate of global expansion, it is pertinent that Accenture keep pace. As of January 2009, all of the Fortune 100 Companies employ Accenture services. The top 100 clients of Accenture have been loyal customers for at least five years.

In light of the current economic crisis, it is essential that we err on the side of caution when soliciting new investment opportunities and seek only those with elevated potential. After careful analysis, it is recommended that Accenture open its next office in the booming city of Lima, Peru.

## Background

Established in 1989, Accenture began as the consulting division of Arthur Andersen. The company was among the first to align business technologies with business process and strategy. By capitalizing on innovation and vowing to stay at the forefront of technology, Accenture became the market leader. In 2000, after unresolved disputes, Accenture separated from parent company Arthur Andersen. On July 19, 2001, Accenture made its initial public offering at \$14.50. By market close, the stock had risen to \$15.17 and raised an impressive \$1.7 billion in capital. Today the company employs nearly 200,000 employees in more than 52 countries across Europe, Asia, Africa, and the Americas.

Accenture is a global management, technology, and outsourcing consulting firm that strives to maximize value creation through unmatched experience, dedication, and research. In 2008, the company achieved revenues of \$23.39 billion. Accenture seeks to identify and capitalize on new opportunities that will create long lasting worth for their clients' customers. This is achieved by not only focusing on the situation at hand but also by making innovation and invention fundamental elements of daily operations.

The company is structured into three divisions: consulting, technology, and outsourcing. Consulting services include financial and performance management, process and innovation performance, supply chain management, and cost analysis. Technology consulting services contain the following: IT Strategy and Transformation, Network and Data Center Technology, Enterprise Architecture, and Systems Integration. Outsourcing Services focus on Application, Infrastructure, and Business Process Outsourcing. In order to manage growth, Accenture has allied with several technology companies that offer complementary services. The comprehensive list of allies enables Accenture to provide its clients with cutting edge technology and unmatched performance.

Accenture employees incorporate daily objectives with long term goals to achieve results that exceed expectations. The firm aids companies in entering new markets, increasing revenue, improving operations, and heightening efficiency and effectiveness by incorporating extensive market research with technological expertise. Accenture attributes its ability to achieve excellence to its High Performance Business unit. Through the study of more than 6,000 companies, the team has developed three key elements necessary to achieve high performance:

- Effectively balance current needs and future opportunities.
- Consistently outperform peers in revenue growth, profitability and total return to shareholders.
- Sustain their superiority across time, business cycles, industry disruptions and changes in leadership.<sup>1</sup>

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<sup>1</sup> "High Performance Business Research Program Overview"  
[http://www.accenture.com/Global/High\\_Performance\\_Business/HPBHighlevelC](http://www.accenture.com/Global/High_Performance_Business/HPBHighlevelC)

*The Accenture Alliance consists of several technology companies offering an array of complementary services. The Alliance consists of the following companies:*

*-Apriso*  
*-Aspen Technology*  
*-Asset Control*  
*-Calypso*  
*-Cisco Systems*  
*-Citrix Systems*  
*-Dell, Inc*  
*-EMC*  
*-Genesys*  
*-HP*  
*-IBM Hardware and Software Technology*  
*-Interwoven*  
*-Microsoft*  
*-Oracle*  
*-Reuters*  
*-SAP*  
*-SAP Business Objects*  
*-Sun Microsystems*  
*-Symantec*  
*-Unica*

## Guiding Business Principles

Accenture is guided by the following core values:

- Stewardship- Building a heritage for future generations, acting with an owner mentality, developing people everywhere we are and meeting our commitments to all internal and external stakeholders.
- Best People- Attracting and developing the best talent for our business, stretching our people and developing a "can do" attitude.
- Client Value Creation- Improving our clients' business performance, creating long-term, win-win relationships and focusing on execution excellence.
- One Global Network- Mobilizing the power of teaming to deliver consistently exceptional service to our clients anywhere in the world.
- Respect for the Individual- Valuing diversity, ensuring an interesting and inclusive environment and treating people as we would like to be treated ourselves.
- Integrity- Inspiring trust by taking responsibility, acting ethically and encouraging honest and open debate.<sup>2</sup>

## Financial Highlights

Accenture has seen healthy financial growth since its initial public offering in 2001. In 2008 alone, the company successfully brought in over \$25 million in revenues, an impressive increase from the record levels of the preceding years. This trend continued into the first quarter of 2009 with reported earnings of \$6 million. In addition, Accenture has steadily repurchased more than \$2 million in outstanding shares per year effectively increasing the return on stockholders' equity. The company's stock performed well prior to the financial downturn, with reliable increases in earnings per share and cash dividends, and has led its market despite the crisis. Some key 2008 and 2007 statistics are listed in the table below:

	2008	2007
Net Profit Margin	8.68%	8.91%
Operating Margin	11.90%	12.42%
EBITD	13.84%	14.43%
Return on Assets	18.99%	21.00%
Return on Equity	73.49%	80.21%

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<sup>2</sup>"Core Values" Accenture.

[http://www.accenture.com/Global/About\\_Accenture/Company\\_Overview/OurCoreValues.htm](http://www.accenture.com/Global/About_Accenture/Company_Overview/OurCoreValues.htm)

Accenture has been performing well in light of the current economic crisis. The firm has seen an increase in the amount of business as companies utilize outsourcing and process improvement services in order to reduce costs. Today's economic environment has made emerging markets more attractive because they provide less expensive labor resources as well as new consumer outlets.

## ➤ Emerging Markets

In the midst of the current financial crisis, it is crucial that Accenture seek opportunities in growing nations. As developed economies continue to slow, the migration of multinationals to emerging economies will with no doubt persist as they seek new consumer markets and sources of inexpensive labor. Accenture has taken advantage of several emerging market nations in countries such as China, Brazil, Venezuela, and India and has seen impressive results. It is with no doubt that Accenture can achieve these same results in Peru.

By the year 2025, it is expected that today's emerging markets will account for more than 55% of global consumption. "The growth in emerging markets is three times that of developed nations."<sup>3</sup> These economies have become attractive as multinationals discover how to market to the underserved consumer base. There has been a large influx of development in these nations as companies relocate factories and set up large offices to take advantage of lower costs and economies of scale. In addition, these countries offer an estimated workforce of 425 million potential employees. Accenture currently serves the following developing countries around the globe:

Africa	Asia	South America
<ul style="list-style-type: none"><li>• Nigeria</li><li>• South Africa</li></ul>	<ul style="list-style-type: none"><li>• China</li><li>• India</li><li>• Indonesia</li><li>• Malaysia</li><li>• Russia</li></ul>	<ul style="list-style-type: none"><li>• Argentina</li><li>• Brazil</li><li>• Chile</li><li>• Columbia</li><li>• Ecuador</li><li>• Uruguay</li><li>• Venezuela</li></ul>

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<sup>3</sup> Bain and Company. "How to Win in Emerging Markets" Bain & Company. 2007 (1-11).

## ► Environmental Analysis: Lima, Peru

### *The Country*

Peru is located on the western Pacific coast of South America and shares borders with Bolivia, Brazil, Chile, Columbia, and Ecuador. Lima, the capital city, is located in the central coast and is home to more than 40% of the population.<sup>4</sup> A former territory of Spain, the culture operates in Spanish and employs many elements of Spanish culture. While Peru experienced a tumultuous past, the country has achieved political stability and steady economic growth over the past several years.

### *Economic Stability*

“Recession proof,” that is what many economists are calling Peru.<sup>5</sup> In 2007, Peru was ranked the number one emerging market in the world. Several factors contributed to this ranking including, the 2006 presidential election and consistent demand for natural resources.<sup>6</sup> With a 2008 GDP growth rate that surpassed that of China’s 9.0%, Peru’s economy is booming. As seen below, Peru has experienced steady GDP growth for the past five years. While Peru’s growth rate is expected to be slow, it is only predicted to reach a low of 3.0% in 2009 before climbing again to 4.1% by 2010.

The increasing growth rate is in part due to the effort to improve international trade. The government has worked closely with the United Nations Development Program and the World Bank to simplify arduous customs procedures. Since the implementation of these reforms, customary collections have more than tripled despite the reduced tariff rates.<sup>7</sup> The government has also been working with the World Trade Organization to reduce tariffs and taxes and to facilitate trade. The intense effort first resulted in bilateral trade agreements with Argentina, Brazil, Chile, Cuba, Mexico, Paraguay, Singapore, Thailand, and Uruguay.<sup>8</sup> On April 12, 2006 the US and Peru signed a free trade agreement.<sup>9</sup> As a result of this agreement, exports to the



<sup>4</sup> “Peru” *CIA World Factbook*. <https://www.cia.gov/library/publications/the-world-factbook/geos/pe.html#Geo>

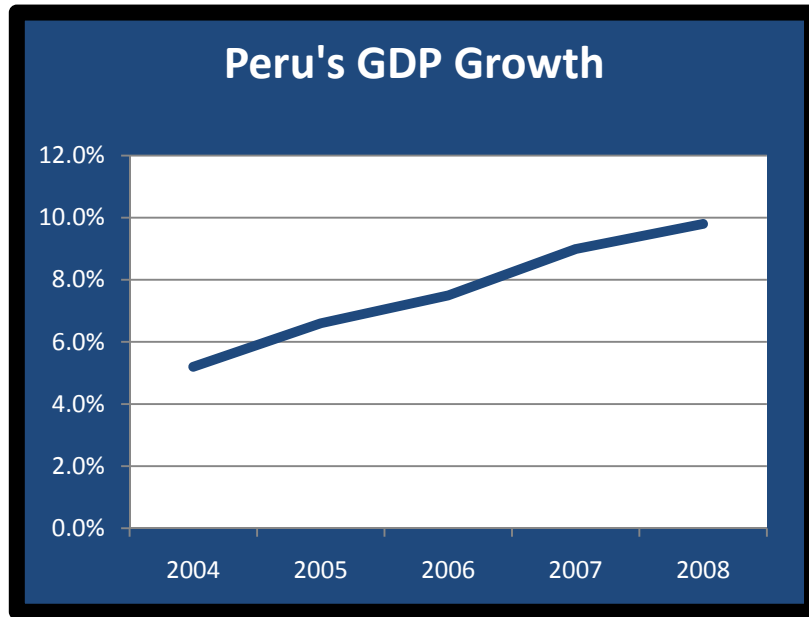
<sup>5</sup> “Recession Proof” *The Economist*. 5 March 2009

<sup>6</sup> “Doing Business in Peru: A Country Commercial Guide for U.S. Companies” *United States Department of Commerce*. 2007.

<sup>7</sup> “Doing Business in Peru: A Country Commercial Guide for U.S. Companies” *United States Department of Commerce*. 2007.

<sup>8</sup> “Doing Business in Peru: A Country Commercial Guide for U.S. Companies” *United States Department of Commerce*. 2007.

<sup>9</sup> “U.S.-Peru Trade Promotion Agreement: Potential Economy-wide and Selected Sectoral Effects.” *US International Trade Commission*. June 2006.



United States are expected to increase by \$439 million over the next five years. While imports from the US by \$2.1 billion.

Peru derives its trade surplus from the exportation of natural resources including gold, copper, aluminum, zinc, petroleum, coffee, fishmeal, fruits, vegetables, cut flowers, live plants, seeds, and textiles to the United States, Chile, the European Union, China, and Japan. Imports include machinery, vehicles, processed food, and steel. Because these

resources are in abundance, many companies are looking to capitalize on the opportunity to exploit them. This offers an opportunity for Accenture much like the opportunity that was seen in just Brazil a few years ago. Accenture's services have been employed by all of the largest mining companies in Brazil and have been prospected for the \$40,000,000,000 natural gas line project.

### ***Political Environment***

Until 1980, Peru operated under military rule. Although the 1980's brought democracy to the region, the decade was characterized by economic instability and violent uprising. A glimmer of hope came in 1990 with the election of President Alberto Fujimori; however, after great economic advancement, the newly elected President soon fell into authoritarian practices. Fujimori was overtaken in the country's 2000 elections by Alejandro Toledo, a Peruvian native. Toledo successfully brought peace to the nation, but failed to make sufficient economic strides.<sup>10</sup>

In 2006, Alan García Pérez was elected president. Garcia set out to develop Peru's economy through heavy interest in construction, mining, export growth, investment, and domestic demand. Garcia has thus far been successful by decentralizing the government. This has led to stronger regional governments and instilled more strength in national policies and programs designed to redistribute economic benefits to those living in poverty.<sup>11</sup>

<sup>10</sup> "Peru" *CIA World Factbook*, <https://www.cia.gov/library/publications/the-world-factbook/geos/pe.html#Geo>

<sup>11</sup> "Doing Business in Peru: A Country Commercial Guide for U.S. Companies" *United States Department of Commerce*. 2007.



The dilution of rural poverty has been one of the biggest challenges facing Peru for the last decade. In 2001, the national unemployment and poverty rates exceeded 50%. Human rights groups in conjunction with the government have been working diligently to correct this problem by making hefty investments in education and creating jobs. By 2008, they had successfully raised the per capita GDP by more than 40%, achieved a 93.5% literacy rate, and lowered unemployment to just 8.4% in urban areas.<sup>12 13</sup>

Peru has achieved several notable distinctions over the past year. In 2008, it was named the 58 out of 178 countries in the ease of doing business, over fifty positions ahead of Argentina and Brazil, its main competitors. The country has achieved low corruption levels and equalized treatment of foreign and domestic firms under the law. In addition, it has maintained low inflation and a steady tax rate for the last five years.<sup>14</sup>

### ***Attracting Foreign Investment***

The Peruvian government has realized that foreign investment is essential to their development. With this in mind, they have made a concerted effort to establish an investment friendly environment. The 1993 reformation of the constitution gave the government the opportunity to establish regulations and government agencies to ease foreign business operations. Prior to 1993, all foreign companies were required to register, report, and move all revenues through the Central Reserve Bank of Peru. Although companies are still encouraged to report earnings to the government, they are no not required to do so and are to subject to heavy remittances. The

<sup>12</sup> "Doing Business in Peru: A Country Commercial Guide for U.S. Companies" *United States Department of Commerce*. 2007.

<sup>13</sup> CIA World Fact Book. 2008. <https://www.cia.gov/library/publications/the-world-factbook/geos/pe.html>.

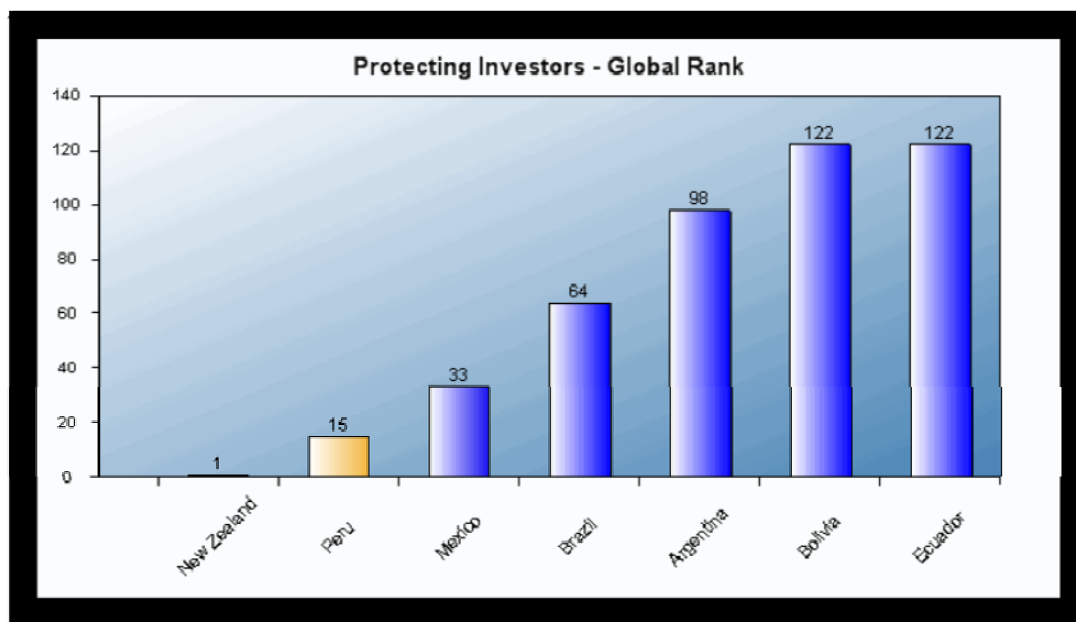
<sup>14</sup> "Doing Business 2008 Peru" World Bank Group. 2008 Dec.



government also took major step in this reformation. Monetary policy regulation was shifted from the government to the Central Reserve Bank of Peru, an independent institution. This resulted in a “de-dollarizing” of the economy, giving strength to the Peruvian sol.<sup>15</sup>

In 2002, the Peruvian government established ProInversion, a government agency aimed at increasing the amount of foreign direct investment in the country. To entice companies and investors to participate in the market, ProInversion implemented several concession plans offering deep tax cuts and incentives for foreign companies who open operations in Peru.<sup>16</sup>

Investor protection is a priority when soliciting foreign direct investment. While many countries can offer incentives and opportunity, many cannot offer the level of investor protection offered by Peru. In 2008, Peru was ranked 15<sup>th</sup> out of 178 countries in the level of investor protection. As seen on the graph on the next page, this ranking is high above any other Latin American country with Brazil following at 64 and Argentina at 98.<sup>17</sup>



This ranking is based on a measure of three areas. The first is extent of disclosure, including disclosure requirements for private and public companies, approval procedures, and extent of external review. The second measures the extent of director liability, the accountability of the board and the degree to which it is enforced. The third measures the ease of shareholder claims, and the extent to which they are resolved.

<sup>15</sup> “Doing Business in Peru: A Country Commercial Guide for U.S. Companies” *United States Department of Commerce*. 2007.

<sup>16</sup> “Doing Business in Peru: A Country Commercial Guide for U.S. Companies” *United States Department of Commerce*. 2007.

<sup>17</sup> “Doing Business 2008 Peru” World Bank Group. 2008 Dec.



## ➤ Recommendation

When considering opening operations in any Latin American country, there are many concerns that come to mind. These often include political corruption, economic stability, nonvolatile demand, market growth, availability of labor, and ease of doing business. Peru did not always satisfy these concerns; however, over the past decade, the country has overcome many obstacles to become the attractive growing nation.

Because the largest opportunities in Peru are in the mining and manufacturing industries, Accenture Peru will primarily focus in their consulting and outsourcing. While technology plays a fundamental role in the operation of these other units, we believe it will play a minor role in the start-up operation. As the office progresses, the technology unit will develop into an equal contributor.

It is purposed that Accenture open a small office consisting of fifteen to twenty employees in Lima, Peru. The management staff will comprise of one senior executive from Accenture Argentina and one senior executive from Accenture United States. Supporting roles will be filled with current Accenture employees that have Spanish fluency and work experience in Peru or the surrounding nations. As the office grows, Accenture will look for local talent; however, we believe it is essential to employ those with familiarity of the practice when starting new operations.

This office will have the responsibility of attracting new clients in the natural resources sector and providing support for existing clients who have set up operations in Lima and the surrounding areas. The sheer number of Accenture's clients with existing operations in Lima speaks for itself. Creating a firm presence in Peru will benefit existing clients, the region, and Accenture.

- 3M Company
- Abbot Laboratories
- Altria Group, Inc.
- Aetna Inc.
- ConocoPhillips
- Dow Chemical
- Exxon Mobile
- FedEx
- General Mills
- Hewlett Packard
- Ingram Micro
- Kimberly Clark
- Kraft
- Northrop Grumman
- Proctor and Gamble
- Sunoco
- Valero Energy
- Wal-Mart

APPENDIX A:  
FINANCIAL STATEMENTS

- 1.) Consolidated Balance Sheets August 31, 2008 and 2007
- 2.) Consolidated Income Statements August 31, 2008, 2007, and 2006
- 3.) Consolidated Shareholders' Equity and Comprehensive Income Statements August 31, 2008, 2007, and 2006
- 4.) Consolidated Cash Flows Statements August 31, 2008, 2007, and 2006
- 5.) Earnings per Share Statements August 31, 2008, 2007, and 2006

ACCENTURE LTD  
CONSOLIDATED BALANCE SHEETS  
August 31, 2008 and 2007  
(In thousands of U.S. dollars, except share and per share amounts)

	2008	2007
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3,602,760	\$ 3,314,396
Short-term investments	20,282	231,278
Receivables from clients, net	2,996,815	2,409,299
Unbilled services, net	1,518,580	1,290,035
Deferred income taxes, net	425,859	318,172
Other current assets	594,832	407,998
Total current assets	<u>9,159,128</u>	<u>7,971,178</u>
<b>NON-CURRENT ASSETS:</b>		
Unbilled services, net	43,627	63,995
Investments	19,034	81,935
Property and equipment, net	800,164	808,069
Goodwill	839,957	643,728
Deferred contract costs	539,856	407,640
Deferred income taxes, net	613,943	389,858
Other non-current assets	382,816	380,759
Total non-current assets	<u>3,239,397</u>	<u>2,775,984</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 12,398,525</u></u>	<u><u>\$ 10,747,162</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt and bank borrowings	\$ 6,570	\$ 23,795
Accounts payable	1,017,227	985,071
Deferred revenues	1,810,661	1,701,990
Accrued payroll and related benefits	2,809,196	2,274,098
Accrued consumption taxes	343,658	220,219
Income taxes payable	249,986	942,310
Deferred income taxes, net	57,258	39,078
Other accrued liabilities	553,322	692,759
Total current liabilities	<u>6,847,878</u>	<u>6,879,320</u>
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt	1,708	2,565
Deferred revenues relating to contract costs	555,935	303,159
Retirement obligation	483,857	494,416
Deferred income taxes, net	32,258	31,758
Income taxes payable	1,086,244	32,330
Other non-current liabilities	197,970	200,096
Total non-current liabilities	<u>2,357,972</u>	<u>1,064,324</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>MINORITY INTEREST</b>	652,169	740,186
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred shares, 2,000,000,000 shares authorized, zero shares issued and outstanding	—	—
Class A common shares, par value \$0.0000225 per share, 20,000,000,000 shares authorized, 659,097,033 and 635,108,578 shares issued as of August 31, 2008 and August 31, 2007, respectively	15	14
Class X common shares, par value \$0.0000225 per share, 1,000,000,000 shares authorized, 118,331,269 and 162,629,929 shares issued and outstanding as of August 31, 2008 and August 31, 2007, respectively	3	4
Restricted share units	819,577	649,475
Additional paid-in capital	—	—
Treasury shares, at cost, 46,215,019 and 39,187,569 shares as of August 31, 2008 and August 31, 2007, respectively	(1,405,732)	(1,033,025)
Retained earnings	3,120,515	2,362,703
Accumulated other comprehensive income	6,128	84,161
Total shareholders' equity	<u><u>2,540,506</u></u>	<u><u>2,063,332</u></u>

<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$ 12,398,525</u></b>	<b><u>\$ 10,747,162</u></b>
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The accompanying Notes are an integral part of these Consolidated Financial Statements.

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**ACCENTURE LTD**  
**CONSOLIDATED INCOME STATEMENTS**  
**For the Years Ended August 31, 2008, 2007 and 2006**  
**(In thousands of U.S. dollars, except share and per share amounts)**

	2008	2007	2006
<b>REVENUES:</b>			
Revenues before reimbursements ("Net revenues")	\$ 23,386,802	\$ 19,695,814	\$ 16,646,391
Reimbursements	1,927,024	1,756,933	1,581,975
Revenues	25,313,826	21,452,747	18,228,366
<b>OPERATING EXPENSES:</b>			
Cost of services:			
Cost of services before reimbursable expenses	16,201,217	13,654,341	11,652,216
Reimbursable expenses	1,927,024	1,756,933	1,581,975
Cost of services	18,128,241	15,411,274	13,234,191
Sales and marketing	2,270,789	1,903,990	1,708,392
General and administrative costs	1,880,342	1,618,498	1,492,690
Reorganization costs (benefits), net	22,872	26,366	(47,966)
Total operating expenses	22,302,244	18,960,128	16,387,307
<b>OPERATING INCOME</b>	3,011,582	2,492,619	1,841,059
Gain on investments, net	6,476	18,532	2,018
Interest income	114,621	154,566	129,547
Interest expense	(22,704)	(25,036)	(21,146)
Other expense, net	(2,213)	(21,763)	(27,811)
<b>INCOME BEFORE INCOME TAXES</b>	3,107,762	2,618,918	1,923,667
Provision for income taxes	910,574	895,861	490,535
<b>INCOME BEFORE MINORITY INTEREST</b>	2,197,188	1,723,057	1,433,132
Minority interest in Accenture SCA and Accenture Canada Holdings Inc.	(485,891)	(453,917)	(447,382)
Minority interest—other	(19,546)	(25,992)	(12,421)
<b>NET INCOME</b>	\$ 1,691,751	\$ 1,243,148	\$ 973,329
<b>Weighted average Class A common shares:</b>			
Basic	610,949,205	604,128,805	589,099,824
Diluted	822,371,710	862,431,623	894,664,164
<b>Earnings per Class A common share:</b>			
Basic	\$ 2.77	\$ 2.06	\$ 1.65
Diluted	\$ 2.65	\$ 1.97	\$ 1.59
Cash dividends per share	\$ 0.42	\$ 0.35	\$ 0.30

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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**ACCENTURE LTD**  
**CONSOLIDATED SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
**STATEMENTS**

**For the Years Ended August 31, 2008, 2007 and 2006**  
**(In thousands of U.S. dollars and in thousands of share amounts)**

			Class A Common Shares		Class X Common Shares		Restricted Share Units	Additional Paid-in Capital	Treasury Shares		Retained Earnings	Accumulated Other Comprehensive Income	
	Preferred Shares	\$	No. Shares	\$	No. Shares				\$	No. Shares		(Loss)	Total
Balance as of August 31, 2005	\$	—	\$ 13	602,706	\$ 7	321,088	\$ 365,708	\$ 1,365,013	\$ (763,682)	(32,266)	\$ 962,339	\$ (232,484)	\$ 1,696,914
Comprehensive income:													
Net income											973,329		973,329
Other comprehensive income:													
Unrealized losses on marketable securities, net of reclassification adjustments												(1,260)	(1,260)
Foreign currency translation adjustments												52,423	52,423
Minimum pension liability adjustment, net of tax												154,827	154,827
Other comprehensive income												205,990	
Comprehensive income													1,179,319
Income tax benefit on:													
Share-based compensation plans								100,508					100,508
Contract termination											497		497
Purchases of Class A common shares				(581)				(16,192)	(366,481)	(15,470)			(382,673)
Share-based compensation expense							152,158	112,952					265,110
Purchases/redemptions of Accenture SCA Class I common shares, Accenture Canada Holdings Inc. exchangeable shares and Class X common shares					(1)	(76,081)		(1,704,353)					(1,704,354)
Issuances of Class A common shares related to employee share programs			1	15,441			(49,141)	273,089	260,206	10,745	(47,237)		436,918
Dividends							13,564				(281,537)		(267,973)
Minority interest								569,989					569,989
Balance as of August 31, 2006	\$	—	\$ 14	617,566	\$ 6	245,007	\$ 482,289	\$ 701,006	\$ (869,957)	(36,991)	\$ 1,607,391	\$ (26,494)	\$ 1,894,255
Adoption of FASB Statement No. 158, net of tax												26,053	26,053
Comprehensive income:													
Net income											1,243,148		1,243,148
Other comprehensive income:													
Unrealized gains on marketable securities, net of reclassification adjustments												2,165	2,165
Foreign currency translation adjustments												84,474	84,474
Minimum pension liability adjustment, net of tax												(2,037)	(2,037)
Other comprehensive income												84,602	
Comprehensive income													1,327,750
Income tax benefit on:													
Share-based compensation plans								27,469					27,469
Contract termination											31		31
Purchases of Class A common shares				(759)				(21,559)	(412,918)	(12,518)	(6,372)		(440,849)
Share-based compensation expense							242,435	62,128					304,563

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	Preferred Shares	Class A Common Shares		Class X Common Shares		Restricted Share Units	Additional Paid-in Capital	Treasury Shares		Retained Earnings	Accumulated Other Comprehensive Income	Total	
		\$	No. Shares	\$	No. Shares		Capital	\$	No. Shares		(Loss)		
Purchases/redemptions of Accenture SCA Class I common shares, Accenture Canada Holdings Inc. exchangeable shares and Class X common shares				(2)	(82,377)		(1,706,399)			(160,697)		(1,867,098)	
Issuances of Class A common shares:													
Employee share programs			15,116			(89,846)	338,763	249,850	10,321	(10,517)		488,250	
Upon redemption of Accenture SCA Class I common shares			3,186									—	
Dividends						14,597	2,625			(310,281)		(293,059)	
Minority interest							595,967					595,967	
Balance as of August 31, 2007	\$	—	\$ 14	635,109	\$ 4	162,630	\$ 649,475	\$ —	\$ (1,033,025)	(39,188)	\$ 2,362,703	\$ 84,161	\$ 2,063,332
Adoption of FASB Interpretation No. 48							(1,756)			19,245		17,489	
Comprehensive income:													
Net income										1,691,751		1,691,751	
Other comprehensive income:													
Unrealized gains on cash flow hedges, net of tax and reclassification adjustments											11,381	11,381	
Unrealized gains on marketable securities, net of reclassification adjustments											625	625	
Foreign currency translation adjustments, net of tax											(59,001)	(59,001)	
Amortization of losses related to pension and other postretirement benefits, net of tax											(31,038)	(31,038)	
Other comprehensive loss											(78,033)		
Comprehensive income												1,613,718	
Income tax benefit on share-based compensation plans							57,017					57,017	
Purchases of Class A common shares			(1,512)				(52,515)	(608,406)	(17,511)	(7,375)		(668,296)	
Share-based compensation expense						336,542	40,249					376,791	
Purchases/redemptions of Accenture SCA Class I common shares, Accenture Canada Holdings Inc. exchangeable shares and Class X common shares				(1)	(44,299)		(1,001,645)			(591,292)		(1,592,938)	
Issuances of Class A common shares:													
Employee share programs		1	14,370			(186,119)	391,386	235,699	10,484			440,967	
Upon redemption of Accenture SCA Class I common shares			11,130									—	
Dividends						19,679				(353,364)		(333,685)	
Minority interest							567,264					567,264	
Other										(1,153)		(1,153)	
Balance as of August 31, 2008	\$	—	\$ 15	659,097	\$ 3	118,331	\$ 819,577	\$ —	\$ (1,405,732)	(46,215)	\$ 3,120,515	\$ 6,128	\$ 2,540,506

The accompanying Notes are an integral part of these Consolidated Financial Statements.



**ACCENTURE LTD**  
**CONSOLIDATED CASH FLOWS STATEMENTS**  
**For the Years Ended August 31, 2008, 2007 and 2006**  
**(In thousands of U.S. dollars)**

	2008	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 1,691,751	\$ 1,243,148	\$ 973,329
Adjustments to reconcile Net income to Net cash provided by operating activities—			
Depreciation, amortization and asset impairments	491,421	444,499	351,947
Reorganization costs (benefits), net	22,872	26,366	(47,966)
Share-based compensation expense	377,365	306,795	270,884
Deferred income taxes, net	(89,952)	(107,673)	(223,637)
Minority interest	505,437	479,909	459,803
Other, net	(10,658)	(14,769)	(1,163)
Change in assets and liabilities, net of acquisitions—			
Receivables from clients, net	(509,528)	(367,342)	(90,458)
Unbilled services, current and non-current	(255,317)	(7,476)	400,142
Other current and non-current assets	(449,838)	(356,747)	23,100
Accounts payable	23,787	63,922	48,157
Deferred revenues, current and non-current	474,213	373,352	130,504
Accrued payroll and related benefits	465,191	529,762	228,688
Income taxes payable, current and non-current	123,618	180,853	(68,961)
Other current and non-current liabilities	(57,114)	(164,034)	213,620
Net cash provided by operating activities	<u>2,803,248</u>	<u>2,630,565</u>	<u>2,667,989</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from maturities and sales of available-for-sale investments	309,541	885,463	657,629
Purchases of available-for-sale investments	(27,694)	(693,733)	(401,181)
Proceeds from sales of property and equipment	10,839	14,549	13,951
Purchases of property and equipment	(320,368)	(364,371)	(306,174)
Purchases of businesses and investments, net of cash acquired	(298,110)	(192,356)	(210,985)
Proceeds from sale of business, net of cash transferred	1,798	—	4,260
Net cash used in investing activities	<u>(323,994)</u>	<u>(350,448)</u>	<u>(242,500)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuance of common shares	440,967	488,250	436,918
Purchases of common shares	(2,261,234)	(2,307,947)	(2,087,027)
Proceeds from long-term debt	4,491	2,225	7,669
Repayments of long-term debt	(26,525)	(26,620)	(23,983)
Proceeds from short-term borrowings	120,566	39,080	40,269
Repayments of short-term borrowings	(116,517)	(40,554)	(52,657)
Cash dividends paid	(333,685)	(293,059)	(267,973)
Excess tax benefits from share-based payment arrangements	63,368	56,178	42,832
Other, net	(52,948)	(45,259)	(40,515)
Net cash used in financing activities	<u>(2,161,517)</u>	<u>(2,127,706)</u>	<u>(1,944,467)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(29,373)</u>	<u>94,997</u>	<u>101,976</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>288,364</b>	<b>247,408</b>	<b>582,998</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b><u>3,314,396</u></b>	<b><u>3,066,988</u></b>	<b><u>2,483,990</u></b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b><u>\$ 3,602,760</u></b>	<b><u>\$ 3,314,396</u></b>	<b><u>\$ 3,066,988</u></b>
<b>Supplemental cash flow information</b>			
Interest paid	\$ 22,888	\$ 24,847	\$ 20,837
Income taxes paid	\$ 946,876	\$ 798,286	\$ 768,313

## 2. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated as follows:

	Year Ended August 31,		
	2008	2007	2006
<b>Basic Earnings per share</b>			
Net income available for Class A common shareholders	\$ 1,691,751	\$ 1,243,148	\$ 973,329
Basic weighted average Class A common shares	610,949,205	604,128,805	589,099,824
Basic earnings per share	\$ 2.77	\$ 2.06	\$ 1.65
<b>Diluted Earnings per share</b>			
Net income available for Class A common shareholders	\$ 1,691,751	\$ 1,243,148	\$ 973,329
Minority interest in Accenture SCA and Accenture Canada Holdings Inc.(1)	485,891	453,917	447,382
Net income for per share calculation	\$ 2,177,642	\$ 1,697,065	\$ 1,420,711
Basic weighted average Class A common shares	610,949,205	604,128,805	589,099,824
Class A common shares issuable upon redemption/exchange of minority interest(1)	176,064,009	221,333,732	274,435,250
Diluted effect of employee compensation related to Class A common shares	35,281,779	36,914,382	30,945,373
Diluted effect of employee share purchase plan related to Class A common shares	76,717	54,704	183,717
Weighted average Class A common shares	822,371,710	862,431,623	894,664,164
Diluted earnings per share	\$ 2.65	\$ 1.97	\$ 1.59

(1) Diluted earnings per share assumes the redemption and exchange of all Accenture SCA Class I common shares and Accenture Canada Holdings Inc. exchangeable shares, respectively, for Accenture Ltd Class A common shares on a one-for-one basis. The income effect does not take into account "Minority interest—other," since those shares are not redeemable or exchangeable for Accenture Ltd Class A common shares.

For fiscal 2008, 2007 and 2006, 53,948 options, 8,318 options and zero options, respectively, were excluded from the calculation of diluted earnings per share because their exercise prices would render them anti-dilutive.