

ACCENTURE LTD
Form 10-Q
March 27, 2009

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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**
FOR THE QUARTERLY PERIOD ENDED February 28, 2009
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**
FOR THE TRANSITION PERIOD FROM TO
Commission File Number: 001-16565
ACCENTURE LTD
(Exact name of registrant as specified in its charter)

Bermuda
*(State or other jurisdiction of
incorporation or organization)*

98-0341111
*(I.R.S. Employer
Identification No.)*

Canon s Court
22 Victoria Street
Hamilton HM 12, Bermuda
(Address of principal executive offices)
(441) 296-8262

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting
☒ company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

The number of shares of the registrant s Class A common shares, par value \$0.0000225 per share, outstanding as of March 20, 2009 was 613,213,693 (which number does not include 55,301,703 issued shares held by subsidiaries of the registrant). The number of shares of the registrant s Class X common shares, par value \$0.0000225 per share, outstanding as of March 20, 2009 was 104,618,020.

**ACCENTURE LTD
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PART I FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ACCENTURE LTD
CONSOLIDATED BALANCE SHEETS
February 28, 2009 and August 31, 2008
(In thousands of U.S. dollars, except share and per share amounts)

	February 28, 2009 (Unaudited)	August 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,978,000	\$ 3,602,760
Short-term investments	13,450	20,282
Receivables from clients, net	2,386,780	2,996,815
Unbilled services, net	1,239,278	1,518,580
Deferred income taxes, net	433,888	425,859
Other current assets	475,552	594,832
Total current assets	7,526,948	9,159,128
NON-CURRENT ASSETS:		
Unbilled services, net	28,584	43,627
Investments	11,846	19,034
Property and equipment, net of accumulated depreciation of \$1,574,602 and \$1,625,685, respectively	708,643	800,164
Goodwill	771,899	839,957
Deferred contract costs	505,194	539,856
Deferred income taxes, net	648,506	613,943
Other non-current assets	355,739	382,816
Total non-current assets	3,030,411	3,239,397
TOTAL ASSETS	\$ 10,557,359	\$ 12,398,525
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and bank borrowings	\$ 1,021	\$ 6,570
Accounts payable	716,466	1,017,227
Deferred revenues	1,550,207	1,810,661
Accrued payroll and related benefits	2,088,672	2,809,196
Accrued consumption taxes	233,179	343,658
Income taxes payable	295,564	249,986
Deferred income taxes, net	46,619	57,258
Other accrued liabilities	528,890	553,322
Total current liabilities	5,460,618	6,847,878
NON-CURRENT LIABILITIES:		

Long-term debt	529	1,708
Deferred revenues relating to contract costs	523,000	555,935
Retirement obligation	466,535	483,857
Deferred income taxes, net	34,074	32,258
Income taxes payable	993,465	1,086,244
Other non-current liabilities	172,078	197,970
Total non-current liabilities	2,189,681	2,357,972
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST	521,154	652,169
SHAREHOLDERS' EQUITY:		
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, 668,174,941 and 659,097,033 shares issued as of February 28, 2009 and August 31, 2008, respectively	15	15
Class X common shares, par value \$0.0000225 per share, 1,000,000,000 shares authorized, 105,036,286 and 118,331,269 shares issued and outstanding as of February 28, 2009 and August 31, 2008, respectively	2	3
Restricted share units	868,624	819,577
Additional paid-in capital	46,400	
Treasury shares, at cost, 55,451,004 and 46,215,019 shares as of February 28, 2009 and August 31, 2008, respectively	(1,745,135)	(1,405,732)
Retained earnings	3,593,007	3,120,515
Accumulated other comprehensive (loss) income	(377,007)	6,128
Total shareholders' equity	2,385,906	2,540,506
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 10,557,359	\$ 12,398,525

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

ACCENTURE LTD
CONSOLIDATED INCOME STATEMENTS
For the Three and Six Months Ended February 28, 2009 and February 29, 2008
(In thousands of U.S. dollars, except share and per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
REVENUES:				
Revenues before reimbursements (Net revenues)	\$ 5,266,324	\$ 5,611,314	\$ 11,285,821	\$ 11,285,227
Reimbursements	391,239	446,309	842,350	874,353
Revenues	5,657,563	6,057,623	12,128,171	12,159,580
OPERATING EXPENSES:				
Cost of services:				
Cost of services before reimbursable expenses	3,643,999	3,958,264	7,775,688	7,927,100
Reimbursable expenses	391,239	446,309	842,350	874,353
Cost of services	4,035,238	4,404,573	8,618,038	8,801,453
Sales and marketing	519,226	539,303	1,082,418	1,059,701
General and administrative costs	438,641	469,879	945,380	919,836
Reorganization (benefits) costs, net	(13,009)	5,811	(9,904)	14,134
Total operating expenses	4,980,096	5,419,566	10,635,932	10,795,124
OPERATING INCOME	677,467	638,057	1,492,239	1,364,456
(Loss) gain on investments, net	(119)	803	1,241	6,274
Interest income	11,155	24,110	33,351	61,890
Interest expense	(3,214)	(7,684)	(6,614)	(13,082)
Other income (expense), net	13,673	(5,708)	(12,734)	3,529
INCOME BEFORE INCOME TAXES	698,962	649,578	1,507,483	1,423,067
Provision for income taxes	196,554	115,782	411,842	383,713
INCOME BEFORE MINORITY INTEREST	502,408	533,796	1,095,641	1,039,354
Minority interest in Accenture SCA and Accenture Canada Holdings Inc.	(87,335)	(123,850)	(195,468)	(243,663)
Minority interest other	(3,637)	(3,389)	(8,871)	(7,849)
NET INCOME	\$ 411,436	\$ 406,557	\$ 891,302	\$ 787,842
Weighted average Class A common shares:				
Basic	620,461,500	608,472,725	621,322,235	610,116,498

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Diluted	786,369,122	828,811,701	791,751,686	834,479,356
Earnings per Class A common share:				
Basic	\$ 0.66	\$ 0.67	\$ 1.43	\$ 1.29
Diluted	\$ 0.63	\$ 0.64	\$ 1.37	\$ 1.24
Cash dividends per share	\$	\$	\$ 0.50	\$ 0.42

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

ACCENTURE LTD
CONSOLIDATED SHAREHOLDERS EQUITY AND COMPREHENSIVE INCOME STATEMENTS
For the Six Months Ended February 28, 2009
(In thousands of U.S. dollars and in thousands of share amounts)
(Unaudited)

	Class A		Class X						Treasury		Accumulated		
	Common		Common		Restricted		Additional		Shares		Retained		
	Preferred	Shares	Shares	Shares	Share	Paid-in	Capital		No.	Earnings	Comprehensive	Income	
	Shares	No.	No.	No.	Units	Capital		\$	Shares		(Loss)	(Loss)	
	\$	Shares	\$	Shares	Units	Capital		\$	Shares		(Loss)	(Loss)	
as of													
31, 2008	\$	\$ 15	659,097	\$ 3	118,331	\$ 819,577	\$	\$ (1,405,732)	(46,215)	\$ 3,120,515	\$	6,128	2,5
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es of Class A													
n shares			(1,297)					(36,647)	(466,478)	(14,981)	(9,796)		(5

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ACCENTURE LTD
CONSOLIDATED CASH FLOWS STATEMENTS
For the Six Months Ended February 28, 2009 and February 29, 2008
(In thousands of U.S. dollars)
(Unaudited)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 891,302	\$ 787,842
Adjustments to reconcile Net income to Net cash provided by operating activities		
Depreciation, amortization and asset impairments	254,632	236,213
Reorganization (benefits) costs, net	(9,904)	14,134
Share-based compensation expense	222,100	176,921
Deferred income taxes, net	(35,897)	(20,598)
Minority interest	204,339	251,512
Other, net	44,809	(34,473)
Change in assets and liabilities, net of acquisitions		
Receivables from clients, net	316,616	(155,913)
Unbilled services, current and non-current	28,014	(37,964)
Other current and non-current assets	(42,033)	(132,487)
Accounts payable	(269,106)	(12,696)
Deferred revenues, current and non-current	8,979	(62,424)
Accrued payroll and related benefits	(447,733)	(190,940)
Income taxes payable, current and non-current	17,497	(22,804)
Other current and non-current liabilities	(84,846)	(103,800)
Net cash provided by operating activities	1,098,769	692,523
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities and sales of available-for-sale investments	11,577	198,709
Purchases of available-for-sale investments	(1,118)	(19,651)
Proceeds from sales of property and equipment	1,669	7,316
Purchases of property and equipment	(124,489)	(167,318)
Purchases of businesses and investments, net of cash acquired	(2,806)	(197,618)
Proceeds from sale of business, net of cash transferred	2,163	1,756
Net cash used in investing activities	(113,004)	(176,806)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common shares	212,287	202,168
Purchases of common shares	(1,046,771)	(1,168,417)
Proceeds from long-term debt	191	3,986
Repayments of long-term debt	(1,636)	(24,579)
Proceeds from short-term borrowings	49,152	69,926
Repayments of short-term borrowings	(53,927)	(66,925)
Cash dividends paid	(378,446)	(333,685)
Excess tax benefits from share-based payment arrangements	33,017	36,984
Other, net	(41,736)	(22,977)

Net cash used in financing activities	(1,227,869)	(1,303,519)
Effect of exchange rate changes on cash and cash equivalents	(382,656)	57,545
NET DECREASE IN CASH AND CASH EQUIVALENTS	(624,760)	(730,257)
CASH AND CASH EQUIVALENTS, beginning of period	3,602,760	3,314,396
CASH AND CASH EQUIVALENTS, end of period	\$ 2,978,000	\$ 2,584,139

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

ACCENTURE LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited interim Consolidated Financial Statements of Accenture Ltd, a Bermuda company, and its controlled subsidiary companies (collectively, the Company) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by U.S. generally accepted accounting principles (U.S. GAAP) for complete financial statements. These Consolidated Financial Statements should therefore be read in conjunction with the Consolidated Financial Statements and Notes thereto for the fiscal year ended August 31, 2008 included in the Company s Annual Report on Form 10-K filed with the SEC on October 20, 2008. The accompanying unaudited interim Consolidated Financial Statements have been prepared in accordance with U.S. GAAP and reflect all adjustments of a normal, recurring nature that are, in the opinion of management, necessary for a fair presentation of results for these interim periods. The results of operations for the three and six months ended February 28, 2009 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 2009. Certain prior-period amounts have been reclassified to conform to the current-period presentation.

Allowances for Client Receivables and Unbilled Services

As of February 28, 2009 and August 31, 2008, total allowances for client receivables and unbilled services were \$111,305 and \$42,912, respectively. The increase was principally due to a \$74,884 bad debt provision, of which \$71,893 was recorded during the three months ended November 30, 2008, reflecting collectibility risks on outstanding receivables, in light of the current global economic downturn, particularly from clients in high-risk industries or with potential liquidity issues.

Recently Adopted Accounting Pronouncements

On December 1, 2008, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133* (SFAS 161). This Statement requires enhanced disclosures for derivative instruments and hedging activities about (i) how and why a company uses derivative instruments; (ii) how derivative instruments and related hedged items are accounted for under SFAS 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133) and its related interpretations; and (iii) how derivative instruments and related hedged items affect a company s financial position, financial performance and cash flows. The Company s adoption of SFAS 161 did not have a material impact on its Consolidated Financial Statements. For additional information, see Note 9 (Derivative Financial Instruments) to these Consolidated Financial Statements.

On September 1, 2008, the Company adopted the provisions of SFAS 157, *Fair Value Measurements* (SFAS 157), which defines fair value, establishes a framework for measuring fair value under U.S. GAAP and expands disclosures about fair value measurements. In accordance with FASB Staff Position 157-2, *Effective Date of FASB Statement No. 157*, the Company elected to defer the adoption of the provisions of SFAS 157 for its non-financial assets and non-financial liabilities. Such assets and liabilities, which include the Company s Deferred contract costs, Property and equipment, net and Goodwill, will be subject to the provisions of SFAS 157 on September 1, 2009. The Company is currently assessing the potential impact that the adoption of SFAS 157 for its non-financial assets may have on its Consolidated Financial Statements. For additional information, see Note 10 (Fair Value Measurements) to these Consolidated Financial Statements.

Effective September 1, 2008, the Company adopted the year-end measurement date provision of SFAS 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 106, and 132(R)*, using an approach generally known as the one measurement approach. The adoption of the provision had the following impact on the Company s Consolidated Balance Sheet: decreased Retained earnings by \$5,302; decreased Accumulated other comprehensive (loss) income by \$286; decreased Other non-current assets by \$2,736; and increased Retirement obligation by \$2,852.

ACCENTURE LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)
(Unaudited)

2. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated as follows:

Basic earnings per share

	Three Months Ended		Six Months Ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Net income available for Class A common shareholders	\$ 411,436	\$ 406,557	\$ 891,302	\$ 787,842
Basic weighted average Class A common shares	620,461,500	608,472,725	621,322,235	610,116,498
Basic earnings per share	\$ 0.66	\$ 0.67	\$ 1.43	\$ 1.29

Diluted earnings per share

Net income available for Class A common shareholders	\$ 411,436	\$ 406,557	\$ 891,302	\$ 787,842
Minority interest in Accenture SCA and Accenture Canada Holdings Inc. (1)	87,335	123,850	195,468	243,663
Net income per share calculation	\$ 498,771	\$ 530,407	\$ 1,086,770	\$ 1,031,505
Basic weighted average Class A common shares	620,461,500	608,472,725	621,322,235	610,116,498
Class A common shares issuable upon redemption/exchange of minority interest (1)	131,708,189	185,484,750	135,973,866	188,790,057
Diluted effect of employee compensation related to Class A common shares	33,794,119	34,648,335	34,004,197	35,293,264
Diluted effect of employee share purchase plan related to Class A common shares	405,314	205,891	451,388	279,537
Weighted average Class A common shares	786,369,122	828,811,701	791,751,686	834,479,356
Diluted earnings per share	\$ 0.63	\$ 0.64	\$ 1.37	\$ 1.24

(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.

3. INCOME TAXES

Effective Tax Rate

The Company's effective tax rates for the three months ended February 28, 2009 and February 29, 2008 were 28.1% and 17.8%, respectively. The Company's effective tax rates for the six months ended February 28, 2009 and February 29, 2008 were 27.3% and 27.0%, respectively. The effective tax rates for the three and six months ended February 28, 2009 are higher than the effective tax rates for the three and six months ended February 29, 2008 primarily as a result of higher benefits related to final determinations of prior-year tax liabilities recorded during the first and second quarters of fiscal 2008 and benefits related to non-U.S. research and development tax credits recorded during the second quarter of fiscal 2008. These were partially offset by lower expenses related to tax rate changes and other adjustments to prior-year tax liabilities recorded in the first and second quarters of fiscal 2009 as compared to the first and second quarters of fiscal 2008.

4. REORGANIZATION (BENEFITS) COSTS

In fiscal 2001, the Company accrued reorganization liabilities in connection with its transition to a corporate structure. These liabilities included certain non-income tax liabilities, such as stamp taxes, as well as liabilities for certain individual income tax exposures related to the transfer of interests in certain entities to the Company as part of the reorganization. These primarily represent unusual and disproportionate individual income tax exposures assumed by certain, but not all, of the Company's shareholders and partners in certain tax jurisdictions specifically related to the transfer of their partnership interests in certain entities to the Company as part of the reorganization. The Company identified certain shareholders and partners who may incur such unusual and disproportionate

ACCENTURE LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)
(Unaudited)

financial damage in certain jurisdictions. These include shareholders and partners who were subject to tax in their jurisdiction on items of income arising from the reorganization transaction that were not taxable for most other shareholders and partners. In addition, certain other shareholders and partners were subject to a different rate or amount of tax than other shareholders or partners in the same jurisdiction. When additional taxes are assessed on these shareholders or partners in connection with these transfers, the Company has made and intends to make payments to reimburse certain costs associated with the assessment either to the shareholder or partner, or to the taxing authority. The Company has recorded reorganization expense and the related liability where such liabilities are probable. Interest accruals are made to cover reimbursement of interest on such tax assessments. The Company's reorganization activity is as follows:

	Three Months Ended		Six Months Ended	
	February	February	February	February
	28,	29,	28,	29,
	2009	2008	2009	2008
Reorganization liability, beginning of period	\$ 275,154	\$ 294,220	\$ 308,694	\$ 401,228
Final determinations (1)	(23,479)	(51,871)	(23,479)	(82,113)
Changes in estimates	7,297	51,871	7,297	82,113
Benefit recorded	(16,182)		(16,182)	
Interest expense accrued	3,173	5,811	6,278	14,134
Payments				(143,184)
Foreign currency translation adjustments	(3,791)	9,673	(40,436)	37,526
Reorganization liability, end of period	\$ 258,354	\$ 309,704	\$ 258,354	\$ 309,704

(1) Includes final agreements with tax authorities and expirations of statutes of limitations.

As of February 28, 2009, reorganization liabilities of \$249,693 were included in Other accrued liabilities because expirations of statutes of limitations or other final determinations could occur within 12 months, and reorganization liabilities of \$8,661 were included in Other non-current liabilities. Timing of the resolution of tax audits or the initiation of additional litigation and/or criminal tax proceedings may delay final resolution. Final resolution, through settlement, conclusion of legal proceedings or a tax authority's decision not to pursue a claim, will result in payment by the Company of amounts in settlement or judgment of these matters and/or recording of a reorganization benefit or cost in the Company's Consolidated Income Statement. It is possible the aggregate amount of such payments in connection with a resolution of all such proceedings could exceed the currently recorded amounts. As of February 28, 2009, only a small number of jurisdictions remain that have active audits/investigations or open statutes of limitations, and only one is significant. In that jurisdiction, current and former partners are engaged in a dispute with tax authorities in connection with the corporate reorganization in 2001. Individuals and the Company intend to vigorously defend their positions.

5. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

The components of Accumulated other comprehensive (loss) income are as follows:

	February 28, 2009	August 31, 2008
Net unrealized (losses) gains on cash flow hedges, net of tax of \$(15,469) and \$4,959, respectively	\$ (17,710)	\$ 11,381
Net unrealized losses on marketable securities	(927)	(689)
Foreign currency translation adjustments, net of tax of \$3,302 and \$1,883, respectively	(318,140)	34,860
Pension and postretirement plans, net of tax of \$(27,244) and \$(25,324), respectively	(40,230)	(39,424)
Accumulated other comprehensive (loss) income	\$ (377,007)	\$ 6,128

ACCENTURE LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)
(Unaudited)

The activity related to the change in net unrealized (losses) gains on cash flow hedges, net of tax, is as follows:

	February 28, 2009
Net unrealized gains on cash flow hedges, net of tax, beginning of period	\$ 11,381
Change in fair value, net of tax of \$(26,189)	(36,275)
Reclassification adjustments into earnings, net of tax of \$5,761	7,184
Net unrealized losses on cash flow hedges, net of tax, end of period	\$ (17,710)

Comprehensive income was as follows:

	February 28, 2009	February 29, 2008
Three months ended	\$357,035	\$437,911
Six months ended	\$508,453	\$843,667

6. BUSINESS COMBINATIONS AND GOODWILL

The changes in the carrying amount of goodwill by reportable operating segment are as follows:

	August 31, 2008	Additions/ Adjustments	Foreign Currency Translation Adjustments	February 28, 2009
Communications & High Tech	\$ 163,386	\$ (224)	\$ (19,936)	\$ 143,226
Financial Services	143,380	148	(9,508)	134,020
Products	329,332	(75)	(21,480)	307,777
Public Service	134,895	(29)	(5,703)	129,163
Resources	68,964	637	(11,888)	57,713
Total	\$ 839,957	\$ 457	\$ (68,515)	\$ 771,899

ACCENTURE LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)
(Unaudited)

7. RETIREMENT PLANS

In the United States and certain other countries, the Company maintains and administers retirement plans and postretirement medical plans for certain current, retired and resigned employees. The components of net periodic pension and postretirement benefits expense are as follows:

	Pension Benefits			
	Three Months Ended			
	February 28, 2009		February 29, 2008	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Components of pension benefits expense	Plans	Plans	Plans	Plans
Service cost	\$ 4,570	\$ 10,539	\$ 8,325	\$ 12,125
Interest cost	15,594	7,787	14,988	8,369
Expected return on plan assets	(15,760)	(7,105)	(17,638)	(9,013)
Amortization of loss (gain)	394	(295)	480	(369)
Amortization of prior service cost (benefits)	53	(135)	70	119
Total	\$ 4,851	\$ 10,791	\$ 6,225	\$ 11,231

	Pension Benefits			
	Six Months Ended			
	February 28, 2009		February 29, 2008	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Components of pension benefits expense	Plans	Plans	Plans	Plans
Service cost	\$ 9,140	\$ 21,796	\$ 16,650	\$ 24,332
Interest cost	31,188	16,374	29,976	16,590
Expected return on plan assets	(31,520)	(15,175)	(35,276)	(17,942)
Amortization of loss (gain)	788	(600)	960	(721)
Amortization of prior service cost (benefits)	106	(277)	140	230
Curtailment gain			(13,898)	
Total	\$ 9,702	\$ 22,118	\$ (1,448)	\$ 22,489

	Postretirement Benefits			
	Three Months Ended			
	February 28, 2009		February 29, 2008	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Components of postretirement benefits expense	Plans	Plans	Plans	Plans
Service cost	\$ 1,892	\$ 217	\$ 1,744	\$ 365
Interest cost	1,869	394	1,653	465
Expected return on plan assets	(371)		(409)	
Amortization of transitional obligation	20		20	
Amortization of (gain) loss		(10)		20
Amortization of prior service benefits	(200)	(174)	(201)	(212)

Total	\$ 3,210	\$	427	\$ 2,807	\$	638
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ACCENTURE LTD
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	Postretirement Benefits Six Months Ended			
	February 28, 2009		February 29, 2008	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Components of postretirement benefits expense				
Service cost	\$ 3,784	\$ 455	\$ 3,488	\$ 725
Interest cost	3,738	827	3,306	923
Expected return on plan assets	(742)		(818)	
Amortization of transitional obligation	40		40	
Amortization of (gain) loss		(21)		39
Amortization of prior service cost	(400)	(365)	(402)	(421)
Total	\$ 6,420	\$ 896	\$ 5,614	\$ 1,266

8. MATERIAL TRANSACTIONS AFFECTING SHAREHOLDERS EQUITY

Share Purchase and Redemption Activity

The Board of Directors of Accenture Ltd has authorized funding for the Company's publicly announced open-market share purchase program for acquiring Accenture Ltd Class A common shares and for purchases and redemptions of Accenture Ltd Class A common shares, Accenture SCA Class I common shares and Accenture Canada Holdings Inc. exchangeable shares held by the Company's current and former senior executives and their permitted transferees.

The Company's share purchase activity during the six months ended February 28, 2009 was as follows:

	Accenture Ltd Class A		Accenture SCA Class I Common Shares and Accenture Canada Holdings Inc. Exchangeable		Total	
	Common Shares		Shares			
	Shares	Amount	Shares	Amount	Shares	Amount
Open-Market Share Purchases (1)	14,012,200	431,344		\$	14,012,200	\$ 431,344
Other Share Purchase Programs			16,538,712	533,849	16,538,712	533,849
Other purchases (2)	2,265,628	81,577			2,265,628	81,577
Total	16,277,828	\$ 512,921	16,538,712	\$ 533,849	32,816,540	\$ 1,046,770

(1) The Company conducts a publicly announced, open-market

share purchase program for Accenture Ltd Class A common shares. These shares are held as treasury shares by one or more subsidiaries of Accenture Ltd and may be utilized to provide for select employee benefits, such as equity awards to the Company's employees.

- (2) During the six months ended February 28, 2009, as authorized under the Company's various employee equity share plans, the Company acquired Accenture Ltd Class A common shares primarily via share withholding for payroll tax obligations due from employees and former employees in connection with the delivery of Accenture Ltd Class A common shares under those plans.

As of February 28, 2009, the Company's aggregate available authorization was \$1,537,765 for its publicly announced open-market share purchase program and the other share purchase programs.

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Other Share Redemptions

During the six months ended February 28, 2009, the Company issued 1,125,645 Accenture Ltd Class A common shares upon redemptions of an equivalent number of Accenture SCA Class I common shares pursuant to its registration statement on Form S-3 (the registration statement) filed on May 15, 2007. The registration statement allows the Company, at its option, to issue freely tradable Accenture Ltd Class A common shares in lieu of cash upon redemptions of Accenture SCA Class I common shares held by the Company's senior executives, former executives and their permitted transferees.

Dividend

On November 17, 2008, a cash dividend of \$0.50 per share was paid on Accenture Ltd Class A common shares to shareholders of record at the close of business on October 10, 2008, resulting in a cash outlay of \$307,701. On November 17, 2008, a cash dividend of \$0.50 per share was also paid on Accenture SCA Class I common shares and on Accenture Canada Holdings Inc. exchangeable shares, in each case to shareholders of record at the close of business on October 7, 2008, resulting in cash outlays of \$69,480 and \$1,265, respectively. The payment of the cash dividends also resulted in the issuance of an immaterial number of additional restricted share units to holders of restricted share units. Diluted weighted average Accenture Ltd Class A common share amounts have been restated for all periods presented to reflect this issuance.

9. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company uses derivative financial instruments to manage foreign currency exchange rate risk. Derivative transactions are governed by a uniform set of policies and procedures covering areas such as authorization, counterparty exposure and hedging practices. Positions are monitored using techniques such as market value and sensitivity analyses. The Company does not enter into derivative transactions for trading purposes.

Certain derivatives also give rise to credit risks from the possible non-performance by counterparties. Credit risk is generally limited to the fair value of those contracts that are favorable to the Company, and the maximum amount of loss due to credit risk, based on the gross fair value of all of the Company's derivative financial instruments, was approximately \$23,807 as of February 28, 2009. The Company has limited its credit risk by entering into derivative transactions only with highly-rated global financial institutions, limiting the amount of credit exposure with any one financial institution and conducting ongoing evaluation of the creditworthiness of the financial institutions with which it does business.

The Company also utilizes standard counterparty master agreements containing provisions for the netting of certain foreign currency transaction obligations and for set-off of certain obligations in the event of an insolvency of one of the parties to the transaction. These provisions may reduce the Company's potential overall loss resulting from the insolvency of a counterparty and reduce a counterparty's potential overall loss resulting from the insolvency of the Company. Additionally, these agreements contain early termination provisions triggered by adverse changes in a counterparty's credit rating, thereby enabling the Company to accelerate settlement of a transaction prior to its contractual maturity and potentially decrease the Company's realized loss on an open transaction. Similarly, a decrement in the Company's credit rating could trigger a counterparty's early termination rights, thereby enabling a counterparty to accelerate settlement of a transaction prior to its contractual maturity and potentially increase the Company's realized loss on an open transaction. The aggregate fair value of the Company's derivative instruments with credit-risk-related contingent features that are in a liability position as of February 28, 2009 was \$64,180.

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The Company classifies cash flows from its derivative programs as cash flows from operating activities in the Consolidated Cash Flows Statement. The notional and fair values of all derivative instruments were as follows:

	February 28, 2009		August 31, 2008	
	Notional Value	Fair Value	Notional Value	Fair Value
Foreign currency forward contracts:				
To sell	\$ 172,686	\$ (1,081)	\$ 211,230	\$ (163)
To buy	1,615,611	(40,145)	1,632,742	15,604

Cash Flow Hedges

Certain of the Company's subsidiaries are exposed to currency risk through their use of resources supplied by the Company's Global Delivery Network. To mitigate this risk, the Company uses foreign currency forward exchange contracts to hedge the foreign exchange risk of the forecasted intercompany expenses denominated in foreign currencies for up to three years in the future. The Company has designated these derivatives as cash flow hedges in accordance with SFAS 133. As of February 28, 2009, the Company held no derivatives that were designated as fair value or net investment hedges.

In order for a derivative to qualify for hedge accounting, the derivative must be formally designated as a fair value, cash flow or net investment hedge by documenting the relationship between the derivative and the hedged item. The documentation should include a description of the hedging instrument, the hedge item, the risk being hedged, the Company's risk management objective and strategy for undertaking the hedge, the method for assessing the effectiveness of the hedge and the method for measuring hedge ineffectiveness. Additionally, the hedge relationship must be expected to be highly effective at offsetting changes in either the fair value or cash flows of the hedged item at both inception of the hedge and on an ongoing basis. The Company assesses the ongoing effectiveness of its hedges in accordance with the Hypothetical Derivative Method as described in Derivative Implementation Group Issue No. G-7, *Cash Flow Hedges: Measuring the Ineffectiveness of a Cash Flow Hedge under Paragraph 30(b) When the Shortcut Method Is Not Applied*, and measures and records hedge ineffectiveness at the end of each fiscal quarter.

For a cash flow hedge, the effective portion of the change in estimated fair value of a hedging instrument is recorded in Accumulated other comprehensive (loss) income as a separate component of Shareholders' Equity and is reclassified into Cost of services in the Consolidated Income Statement during the period in which the hedged transaction is recognized. Amounts reclassified into Cost of services for the three and six months ended February 28, 2009 were \$2,092 and \$7,184, respectively, net of taxes. The ineffective portion of the change in fair value of a cash flow hedge is recognized immediately in Other expense, net in the Consolidated Income Statement and for the three and six months ended February 28, 2009 was not material. As of February 28, 2009, amounts related to derivatives designated as cash flow hedges and recorded in Accumulated other comprehensive (loss) income totaled \$(17,710), net of taxes, of which \$(11,735) is expected to be reclassified into earnings in the next 12 months. In addition, the Company did not discontinue any cash flow hedges during the six months ended February 28, 2009.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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The fair values of derivative instruments designated as cash flow hedges are recorded in the Consolidated Balance Sheet as follows:

	February 28, 2009
Assets	
Other current assets	\$ 12,995
Other non-current assets	9,054
Total	\$ 22,049
Liabilities	
Other accrued liabilities	\$ 34,747
Other non-current liabilities	20,481
Total	\$ 55,228

Other Derivatives

The Company also uses foreign currency forward exchange contracts, which have not been designated as hedges under SFAS 133, to hedge balance sheet exposures, such as intercompany loans. These instruments are generally short-term in nature, with typical maturities of less than one year, and are subject to fluctuations in foreign exchange rates. Realized gains or losses and changes in the estimated fair value of these derivatives are recorded in Other income (expense), net in the Consolidated Income Statement and were \$9,256 and \$(41,581) for the three and six months ended February 28, 2009, respectively.

The fair values of other derivative instruments are recorded in the Consolidated Balance Sheet as follows:

	February 28, 2009
Other current assets	\$ 1,758
Other accrued liabilities	9,805

For additional information related to derivative financial instruments, see Note 5 (Accumulated Other Comprehensive (Loss) Income) and Note 10 (Fair Value Measurements) to these Consolidated Financial Statements.

10. FAIR VALUE MEASUREMENTS

SFAS 157 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk, including the Company's own credit risk.

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SFAS 157 establishes a three-level hierarchy of fair value measurements based on whether the inputs to those measurements are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The fair-value hierarchy requires the use of observable market data when available and consists of the following levels:

Level 1 Quoted prices for identical instruments in active markets;

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets; and

Level 3 Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

Short-term Investments and Investments

The Company's Short-term investments and Investments consist primarily of corporate notes. Fair values for corporate notes are based on prices obtained from independent third-party pricing services and are classified as Level 2. The third-party pricing services' fair values are model-derived valuations in which all significant inputs are observable in active markets. Inputs include recent sales, risk-free yield curves and prices of similarly rated bonds.

Derivative Financial Instruments

The Company's derivative financial instruments consist of deliverable and non-deliverable foreign currency forward exchange contracts. Fair values for derivative financial instruments are based on prices computed using third-party valuation models and are classified as Level 2. All of the significant inputs to the third-party valuation models are observable in active markets. Inputs include current market-based parameters such as forward rates, yield curves and credit default swap pricing.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company's financial assets and liabilities measured at fair value on a recurring basis as of February 28, 2009 are as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Short-term investments	\$	\$ 13,450	\$	\$ 13,450
Investments		11,846		11,846
Derivative financial instruments		23,807		23,807
Total	\$	\$ 49,103	\$	\$ 49,103
Liabilities				
Derivative financial instruments	\$	\$ 65,033	\$	\$ 65,033

11. COMMITMENTS AND CONTINGENCIES

Commitments and Guarantees

The Company has the right to purchase substantially all of the remaining outstanding shares of its Avanade Inc. subsidiary (Avanade) not owned by the Company at fair value if certain events occur. The Company may also be required to purchase substantially all of the remaining outstanding shares of Avanade at fair value if certain events occur.

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Holders of Avanade common stock and options to purchase the stock have put rights that, under certain circumstances and conditions, require Avanade to redeem shares of its stock at fair value. Had the Company reflected the fair value of Avanade's redeemable common stock and the intrinsic value of the options on redeemable common stock (the Values) as of February 28, 2009 and August 31, 2008, the Company's Minority interest would have been \$608,380 and \$768,741, respectively. On September 1, 2009, upon adoption of SFAS 160 *Noncontrolling Interests in Consolidated Financial Statements: an amendment of ARB No. 51*, the Company will be required to report any noncontrolling interests (previously referred to as minority interests) as a separate component of Consolidated Shareholders' Equity and record the Values within noncontrolling interests.

The Company has various agreements in which it may be obligated to indemnify other parties with respect to certain matters. Generally, these indemnification provisions are included in contracts arising in the normal course of business under which the Company customarily agrees to hold the indemnified party harmless against losses arising from a breach of representations related to such matters as title to assets sold, licensed or certain intellectual property rights and other matters. Payments by the Company under such indemnification clauses are generally conditioned on the other party making a claim. Such claims are typically subject to challenge by the Company and to dispute resolution procedures specified in the particular contract. Further, the Company's obligations under these agreements may be limited in terms of time and/or amount and, in some instances, the Company may have recourse against third parties for certain payments made by the Company. It is not possible to predict the maximum potential amount of future payments under these indemnification agreements due to the conditional nature of the Company's obligations and the unique facts of each particular agreement. Historically, the Company has not made any payments under these agreements that have been material individually or in the aggregate. As of February 28, 2009, management was not aware of any obligations arising under such indemnification contracts that would require material payments.

From time to time, the Company enters into contracts with clients whereby it has joint and several liability with other participants and/or third parties providing related services and products to clients. Under these arrangements, the Company and other parties may assume some responsibility to the client or a third party for the performance of others under the terms and conditions of the contract with or for the benefit of the client or in relation to the performance of certain contractual obligations. In some arrangements, the extent of the Company's obligations for the performance of others is not expressly specified. As of February 28, 2009, the Company estimates that it had assumed an aggregate potential liability of approximately \$1,257,000 to its clients for the performance of others under arrangements described in this paragraph. These contracts typically provide recourse provisions that would allow the Company to recover from the other parties all but approximately \$15,000 if the Company is obligated to make payments to the clients that are the consequence of a performance default by the other parties. The Company has assessed the current status of performance/payment risk related with certain contractual obligations and believes that any potential payments would be immaterial to the Consolidated Financial Statements, as a whole. To date, the Company has not been required to make any significant payments under any of the contracts described in this paragraph.

Legal Contingencies

As of February 28, 2009, the Company or its present personnel had been named as a defendant in various litigation matters. The Company and/or its personnel also from time to time are involved in investigations by various regulatory or legal authorities concerning matters arising in the course of its business around the world. Based on the present status of these matters, management believes these matters will not ultimately have a material effect on the Company's results of operations or financial condition.

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12. SEGMENT REPORTING

The Company's reportable operating segments are the five operating groups, which are Communications & High Tech, Financial Services, Products, Public Service and Resources. Information regarding the Company's reportable operating segments is as follows:

	Three Months Ended			
	February 28, 2009		February 29, 2008	
	Net	Operating	Net	Operating
	Revenues	Income	Revenues	Income
Communications & High Tech	\$ 1,193,656	\$ 152,152	\$ 1,339,411	\$ 184,926
Financial Services	1,040,705	96,168	1,209,223	142,792
Products	1,369,129	179,911	1,439,002	161,806
Public Service	702,548	100,375	674,520	22,443
Resources	953,267	148,861	943,595	126,090
Other	7,019		5,563	
Total	\$			