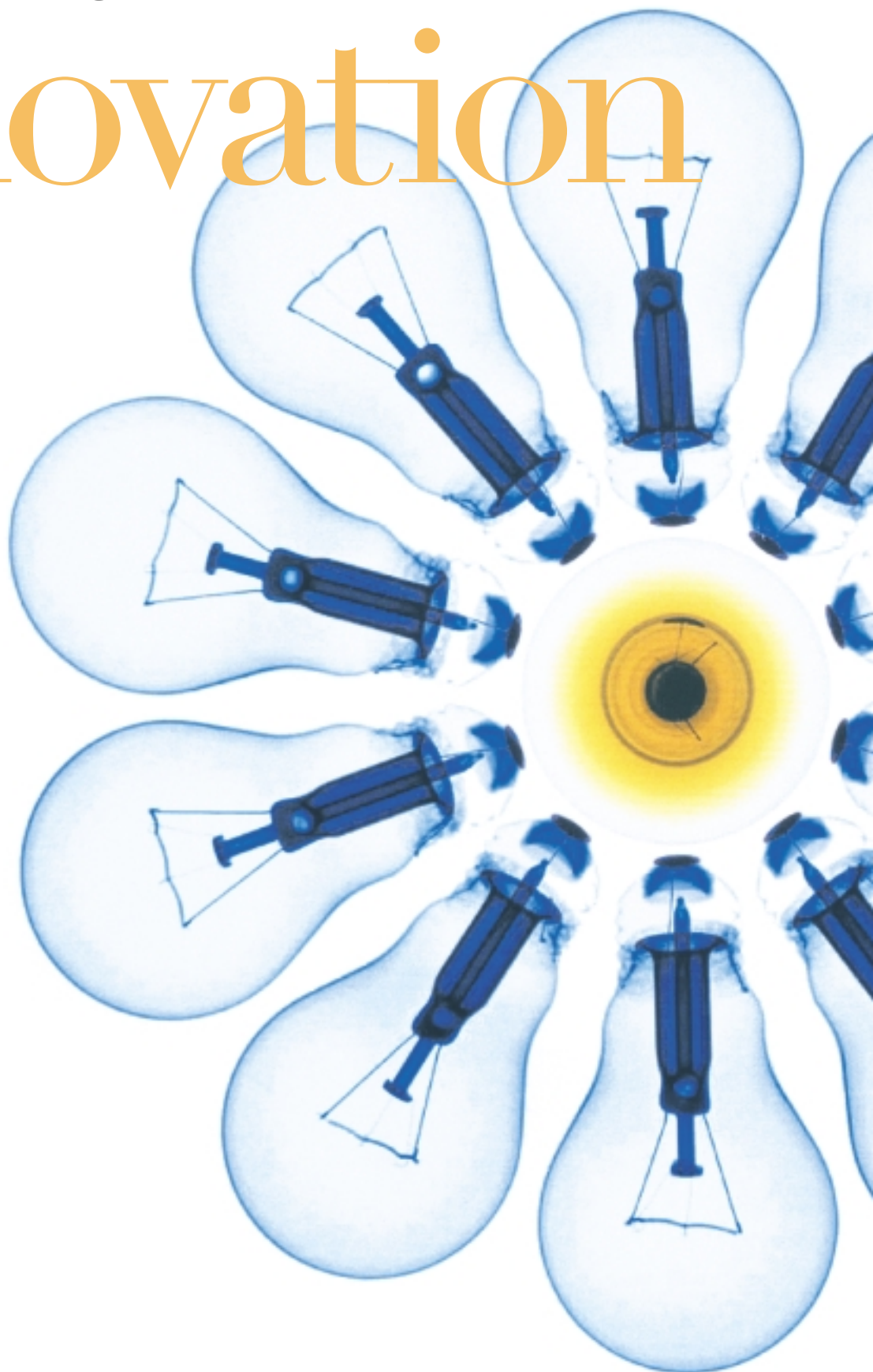


Intellectual Capital, Insight and

innovation



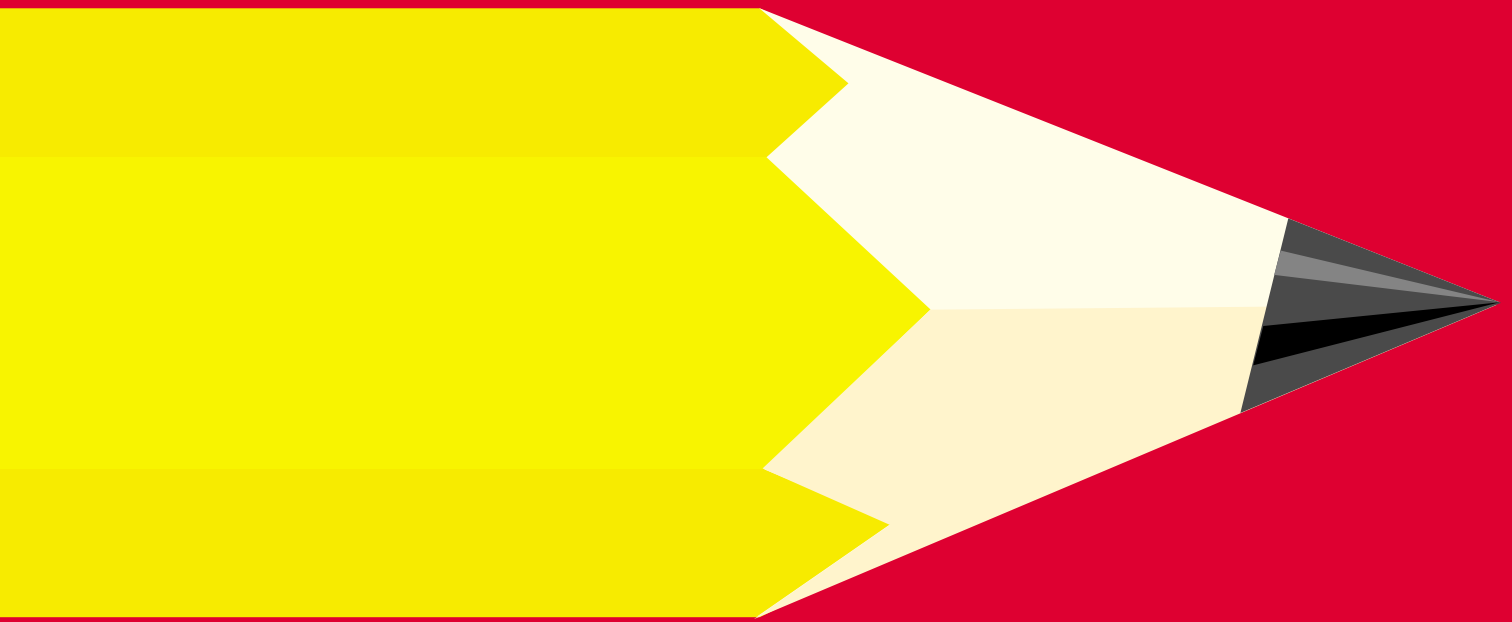
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Visit our website www.diamtech.com

features

At Diamond Technology Partners, we focus relentlessly on three things: clients, people and intellectual capital to provide value to our people, our clients and our stockholders.

3 | Capital Ideas Diamond Chairman and CEO Mel Bergstein discusses Diamond's accomplishments during the year and provides perspective on fundamental trends driving the company and the e-commerce consulting industry.

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8 | Raw Potential Resources are raw material; people are raw potential. Diamond's people are its most essential resource.

Redefining Business

When technologies, products and services converge in radical ways, a "killer app" emerges. Diamond highlights innovation in action at three of its clients.

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22 | Fueling the Fire Intellectual capital is what fuels the innovation engine at Diamond and is key to its long-term sustainability. Diamond's innovation programs are about unearthing and refining big ideas.

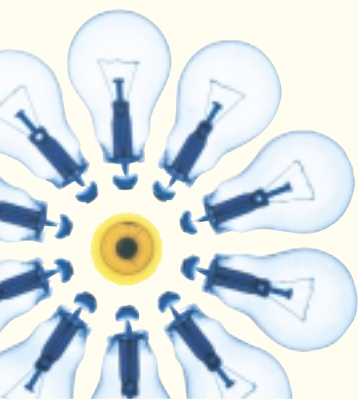
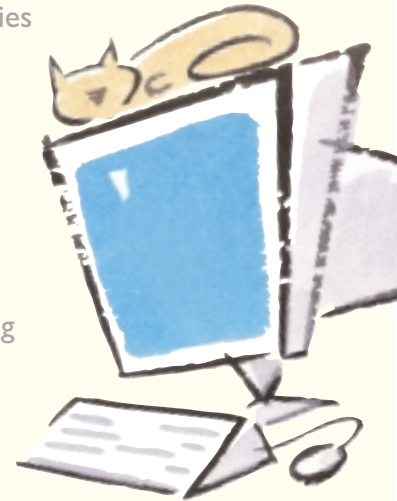
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- F7 Independent Auditors' Report
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Intellectual Capital, Insight and

innovation Diamond Technology Partners—2000 Annual Report

About the Cover | Diamond Technology Partners is about innovation in the digital economy. We build "killer apps" for our clients. A killer app is a new approach so powerful that it transforms industries, redefines markets and delivers sustained market leadership. Headquartered in Chicago, the company serves clients worldwide across a range of industries including financial services, consumer and industrial products and services, telecommunications and energy, healthcare and insurance.





Capital Ideas

Our goals are simple: to do great client work, attract and retain the very best people, and invest in our intellectual capital and brand. We believe this will result in our ability to scale our business with quality and durability.

Dear Stockholders,

In today's radical new business environment, there are two things every company needs to do. The first is to Web enable their business—to cut costs, streamline, and do things “faster, better, cheaper.” The problem is that these benefits are quickly competed away. The second and more important thing every company must do is to innovate—to develop new business models, perhaps radically different business models, that create breakthrough value. That is what we do. We help our clients innovate. In our terms, we help them find and build killer apps.

The theme of this year's annual report is “innovation.” Innovation is what differentiates Diamond from e-business consulting firms that focus on helping companies make their current businesses “faster, better, cheaper”. Innovation is about exploring the unknown to create breakthrough new ideas. In this annual report, we discuss the many facets of innovation—the roles of our people, our clients and our intellectual capital.

Diamond works with top management of Global 2000 companies to change their traditional business models for the digital economy. We worked for 143 clients in fiscal year 2000, up from 85 last year.

These clients generated revenues of \$136.2 million, a 65% increase from \$82.4 million in fiscal year 1999. Net income for the full fiscal year also grew 65%, to \$16.2 million, or 62

cents per share, up from \$9.8 million, or 42 cents per share last year. Income from operations was up 80% in the fiscal year. Our significant revenue growth coupled with continued strong management of expenses delivered an operating margin of 18% and a net income margin of 12% for the year.

While our revenue increased, so did the number of substantial client relationships, which we define as clients billing over a million dollars in the quarter. In the fourth quarter of fiscal year 2000, we did work for 18 clients billing more than a million dollars in the quarter. This is up from 14 clients in the third quarter and 6 clients in the fourth quarter of fiscal year 1999. In addition, our reliance on a few large clients continued to decline. Our top three clients represented only 25% of revenues for the year.

Our accelerated revenue growth is due in large part to our successful entry into the solutions delivery area. In July 1999 we announced our official entry into the implementation business with the introduction of our Diamond Marketspace SolutionsSM (DMS) center in Chicago. Since all of the work we do in DMS flows from our front-end digital strategy work, we have had no additional marketing and sales

expense related to the start-up of this business. DMS has given our clients what they have been asking for—end-to-end digital strategy consulting through implementation.

Simply put, we had an extraordinary year.

- We made an exceedingly successful entry into the solutions delivery market in early fiscal 2000.
- We made three very high quality acquisitions that have helped us round out our geographic and service line offerings.
- The Diamond brand has become recognized as a marquee name in the market.
- We worked with more than 140 leading businesses.
- Our intellectual capital programs have kept us on the leading edge of innovation for our clients.
- We opened our first international office in London.
- Our recruiting programs have, again, set a new standard of excellence.
- We completed a successful public offering.
- We continued to execute profitably, and with industry-leading metrics.

Our solutions centers act as business “accelerators.” We are not only able to quickly make our clients' strategies a reality, but are also able to house the senior management and technology for our clients when the best solution is a carve-out company from their traditional business. We have found that it is often very important to work on these initiatives outside of the parent company's walls because the killer app often is counter to traditional thinking. By using Diamond's solutions center as the initial office space, the digital strategy initiative can be kicked off right away, without losing any time to search for permanent office space and personnel. Since the opening of our Chicago DMS solutions center, we have also opened a solutions center in San Francisco.



Chunka Mui
Chief Innovation Officer

John Sviokla
Vice Chairman

Bruce Quade
Chief People Officer

Mel Bergstein
Chairman and CEO

Adam Gutstein
President

Mike Mikolajczyk
Vice Chairman

Karl Bupp
Chief Financial Officer

Mike Connolly
Chief Operating Officer

The nucleus of our San Francisco solutions center was created from a small 12-person firm, Leverage Information Systems, which we acquired in October 1999. Our acquisition of Leverage added technical strength to our DMS e-business building area. This was one of three select acquisitions we did during the year. We are confident that our culture is strong enough, and our firm is large enough to integrate acquisitions like these in order to better serve our clients.

Innovation is about exploring the unknown to create breakthrough new ideas. Innovation is what differentiates Diamond.

In April 1999 we acquired a 43-consultant change management firm called OmniTech Consulting. This acquisition provided Diamond with a change management capability that helps our clients work through the enormous change

that often accompanies innovation. And finally, in April 2000 we acquired a 17-consultant, London-based strategy and solutions delivery firm called Momentus. This acquisition will help us to quickly build a solid foundation in the U.K.

At the end of the fiscal year, we completed a successful follow-on offering of 3.275 million shares, including 1.5 million primary shares. Through this offering, we raised \$114 million of capital for the company. We intend to use this cash to grow the business, both organically and through additional select acquisitions and strategic investments that will complement our existing service model.

Financial Highlights

1996	\$26,339	\$1,236	115	24
1997	\$37,557	\$633	146	45
1998	\$58,369	\$6,008	175	65
1999	\$82,389	\$9,836	239	85
2000	\$136,235	\$16,228	452	143
	net revenue fiscal years (in thousands)	net income fiscal years (in thousands)	professional headcount fiscal years	clients served fiscal years

In today's radical new business environment, there are two things every company needs to do. The first is to Web enable their business. The second and more important thing every company must do is to innovate.

Professional headcount grew to 452 at the end of March 2000, up 89% from 239 at March 31, 1999. We also concluded another exceptional campus recruiting effort. On campuses Diamond is clearly one of the most sought after employers. We had an outstanding acceptance rate of 70% on the MBA campuses this year. To put this in perspective, an acceptance rate of 30-40% is generally considered to be very good. With commitments from 134 graduates and undergraduates who will start during the summer and fall, we have entered fiscal year 2001 with more than half of our hiring needs for the full fiscal year already completed.

At one of our firm-wide All-Hands Meetings last month, one of our newest associates said something to me that I think sums up our success in attracting and retaining super high quality people. He told me he had never been at a company that puts its money where its mouth is like Diamond does. He told me that he thought the work he was doing was fascinating and that he was learning a lot from our partners and our innovation programs. But probably most poignant, he said, "I truly care about delivering the best product because I am an owner of this company." Indeed, the non-partner employees at Diamond own 12% of business. To our stockholders this means commitment, quality and the ability to scale the business. This is reflected in our low turnover of 14% for the year.

The strength of our consulting staff is equaled only by the strength of our senior management team. We currently have 75 partners at Diamond, including 17 promotions to partner made during fiscal year 2000. Our ability to grow our own very high quality management is an important factor in our long-term growth. In addition, last February we announced several new key management promotions that became effective April 1, 2000. Mike Mikolajczyk and John Sviokla were named vice chairmen. Adam Gutstein was named president. Mike Connolly was named chief operating officer. These changes were made so we can continue to grow our business. We have the right leaders, in the right places. These are people who understand our commitment to profitable growth and positive cash flow. These are people who understand our commitment to clients, to people and to intellectual capital.

Finally, we are evaluating how to structure an investment fund separate from our consulting business that would take advantage of our strength and understanding of digital business. The fund would evaluate various new e-business models and invest in those we believe have considerable economic potential. This will provide yet another very attractive retention vehicle for Diamond. While the specifics of the structure are still being finalized, the investment entity would have two primary objectives: 1) maximize returns, 2) retain Diamond consultants. We hope to complete these discussions in the near future.

Our accelerated revenue growth is due in large part to our successful entry into the solutions delivery area with the introduction of Diamond Marketspace Solutions (DMS) in July 1999.

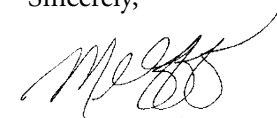
Recently, I was reading an article by Peter Drucker. In that article, he states that there have only been two other times in history like the one we are in now. The first was the invention of the printing press; the second was the invention of the steam engine. The third began with the invention of the computer. He argues that it takes 50 years from the moment of invention to the discovery of the true and powerful uses of the invention. Then what follows is 100 years of real innovation where killer app

after killer app is created. For example, the killer app following the invention of the steam engine was the railroad. The railroad dramatically changed the world. According to Drucker, the first killer app following the invention of the computer is e-commerce. Like the railroad, it changes time and space for everyone.

Our business is to help our clients innovate and participate in this time of tremendous value opportunity. And if Drucker is correct, we are right at the beginning of that opportunity. This year we will continue to build out our DMS implementation capability, continue our expansion internationally, and take advantage of emerging mobile commerce through wireless solutions.

I invite you to read this report to learn more about Diamond innovation. On behalf of all the employees, thank you for your support and confidence in Diamond. With your help we have built a market leading company in the United States, and we hope you will join us as we set out to replicate this success worldwide.

Sincerely,



Mel Bergstein
Chairman and CEO
June 30, 2000

Diamond's People are its Raw Potential.

Today, the chances of making flawed strategic business decisions are rising. Decisions are complex, time frames are short and the consequences of a wrong decision are often fatal. In the digital age, there is no precedent to follow. Everything is new; everything is different. Companies need to do more than apply Web technology to make their existing business “faster, better, cheaper”. While this is good, it is not sufficient. The benefits from simply optimizing the existing business are soon competed away. Companies must innovate to create sustainable value.



Different is not only better, it is necessary.

“Innovation in business is about breakthrough ideas that create breakthrough value,” says Mel Bergstein, Chairman and CEO of Diamond. Innovation cannot be achieved with a strict methodology; it requires creative and analytic thinking and a thorough knowledge of the business and industry. That is what Diamond provides for its clients.

At Diamond, our people are at the heart of our innovative client work. Diamond's Chief People Officer Bruce Quade explains, “Diamond has the industry's most talented and experienced people with deep skills in strategy, technology, and solutions delivery. Our reputation attracts the best innovative minds in the industry.”

Like all great professional services firms, Diamond principally recruits from the campus. The majority of Diamond's professionals join following graduate school. At the 12 leading business schools campuses on which Diamond recruited last year, it had an extraordinary acceptance rate of 70%. An acceptance rate of 30-40% is generally considered to be very good. Recruiting from leading graduate and undergraduate campuses helps Diamond build a strong culture with low turnover. At the end of fiscal year 2000, Diamond had 452 consultants, about a third of whom were part of Diamond's new solutions delivery capability announced last year: Diamond Marketspace Solutions, or DMS.

In an industry where talented professionals can work wherever they like, Diamond's employees tend to stay with Diamond. “Diamond is top of mind at every search firm in the country,” Quade said. In this environment, Diamond has been at or below its 12-15% turnover goal (including both voluntary and involuntary departures) for the last three years. Diamond's people stay because they do innovative work with CEOs of leading companies worldwide. They stay because Diamond has a strong, entrepreneurial culture that allows them to help shape the future of the company. They stay because all employees are shareholders who are committed to building the best firm in the industry.

The nucleus of Diamond is its partner group. Diamond partners are officers of the company. Generally, partners are responsible for client work and the overall management of the company. Diamond currently has 75 partners who are, on average, 40 years old. Within the partner group there are ample leadership roles to maintain the entrepreneurial culture and to allow these talented individuals to contribute to the ongoing growth and success of the firm. Diamond promotes its partners primarily from within to sustain its culture and to give its younger people the opportunity to grow within the firm. The average career path out of graduate school to partner is six years. This partner “incubator” has been proven at Diamond and is a key to scaling the business.

The Diamond Network® is a virtual community consisting of some of the most impressive thinkers in business and technology. The members of the Diamond Network, or Diamond Fellows, help Diamond to develop innovative solutions for its clients and contribute extensively to each of Diamond's innovation programs, such as *Context* magazine and the Diamond Exchange.

Explore New Territory with the Diamond Network

Diamond Fellows

JOHN PERRY BARLOW
Co-Founder and Vice Chairman,
Electronic Frontier Foundation

GORDON BELL
Senior Researcher, Microsoft Bay Area
Research Center

TIM GALLWEY
Author and Consultant on Learning

JAMES GILMORE
Co-Founder, Strategic Horizons LLP,
creativity and mass customization expert

ALAN KAY
Disney Fellow and VP of Research and
Development, Walt Disney Imagineering

ANDREW LIPPMAN
Associate Director and Founding
Member, MIT Media Lab

HEIDI MASON
Managing Director,
The Bell-Mason Group

ANTHONY PAONI
Clinical Professor of Technology and
E-Commerce, Kellogg Graduate School
of Management

B. JOSEPH PINE II
Founder, Strategic Horizons LLP, user
experience and mass customization expert

DAVID P. REED
Information Architect and
Independent Entrepreneur

MOHANBIR SAWHNEY
Tribune Professor of Electronic
Commerce and Technology, Kellogg
Graduate School of Management

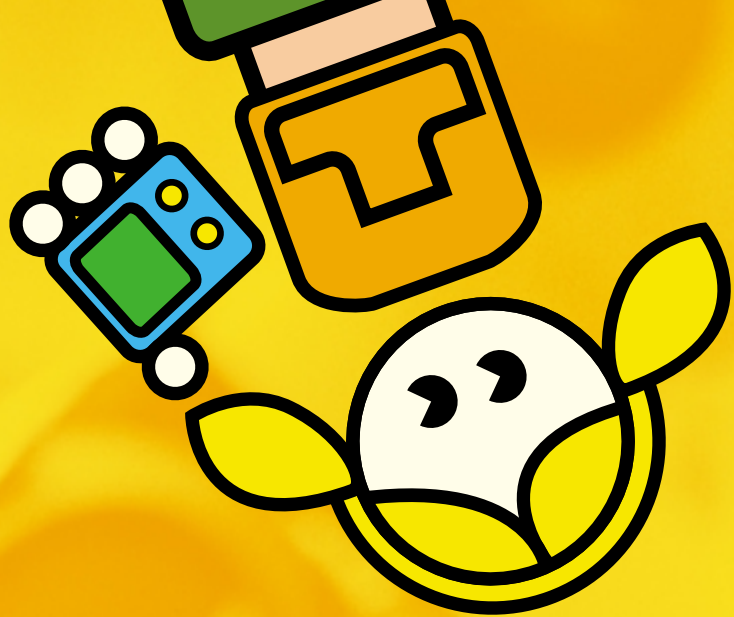
MARVIN ZONIS
Professor, International Economics,
University of Chicago Graduate
School of Business

Uniting Place and Space

The 1998 holiday season saw \$3 billion in on-line sales, according to Jupiter Communications. The 1999 numbers swelled to an astounding \$7 billion. While this bodes well for many retailers by opening up a new channel for revenue, the picture was not so rosy for North America's leading mall developer and manager, Simon Property Group.

MOVED
TO
WEB

SEE OUR
WWW



Simon owns, develops and manages more than 250 properties across the U.S., ranging from the Mall of America in Minneapolis and the Forum Shop in Las Vegas to community shopping centers and mixed-use properties. Simon malls host 2.2 billion visits during a year, almost a quarter of which occur during the November and December holiday season.

David Simon, CEO of Simon Property Group, was determined to maintain the company's industry-leading position and reputation as an innovator. In the era of on-line shopping, how could Simon make the mall more relevant to the digital consumer?

Creating a Unique Shopping Experience

Diamond helped Simon study the evolving Internet trends affecting in-mall retailing activities and Simon's position in the marketplace to figure out how to combine the convenience (access, selection, immediacy) and comparison functionality of on-line shopping with the tangibility and social aspects of the in-mall shopping experience.

The result was a new venture spun off from Simon called Clixnmortar.com. Clixnmortar operates as a distinct venture creation firm—a means to

incubate, develop and launch different products that bring together physical and on-line retailing.

Clixnmortar focuses on creating new products that bring together the physical place (the malls) with the virtual space (the Internet) to create unique retailer shopping experiences.

Diamond helped Simon Property Group with everything from crafting

"We know these offerings work. We are now in the enviable position of deciding whether we want to become the ACNielsen of the malls and concentrate on creating new and innovative customer services."

David Simon, CEO

the strategy through the realization of that strategy. Diamond created the business and implementation plan for Clixnmortar.com, assisted in the initial branding and marketing strategy,

designed and developed the technical architecture for the company, developed a Design and Experience Center to showcase the offerings, and prototyped and built out the Web sites.

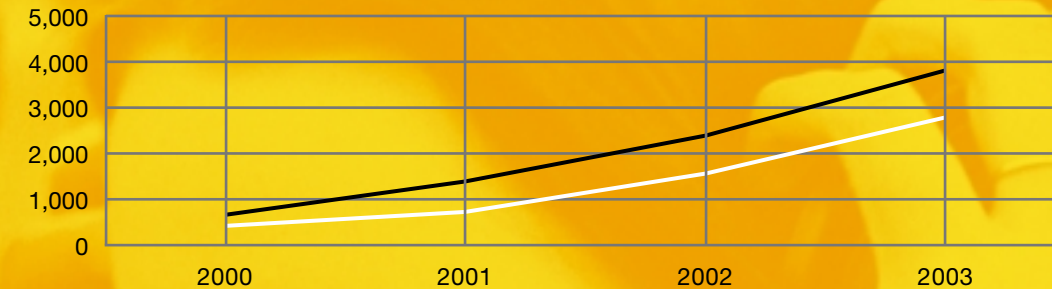
The open e-commerce infrastructure developed for Clixnmortar is designed to be both scalable and extensible. The first two business initiatives prototyped off of this platform were FastFrog.com

and YourSherpa.com. FastFrog.com is a teenager-oriented cross-retailer gift registry that allows teens to create lists of desired products from a wide selection of in-mall retailers and on-line e-tailers.

e-commerce spending

billions US\$

— world
— US



Source: Forrester Research, Inc.

"I just wanted to give you an unsolicited testimonial... I used your service last night in Lenox Mall. Once I was registered, scanned my purchases and went back to finalize my order, I easily saved 20 minutes standing in line with grumpy parents and screaming children... not only that, but my purchases were gift wrapped and delivered to my home three hours later! Now that's service!"

The lists are created by teens walking through the mall and using hand-held scanners, or "ZapSticks", to scan the barcode of preferred products. When the ZapStick is turned in at a kiosk within the mall, the contents are uploaded onto the teen's personalized FastFrog.com home page for review. The teens can then share their list with family and friends.

YourSherpa.com is targeted at time-starved mid- to high-income level baby boomers who put a premium on convenience and would love to avoid waiting in check-out lines or carrying packages back to the car. YourSherpa.com provides them with the ability to shop with a radio-frequency-enabled (RF) personal digital assistant (PDA) scanning device. The PDA allows the customer to choose products for purchase at the point of scanning. At the kiosk, the customer can pay for

all of the products in one place and determine the final shipping destination for the purchase.

Benefits Beyond the Original Strategy

"Fastfrog.com and YourSherpa.com were piloted during the 1999 holiday shopping season in three Atlanta malls," explained Diamond Partner Sandeep Chugani. "The strategy proved to hit a sweet spot with the consumers and got significant media attention."

These offerings successfully tied the tangibility of the in-mall shopping experience with the convenience and expediency of shopping on-line. One YourSherpa.com customer said, "I just wanted to give you an unsolicited testimonial on how wonderful this service is. I hope you expand it soon! I used your service last night at FAO Schwartz in Lenox Mall. Once I was

registered, scanned my purchases, and went back to finalize my order, I easily saved a minimum of 20 minutes standing in line with grumpy parents and screaming children—something I always try to avoid. And not only that, but my purchases were gift wrapped and delivered to my home three hours later! Now that's service!"

The pilots of these two offerings succeeded in their original goals of blending place and space for the consumer. We also discovered another benefit that the team hadn't originally considered. During the process of providing these unique customer services, Clixnmortar was also gathering valuable data. Data collected on buying patterns can be used to forecast demand for products and better design showcases for retailers.



We are Diamond Technology Partners.

Innovation at Diamond starts with its people. Diamond is an e-business consulting firm that brings together teams of experts in strategy, technology and value management to build innovative solutions for its clients. We have helped leading corporations worldwide to capitalize on the opportunity of the Internet.

We can help you.

www.diamtech.com



A Sense of Community

Praxair, Inc. Launches Internet Start-up MetFabCitySM

The metal fabrication industry is a highly fragmented \$400 billion business. The market includes some 35,000 fabricators, 25,000 suppliers and 100,000 customers in the United States alone.

Praxair, Inc. is a Danbury, CT-based company that produces, sells and distributes atmospheric, process, medical and specialty gases, and high-performance surface coatings. Praxair is the largest industrial gases company in North and

South America, and one of the largest worldwide with 1999 sales of \$4.6 billion. One of the industries Praxair serves is metal fabrication. Metal fabricators use these gases for metal cutting, welding, processing and finishing. Its customers include manufacturers of automobiles, farm equipment, prefab housing and the like. Praxair delivered 1999 sales of more than \$700 million in the metal fabrication industry alone.

Recognizing that the Internet could provide growth opportunities for the company, early in 1999 Praxair's senior management team set out to leverage the Internet to their advantage.

Executives at Praxair were already familiar with Diamond through a number of its intellectual capital programs. Praxair Vice President of E-Business and Services Bal Agrawal was an avid reader of *Context* magazine, and Mike Stoddard, then Praxair's General Manager of E-Business, had already read the book "Unleashing the Killer App," co-authored by Diamond's Chief Innovation Officer Chunka Mui. Agrawal called on Diamond to participate in a competitive process to find a consultant to

help them grow their business using the Web. Diamond was awarded the work based on its responsiveness and proven ability to take innovative ideas to market. The joint, dedicated team went to work the same day. Since then, Praxair has also joined the Diamond Exchange executive learning forum.

Diamond is now working with Praxair to build a unique business-to-business Internet marketplace. Instead of focusing only on welding gases for their customers, Praxair is looking to the Web to create a new business that will help those same customers run their businesses better.

The new business is MetFabCity Inc., a business-to-business Internet marketplace initially funded by Praxair. The MetFabCitySM service will bring together all the players in

Twelve design principles from "Unleashing the Killer App"

RESHAPING THE LANDSCAPE

- 1 Outsource to the customer.
- 2 Cannibalize your markets.
- 3 Treat each customer as a market segment of one.
- 4 Create communities of value.

BUILDING NEW CONNECTIONS

- 5 Replace rude interfaces with learning interfaces.
- 6 Ensure continuity for the customer, not yourself.
- 7 Give away as much information as you can.
- 8 Structure every transaction as a joint venture.

REDEFINING THE INTERIOR

- 9 Treat your assets as liabilities.
- 10 Destroy your value chain.
- 11 Manage innovation as a portfolio of options.
- 12 Hire the children.

the metal fabrication industry through a single Web site that exploits the advantages offered by Internet-based technologies. MetFabCity will integrate metal fabricators, their suppliers, customers, employees and information providers. John Clerico, formerly Executive Vice President and Chief Financial Officer of Praxair, became the CEO of the new venture.

MetFabCity was initially located in Diamond's solution center in Chicago while permanent space and people could be found. Diamond anchored its approach around two themes. First, the team used the 12 design principles from the book "Unleashing the Killer App," and, second, the team used the Bell-Mason framework

for launching new ventures. In addition, Diamond Fellow and co-author of the Bell-Mason framework, Heidi Mason, was brought into the effort. Mason subsequently took an active advisory role for the venture.

The beta business is set to launch in the summer of 2000, just a few months after funding, with a full-scale launch in the fall of 2000. Diamond continues to be involved as it transitions the business to the MetFabCity team.

Diamond/Bell-Mason Diagnostic Framework

The Diamond/Bell-Mason Diagnostic is a tool kit for guiding and assessing e-Ventures. Diamond Fellows Gordon Bell, a senior researcher at Microsoft Corporation, and Heidi Mason, managing director of The Bell-Mason Group, developed the diagnostic to help speed and improve the likelihood of e-Venture success. The diagnostic is based on data and evidence from almost a thousand start-ups and corporate ventures studied over a 15-year period.

High Tech Meets Low Tech

The MetFabCity site is designed to be *the* business destination for metal fabricators. The site offers its users increased productivity in procurement, as well as improved sales efficiency and product customization. Metal fabricators will be able to log on to market their specific capabilities, identify and secure new customers, source the best and lowest-cost

For MetFabCity, strategy and technology are inexorably intertwined—the right strategy is the right technology. Diamond worked with Praxair to develop the business model and technology architecture for MetFabCity, and provide an incubator to design, model, test and launch the venture. Diamond provided end-to-end services including strategy consulting, program management, marketing, creative design,

"Diamond helped us to create a unique offering to the major metal fabrication industry segments, including automotive, aircraft, industrial machinery and durable goods."

JOHN A. CLERICO, CEO OF METFABCITY INC.

materials, recruit skilled tradesmen, and take advantage of project management tools and best practices in welding, metal processing and finishing.

"Metal fabrication is a large, established and thriving industry that can benefit markedly from these services," says Tim Rohner, Diamond partner leading the project. "The MetFabCity service allows individual fabricators to grow their business by distinguishing and differentiating themselves, making their capabilities transparent and communicating them at Internet speed."

operational consulting, and solutions delivery. Diamond is also helping the venture to negotiate with prospective strategic partners, key suppliers, buyers, industry associations and on-line exchanges to accelerate the portal's development and launch.

John A. Clerico, CEO of MetFabCity Inc., explains, "Diamond helped us to create a unique offering to the major metal fabrication industry segments, including automotive, aircraft, industrial machinery and durable goods. MetFabCity is a resource of truly unique scope and scale and one that we believe will revolutionize these businesses' supply chains."

Today, digital delivery of financial advice is abundant. For consumers, it seems there are more choices than ever, creating a new challenge: information overload.

T. Rowe Price, a Baltimore-based investment management firm, is one of the nation's leading providers of no-load mutual funds for individual investors and corporate retirement programs.

"The objective of our consumer offerings is simple," explained T. Rowe Price Managing Director Edward C. Bernard.

"We help individuals achieve their financial goals."

By the late 1990s it was clear that the Internet was going to play a role in reaching that objective in the future. **But what**

would that role be, and how could T. Rowe Price help consumers avoid information overload?

Carpe Diem!



Times, They are a-Changin'!

While the dramatic shift towards e-commerce in the financial services industry was taking place, a demographic shift affecting the company was also taking shape—the aging of the baby-boomers. This trend, combined with the portability of assets under today's defined contribution retirement

plans, meant that a huge transfer of wealth would soon take place from employer retirement plans to other vehicles.

This is the environment in which Diamond was engaged to help T. Rowe Price develop its e-commerce strategy.

Work began with an off-site, multi-day workshop to assess opportunities that would leverage the Internet as more than a mere communications channel or a "faster, better, cheaper" service, but as a breakthrough new business model. Diamond facilitated a workshop that explored the opportunities and competitive threats that were emerging in the asset management and financial services marketplace. Management of T. Rowe Price tapped the expertise of Diamond Fellow David Reed, former chief scientist for Lotus, as the team explored the enormous power of on-line communities. The workshop provided several days of soul-searching after which the team assembled a portfolio of 10 ideas for how T. Rowe Price could use the Internet to take advantage of the changes occurring in the industry.

After the executive workshop, a team from Diamond and T. Rowe Price further refined each of the 10 ideas in the portfolio and selected two of them as potential killer apps. Each of the two concepts leveraged T. Rowe Price's

off-line assets and competencies, but went beyond the traditional businesses of the company to exploit the changing demographics and market dynamics.

The two concept plans were presented to management. "T. Rowe Price has the opportunity to do something really significant here," said Ed Bernard, "to become a leader using business models of the future." With this approval the team set out to develop comprehensive business plans to further validate the concepts in detail. Operating at Internet speed, the e-commerce business plans were completed in less than 45 days.

The team developed business plans that explained how each of the two businesses should be organized, funded, operated and marketed. The business plans also included basic functional prototypes of the potential sites. Additionally, after examining the merits of both internal and external ventures, the team evaluated and made a recommendation as to how to organize and launch the new businesses. At this point management made a courageous decision—to develop

an e-business that helped consumers choose the "best-fit" investment services provider, whether or not that provider is T. Rowe Price. Based on consumer research, the idea expanded to encompass further wants and needs of pre-retirees such as planning the trip of a lifetime, engaging in philanthropic activities, and exploring other new paths through education or second careers.

"The idea is to be an objective navigator, firmly aligned with the needs of the consumer," said Diamond Partner Kevin Grieve. "T. Rowe Price has both the vision and gumption to create a fundamentally new consumer value proposition in its industry."

Today, the team is at work in Diamond's Marketplace Solutions Center in Chicago to make the strategy a reality. Using Diamond professionals to help define the strategy, build the technology solution, and manage the building of a new e-business venture, T. Rowe Price found in Diamond a partner uniquely qualified to take them from strategy through implementation.

Unearthing and Refining Big Ideas Fueling the Fire



Innovation is inherently elusive. Nothing is intuitive about developing counterintuitive business ideas to create a competitive advantage. That's why the ability to constantly generate important ideas is the life's blood of a consulting firm. At Diamond Technology Partners, the Innovation Group ensures that the firm's ideas stay fresh and that the flow of ideas is vigorous. Working with Diamond's top field consultants and with the Diamond Fellows, (see page 9) the Innovation Group vets new business concepts, "fleshes out" the promising ones, and then works with Diamond consultants to translate those ideas into killer apps opportunities for our clients.

"We are in an environment where entire markets are created and destroyed practically overnight," says Diamond Chief Innovation Officer Chunka Mui. "To be the premier adviser to the world's business leaders, Diamond must always offer its clients the big new ideas—and

be able to tell the difference between the innovative and inane. Our innovation programs are designed to enable us to do this."

Mel Bergstein, Diamond's CEO, says: "These programs are extremely important because they put us on deadline for intellectual capital creation. They represent a systematic way to extract ideas from our practice and ensure we are always ahead of the innovation curve."

To illustrate how these programs unearth new perspectives, consider the following example of how they work together: *Context* magazine investigates state-of-the-art business practices, both exemplars and duds. The award-winning, journalistically independent magazine writes an article that a CEO finds intriguing. The CEO might pursue that interest by signing up for an Insight seminar that drills deeper into that topic. At the seminar, the CEO meets some of Diamond's people and, as often happens, starts a conversation with a Diamond partner about a specific problem. The conversation may lead to a consulting proposal, or minimally that CEO gets the benefit of engaging with Diamond's thought leaders and begins a long-term relationship based on respect and trust. The CEO may be invited to become a member of the Diamond Exchange, where he or she will talk with other senior executives and interact with Diamond Fellows. The CEO may eventually become a client. In any case, this continuous circle of learning helps keep both the CEO and Diamond out in front of the innovation curve.

DIAMOND EXCHANGE



The Diamond Exchange is a member-based executive learning forum for senior-most business executives.

Convened three times a year, these by-invitation-only intellectual retreats allow members to escape their daily operational demands to focus on sometimes-elusive strategic opportunities and challenges. World-class leaders from a variety of fields help generate crackling thought and group discussion aimed at translating concepts into action. Through the Exchange, Diamond develops relationships with clients and prospects, and they among themselves, that endure for years.

"Our goal with the DX is to assemble corporate leaders and pre-eminent business and technology experts for an exchange of insights and professional experiences that lead to innovative and realistic killer app opportunities," explains Chunka Mui, Diamond's Chief Innovation Officer and executive director of the Diamond Exchange.

Among recent topics discussed at the Diamond Exchange were:

June 1999 The Market Leader's Dilemma: Maintaining Leadership in the Face of Disruptive Change

October 1999 The Leader's Role in Learning and Development: The Inner and Outer Game of Leadership

March 2000 Capturing Metamarkets: Reorganizing Markets Around Customer Needs, Not Sellers' Products



Theory Meets Reality—*Context* Magazine

Every other month, *Context* explores the many ways technology is transforming business practices. *Context* competes with the best business journals and frequently scoops the major business magazines in reporting new trends. The fact that the magazine was a finalist this spring for a National Magazine Award for General Excellence, the industry's highest award, is proof of the publication's overall editorial and design quality. That the magazine won three Ozzie awards for design excellence in fiscal year 2000 is further testament to the magazine's outstanding quality.

Diamond Technology Partners publishes *Context* magazine six times a year. Its circulation totals 45,000 readers, including the top 8-12 executives at companies with \$200 million or more in annual revenue.

"As Diamond enters the European market," says *Context* Editor-in-Chief Paul Carroll, "Context will expand its geographic coverage. Wherever we go, we will continue to be the CEO's survival guide in a business landscape ripped up by new technologies. And we'll continue to tap the minds some of the world's greatest luminaries and business leaders, as we have in the past with interviews of Gen. Colin Powell, Bill Gates, Peter Drucker, and former Labor Secretary Robert Reich, among others."

The Insight seminar series accurately bills itself as an “immersion” in Digital Strategy, and is another component in the relationship-building process at Diamond. This past year, the sessions included:

April 1999	September 1999	December 1999	April 2000
<p>Community is the Best Commercial</p> <p>In the digital economy, companies often find customer loyalty through on-line communities of value.</p>	<p>Every Company Must Venture</p> <p>Every company needs to incubate a series of potential e-ventures to discover the digital version of its business.</p>	<p>Prime Your Partnership Portfolio</p> <p>An opportunity of the digital economy is to increase competitive advantage through a series of innovative partnerships.</p>	<p>Clicks & Mortar: Leveraging Offline Assets for On-line Dominance</p> <p>Enduring success will require “clicks and mortar” strategies that leverage on-line and “offline,” i.e. physical, capabilities.</p>

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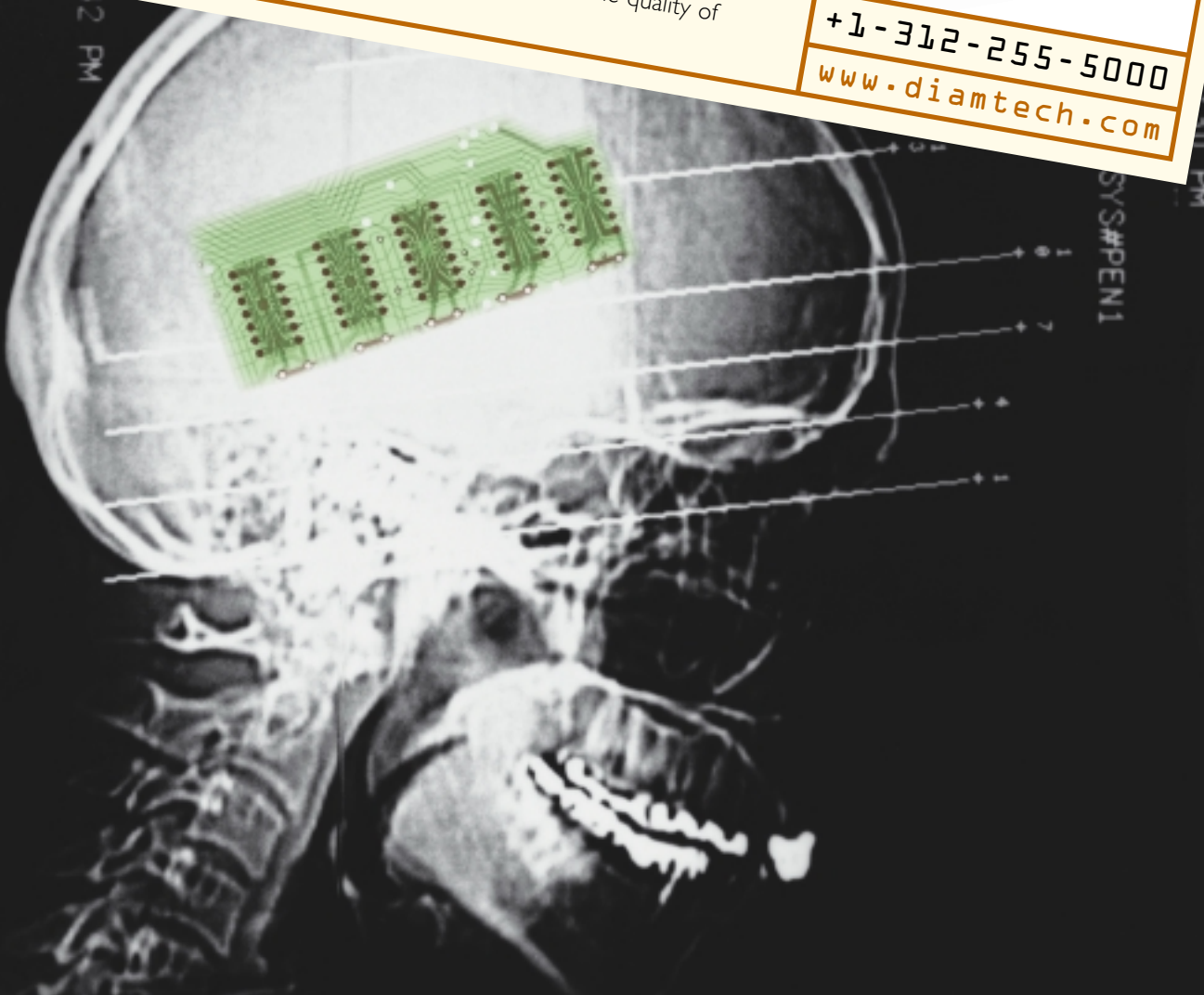
Extending our Reach—Insight Seminars | Today's economy defies the time-tested experience of successful businesses. Like the discovery by early pilots approaching the sound barrier—that to pull out of a dive they had to push the stick forward—the warp-speed forces of e-commerce are turning assets into liabilities, success into danger. This is the premise behind Diamond's two-day Insight seminars, held in various locations for groups of as many as 200 senior executives. With presentations from today's top business thinkers, as well as case histories from managers “pushing the envelope” of e-business, attendees are challenged and stimulated intellectually. They also become aware of the quality of Diamond's thinking.

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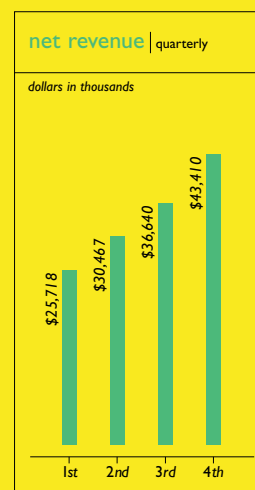
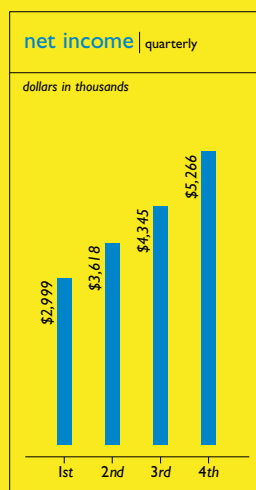
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financial review

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Statement of Operations Data

dollars in thousands, except per share amounts

Year ending March 31	1996	1997	1998	1999	2000
Net revenues	\$26,339	\$37,557	\$58,369	\$82,389	\$136,235
Operating expenses:					
Project personnel and related expenses	15,312	21,863	31,619	43,275	72,355
Professional development and recruiting	4,587	6,272	6,155	9,448	13,199
Marketing and sales	606	1,928	3,210	4,669	7,325
Management and administrative support	4,460	6,348	8,602	11,298	18,753
Total operating expenses	24,965	36,411	49,586	68,690	111,632
Income from operations	1,374	1,146	8,783	13,699	24,603
Interest income, net	164	172	1,150	2,488	2,002
Income before taxes	1,538	1,318	9,933	16,187	26,605
Income taxes	302	685	3,925	6,351	10,377
Net income	\$ 1,236	\$ 633	\$ 6,008	\$ 9,836	\$ 16,228
Basic net income per share of Common Stock ¹	\$ 0.11	\$ 0.05	\$ 0.34	\$ 0.49	\$ 0.78
Shares used in computing basic net income per share of Common Stock ¹	11,430	13,716	17,634	19,915	20,807
Diluted net income per share of Common Stock ¹	\$ 0.11	\$ 0.04	\$ 0.28	\$ 0.42	\$ 0.62
Shares used in computing diluted net income per share of Common Stock ¹	11,430	14,856	21,258	23,346	25,984

Balance Sheet Data

dollars in thousands

Year ending March 31	1996	1997	1998	1999	2000
Cash and cash equivalents	\$ 4,635	\$17,547	\$31,437	\$47,698	\$182,945
Working capital	4,397	15,725	26,236	46,872	183,967
Total assets	11,615	25,494	40,352	67,086	249,410
Long-term debt, including current portion	125	2,000	—	—	1,000
Total stockholders' equity	6,568	18,300	28,767	53,301	218,318

1. See Note 2 of "Notes to Financial Statements" for an explanation of the methods used to compute basic and diluted net income per share data.

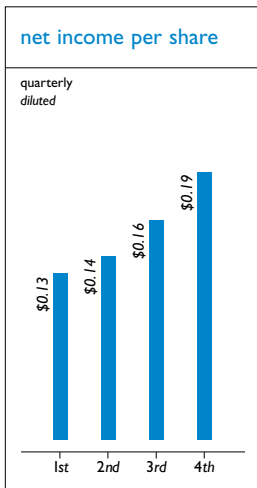
Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in connection with the information contained in the consolidated financial statements and related notes included elsewhere or incorporated by reference in this Annual Report. This Annual Report contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from the results discussed in the forward-looking statements.

Overview We are an e-business services firm that synthesizes business and industry insight with technology expertise to create innovative digital strategies for leading national and multinational businesses. Once conceived, we believe such strategies must be implemented rapidly in order to maximize competitive benefits. We have experienced substantial revenue growth since our inception, generating net revenues of \$136.2 million from 143 clients during the fiscal year ended March 31, 2000. We employed 452 client-serving professionals as of March 31, 2000.

Our revenues are comprised of professional fees for services rendered to our clients which are billed either monthly or semi-monthly in accordance with the terms of the client engagement. Prior to the commencement of a client engagement, we and our client agree on fees for services based upon the scope of the project, our staffing requirements and the

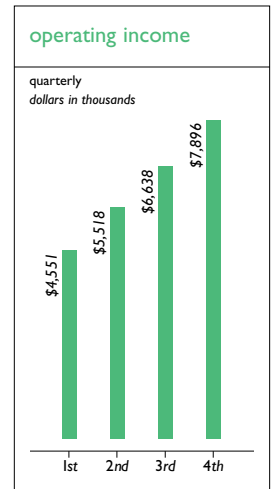
level of client involvement. We recognize revenue as services are performed in accordance with the terms of the client engagement. Out-of-pocket expenses are reimbursed by our clients and offset against expenses incurred and are not included in recognized revenues. Provisions are made for estimated uncollectible amounts based on our experience. Although from time to time we have been required to make revisions to our clients' estimated deliverables, to date none of such revisions has had a material adverse effect on our operating or financial results.



The largest portion of our costs consist primarily of employee-related expenses for our client-serving professionals and other direct costs, such as third-party vendor costs and unbilled travel costs associated with the delivery of services to our clients. The remainder of our costs are comprised of the expenses associated with the development of our business and the support of our client-serving professionals, such as professional development and recruiting, marketing and sales, and management and administrative support. Professional development and recruiting expenses consist primarily of recruiting and training content development and delivery costs.

Marketing and sales expenses consist primarily of the costs associated with our development and maintenance of our marketing materials and programs. Management and administrative support expenses consist primarily of the costs associated with operations, finance, information systems, facilities and other administrative support for project personnel.

We regularly review our fees for services, professional compensation and overhead costs to ensure that our services and compensation are competitive within the industry. In addition, we monitor the progress of client projects with client senior management. We manage activities of our professionals by closely monitoring engagement schedules and staffing requirements for new engagements. Because most of our client engagements are, and may be in the future, terminable by our clients without penalty, an unanticipated termination of a client project could require us to maintain underutilized employees. While professional staff must be adjusted to reflect active engagements, we must maintain a sufficient number of senior professionals to oversee existing client engagements and participate in our sales efforts to secure new client assignments.



Recent Developments On May 10, 2000, the Company acquired Momentus Group Limited (“Momentus”), a London-based e-business consulting company. Under the terms of the acquisition agreement, the Company paid approximately \$2.9 million in cash and delivered 44,252 shares of the Company’s Class A Common Stock. Additionally, Momentus may be paid a maximum of 69,265 shares of the Company’s Class A Common Stock over the next two years upon the achievement of certain performance measures. The acquisition will be accounted for under the purchase method of accounting.

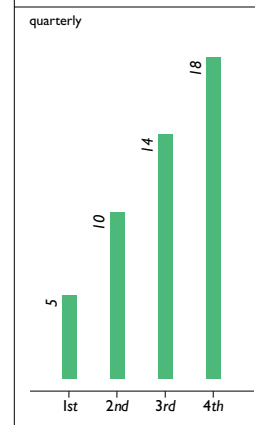
Results of Operations The following table sets forth, for the periods indicated, selected statements of operations data as a percentage of net revenues:

Year ending March 31	1998	1999	2000
Net Revenues	100.0%	100.0%	100.0%
Operating Expenses:			
Project personnel and related expenses	54.2	52.5	53.1
Professional development and recruiting	10.6	11.5	9.7
Marketing and sales	5.5	5.7	5.4
Management and administrative support	14.7	13.7	13.7
Total operating expenses	85.0	83.4	81.9
Income from operations	15.0	16.6	18.1
Interest income, net	2.0	3.0	1.4
Income before taxes	17.0	19.6	19.5
Income taxes	6.7	7.7	7.6
Net income	10.3%	11.9%	11.9%

Fiscal 2000 Compared to Fiscal 1999 We had net income of \$16.2 million during fiscal 2000 which improved from net income of \$9.8 million during fiscal 1999 as a result of increased revenues combined with an improvement in the utilization of client-serving professionals, partially offset by an increase in expenses required to support our growth during the period.

Our net revenues increased 65.4% to \$136.2 million during fiscal 2000 as compared to fiscal 1999. The increase in our net revenues reflects an increase in the volume of services delivered to new clients, continued services to our existing client base, as well as two acquisitions. For fiscal 2000, \$59.2 million of revenue was derived from services delivered to new clients and \$77.0 million related to the completion of projects or the undertaking of additional projects from the Company’s client base of the previous fiscal year. We served 143 clients during fiscal 2000 as compared to 85 clients served during fiscal 1999.

number of clients billing over \$1 million



Project personnel and related expenses increased \$29.1 million, or 67.2%, to \$72.4 million during fiscal 2000 as compared to fiscal 1999. This increase resulted from increases in both the number and compensation of our client-serving professionals to respond to growth. We increased our client-serving professional staff from 239 at March 31, 1999 to 452 at March 31, 2000. As a percentage of net revenues, project personnel and related expenses increased from 52.5% to 53.1% during fiscal 2000.

Professional development and recruiting expenses increased \$3.8 million during fiscal 2000 as compared to fiscal 1999. This increase reflects our recruiting and training of a higher number of client-serving professionals and an associated increase in recruiting and training resources. As a percentage of net revenues, these expenses decreased to 9.7% from 11.5% during the same period in the prior year as a result of our improved operating leverage resulting from our net revenue growth.

Marketing and sales expenses increased \$2.7 million to \$7.3 million during fiscal 2000 as compared to fiscal 1999 as a result of increased spending for:

- the publication of our magazine, Context, which transitioned from a quarterly publication to a bi-monthly publication and is now being marketed at selected newsstands across the United States;
- the conduct of several Diamond Exchange and Insight seminars for prospective clients; and
- the hiring of a chief marketing officer and supporting staff to lead our corporate branding and marketing initiatives.

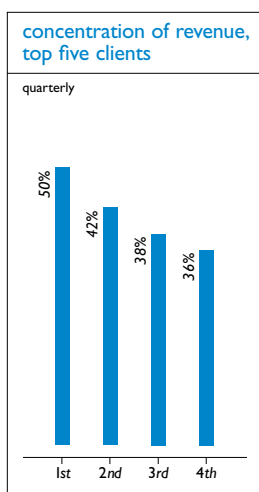
As a percentage of net revenues, these expenses decreased from 5.7% to 5.4% as a result of our improved operating leverage resulting from our net revenue growth.

Management and administrative support expenses increased from \$11.3 million to \$18.8 million, or 66.0%, during fiscal 2000 as compared to fiscal 1999 as a result of the additional facilities, equipment and personnel necessary to support our growth and increased consulting capacity.

As a percentage of net revenues, management and administrative support expenses remained the same at 13.7%.

Fiscal 1999 Compared to Fiscal 1998 Our net income of \$9.8 million during fiscal 1999 improved from net income of \$6.0 million during fiscal 1998 as a result of increased revenues combined with an improvement in the utilization of client-serving professionals, partially offset by an increase in expenses required to support our growth during the period.

Our net revenues increased 41.2% to \$82.4 million during fiscal 1999 as compared to fiscal 1998. The increase in our net revenues reflects an increase in the volume of services delivered to new clients, as well as the leveraging of our existing client base. For fiscal 1999, \$16.9 million of revenue was derived from services delivered to new clients and \$65.5 million related to the completion of projects or the undertaking of additional projects from our client base of the previous fiscal year. We served 85 clients during fiscal 1999 as compared to 65 clients served during fiscal 1998.



Project personnel and related expenses increased \$11.7 million, or 36.9%, to \$43.3 million during fiscal 1999 as compared to fiscal 1998. This increase resulted from an increase in the number of client-serving professionals to respond to growth. We increased our client-serving professional staff from 175 at March 31, 1998 to 239 at March 31, 1999. As a percentage of net revenues, project personnel and related expenses decreased from 54.2% to 52.5% during fiscal 1999, reflecting the improvement in utilization of client-serving professionals.

Professional development and recruiting expenses increased \$3.3 million during fiscal 1999 as compared to fiscal 1998. This increase reflects our recruiting and training of a higher number of client-serving professionals during fiscal 1999. We have continued our recruiting and training programs to support the growth of the business. As a percentage of net revenues, professional development and recruiting expenses increased from 10.6% to 11.5% during fiscal 1999.

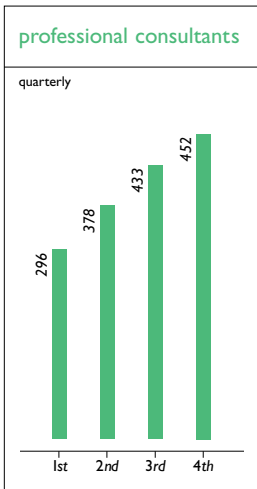
Marketing and sales expenses increased \$1.5 million to \$4.7 million during fiscal 1999 as compared to fiscal 1998 as a result of our investment in our marketing and branding programs. Our marketing activities in fiscal 1999 were focused on the continued development of our magazine, *Context*, which was launched during the quarter ended December 31, 1997, the promotion of intellectual capital through the Diamond Exchange, our executive learning forum for senior executives, and the conduct of three Insight seminars for prospective clients. As a percentage of net revenues, marketing and sales expenses increased from 5.5% to 5.7%.

Management and administrative support expenses increased from \$8.6 million to \$11.3 million, or 31.3%, during fiscal 1999 as compared to fiscal 1998. This increase resulted from the cost of additional facilities, equipment and personnel necessary to support our growth and increased consulting capacity. As a percentage of net revenues, management and administrative support expenses decreased from 14.7% to 13.7% as a result of our improved operating leverage resulting from our net revenue growth.

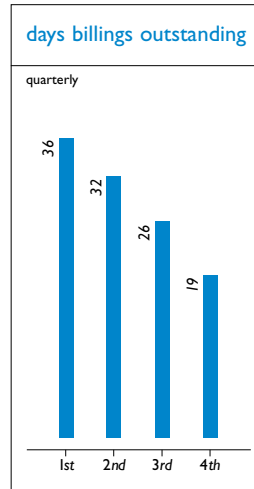
Liquidity and Capital Resources We closed our initial public offering of common stock in April 1997 and received net proceeds totaling approximately \$10.1 million. We used \$2.0 million of the proceeds from the initial public offering to repay a loan from Safeguard Scientifics, Inc.

In April 1998, we sold approximately 980,000 shares of our Class A Common Stock as part of a public offering and received net proceeds of approximately \$15.9 million.

In March 2000, we completed a public offering and sold 1,500,000 shares of Class A Common Stock at a price of \$80.13 per share. We realized approximately \$114.0 million in connection with the sale, net of payment of the underwriters' commissions and other expenses of the offering. In the offering, an additional 1,775,000 shares were sold by selling stockholders.



We maintain a revolving line of credit pursuant to the terms of an unsecured credit agreement from a commercial bank under which we may borrow up to \$10.0 million at an annual interest rate based on the prime rate or based on the LIBOR plus 1.75%, at our discretion. This line of credit has been reduced to account for letters of credit outstanding. As of March 31, 2000, we had approximately \$9.8 million available under this line of credit.



Our billings for the three months ended March 31, 2000 totaled \$55.7 million. These amounts include billings to clients for out-of-pocket expenses that are reimbursed by clients which are not included in recognized revenues. Our gross accounts receivable balance of \$11.9 million at March 31, 2000 represents nineteen days of billings for the quarter.

In October 1998, our Board of Directors authorized the repurchase, from time to time, of up to one million shares of our Class A Common Stock. These repurchases

were authorized to be made in the open market or in privately negotiated transactions. At March 31, 2000, the number of shares purchased under this authorization was 769,950 shares at an aggregate cost of \$10.1 million. We funded the repurchases through our cash balances.

We believe that our current cash balances, existing lines of credit and cash flow from existing and future operations, will be sufficient to fund our operating requirements at least through fiscal 2001. Should our business expand more rapidly than expected, we believe that additional bank credit would be available to fund any additional operating and capital requirements. In addition, we could consider seeking additional public or private debt or equity financing to fund future growth opportunities.

Independent Auditors' Report

The Stockholders and Board of Directors

Diamond Technology Partners Incorporated:

We have audited the accompanying consolidated balance sheets of Diamond Technology Partners Incorporated and subsidiaries as of March 31, 1999 and 2000, and the related consolidated statements of net income and comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended March 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Diamond Technology Partners Incorporated and subsidiaries as of March 31, 1999 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2000, in conformity with generally accepted accounting principles.

KPMG LLP

Chicago, Illinois

April 18, 2000

Consolidated Balance Sheets

in thousands, except per share amounts

March 31	1999	2000
ASSETS		
Current assets:		
Cash and cash equivalents	\$47,698	\$182,945
Accounts receivable, net of allowance of \$419 and \$1,279 as of March 31, 1999 and 2000, respectively	10,434	10,596
Income taxes receivable	986	13,874
Prepaid expenses and deferred taxes	1,539	7,144
Total current assets	60,657	214,559
Computers, equipment and software, net	3,419	8,214
Other assets	3,010	15,981
Goodwill, net	–	10,656
Total assets	\$67,086	\$249,410
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,468	\$ 3,759
Note payable, current portion	–	500
Accrued compensation	8,835	14,219
Deferred revenue	709	3,629
Other accrued liabilities	2,773	8,485
Total current liabilities	13,785	30,592
Note payable, less current portion	–	500
Total liabilities	13,785	31,092
Stockholders' equity:		
Preferred Stock, \$1.00 par value, 2,000 shares authorized, no shares issued	–	–
Class A Common Stock, \$.001 par value, 40,000 shares authorized, 15,007 issued in 1999 and 21,958 issued in 2000	15	22
Class B Common Stock, \$.001 par value, 20,000 shares authorized, 5,474 issued in 1999 and 2,701 issued in 2000	5	3
Additional paid-in capital	42,146	195,372
Notes receivable from sale of common stock	(32)	(232)
Unrealized gain on investments	–	539
Retained earnings	16,451	32,679
	58,585	228,383
Less Class A Common Stock in treasury, at cost, 456 shares in 1999 and 770 shares in 2000	5,284	10,065
Total stockholders' equity	53,301	218,318
Total liabilities and stockholders' equity	\$67,086	\$249,410

See accompanying notes to consolidated financial statements

Consolidated Statements of Net Income and Comprehensive Income

in thousands, except per share amounts

Fiscal years ended March 31

	1998	1999	2000
Net revenues	\$58,369	\$82,389	\$136,235
Operating expenses:			
Project personnel and related expenses	31,619	43,275	72,355
Professional development and recruiting	6,155	9,448	13,199
Marketing and sales	3,210	4,669	7,325
Management and administrative support	8,602	11,298	18,753
Total operating expenses	49,586	68,690	111,632
Income from operations	8,783	13,699	24,603
Interest income	1,201	2,534	2,099
Interest expense	(51)	(46)	(97)
Income before taxes	9,933	16,187	26,605
Income taxes	3,925	6,351	10,377
Net income	6,008	9,836	16,228
Unrealized gain from available-for-sale securities, net of income tax expense of \$344	—	—	539
Comprehensive Income	\$ 6,008	\$ 9,836	\$ 16,767
Basic net income per share of common stock	\$ 0.34	\$ 0.49	0.78
Shares used in computing basic net income per share of common stock	17,634	19,915	20,807
Diluted net income per share of common stock	\$ 0.28	\$ 0.42	0.62
Shares used in computing diluted net income per share of common stock	21,258	23,346	25,984

See accompanying notes to consolidated financial statements

Consolidated Statements of Stockholders' Equity

in thousands

Fiscal years ended March 31, 1997, 1998, 2000	Class A Common Stock	Class B Common Stock	Class A Stock Subscribed	Additional Paid-in Capital	Notes Receivable from Sale of Common Stock	Retained Earnings	Treasury Stock	Unrealized Gain on Investments	Total Stockholders' Equity
Balance at March 31, 1997	\$ 8	\$7	\$8,476	\$ 9,324	\$(122)	\$ 607	\$ –	\$ –	\$ 18,300
Issuance of stock	3	–	(8,476)	11,554	(443)	–	–	–	2,638
Exercise of stock options	–	–	–	1,192	–	–	–	–	1,192
Income tax benefit related to stock option exercises	–	–	–	480	–	–	–	–	480
Purchase of stock	–	–	–	(93)	–	–	–	–	(93)
Repayment of notes	–	–	–	–	242	–	–	–	242
Net income	–	–	–	–	–	6,008	–	–	6,008
Balance at March 31, 1998	11	7	–	22,457	(323)	6,615	–	–	28,767
Issuance of stock	1	–	–	15,998	(60)	–	–	–	15,939
Exercise of warrants	–	–	–	1,326	–	–	–	–	1,326
Exercise of stock options	–	1	–	1,460	–	–	–	–	1,461
Income tax benefit related to stock option exercises	–	–	–	1,331	–	–	–	–	1,331
Purchase of stock	–	–	–	(426)	–	–	(5,284)	–	(5,710)
Conversion to Class A	3	(3)	–	–	–	–	–	–	–
Repayment of notes	–	–	–	–	351	–	–	–	351
Net income	–	–	–	–	–	9,836	–	–	9,836
Balance at March 31, 1999	15	5	–	42,146	(32)	16,451	(5,284)	–	53,301
Issuance of stock	2	–	–	118,741	(668)	–	–	–	118,075
Exercise of warrants	–	–	–	243	–	–	–	–	243
Exercise of stock options	1	2	–	8,638	–	–	–	–	8,641
Income tax benefit related to stock option exercises	–	–	–	23,730	–	–	–	–	23,730
Purchase of stock	–	–	–	(174)	–	–	(4,781)	–	(4,955)
Conversion to Class A	4	(4)	–	–	–	–	–	–	–
Repayment of notes	–	–	–	–	468	–	–	–	468
Employee stock purchase plan	–	–	–	2,048	–	–	–	–	2,048
Unrealized gain	–	–	–	–	–	–	–	539	539
Net income	–	–	–	–	–	16,228	–	–	16,228
Balance at March 31, 2000	\$22	\$3	–	\$195,372	\$(232)	\$32,679	\$(10,065)	\$539	\$218,318

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

in thousands

Fiscal years ended March 31	1998	1999	2000
Cash flows from operating activities:			
Net income	\$6,008	\$ 9,836	\$ 16,228
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	871	998	4,026
Tax benefits from employee stock plans	480	1,331	23,730
Deferred income taxes	(461)	38	(4,341)
Changes in assets and liabilities:			
Accounts receivable	(567)	(5,371)	1,844
Prepaid expenses and other	15	(1,242)	(14,417)
Accounts payable	125	(266)	1,963
Deferred compensation	-	-	-
Accrued compensation	6,535	2,300	3,896
Deferred revenue	419	(420)	2,920
Income taxes payable	(82)	-	-
Other assets and liabilities	655	(1,314)	(557)
Net cash provided by operating activities	13,998	5,890	35,292
Cash flows used in investing activities:			
Capital expenditures, net	(475)	(2,773)	(7,871)
Payments for purchase of companies	-	-	(5,328)
Other assets	(648)	(223)	(7,190)
Cash flows used in investing activities	(1,123)	(2,996)	(20,389)
Cash flows from financing activities:			
Repayment of notes payable	(2,000)	-	-
Stock issuance costs	(649)	(1,523)	(582)
Common stock issued and subscribed	3,757	20,600	125,881
Purchase of treasury stock	-	(5,284)	(4,781)
Repurchase of common stock	(93)	(426)	(174)
Net cash provided by financing activities	1,015	13,367	120,344
Net increase in cash and cash equivalents	13,890	16,261	135,247
Cash and cash equivalents at beginning of year	17,547	31,437	47,698
Cash and cash equivalents at end of year	\$ 31,437	\$ 47,698	\$ 182,945
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	\$ 51	\$ 24	\$ 25
Cash paid during the year for income taxes	4,558	5,875	5,821
Supplemental disclosure for noncash investing and financing activities:			
Issuance of common stock for notes	\$ 443	\$ 60	\$ 668
Issuance of acquisition note payable	-	-	1,000
Incentive compensation applied to Payment for common stock	1,041	-	-

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

One • Description of Business

Diamond Technology Partners Incorporated (the “Company” or “Diamond”) is an e-business services firm that synthesizes business and industry insight with technology expertise to create innovative digital strategies for leading national and multinational businesses. The Company serves clients primarily in four key markets: financial services, consumer and industrial products and services, telecommunications and energy, and health care and insurance.

Two • Summary of Significant Accounting Policies

Principles of Consolidation The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and balances have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform with current period presentation.

Revenue Recognition The Company recognizes revenues on contracts as work is performed, net of provisions for estimated uncollectible amounts. Actual uncollectible amounts are charged against this reserve when they become known. Out-of-pocket expenses are reimbursed by clients and are offset against expenses incurred.

Computers, Equipment and Software Computers, equipment and software are stated at cost less accumulated depreciation. Depreciation is based on the estimated useful lives of the assets and is computed using the straight-line method. Costs capitalized for internally developed software include external consulting fees and employee salaries. Depreciation and amortization expense was \$720,000, \$998,000 and \$4,026,000 for the years ended March 31, 1998, 1999 and 2000, respectively.

Cash and Cash Equivalents Cash equivalents are highly liquid investments with original maturities of three months or less and are stated at cost, which approximates fair value. Cash equivalents consist of money market funds and demand deposits.

Accounting for Investment Interests Occasionally, the Company may obtain non-controlling equity ownership interests as compensation for services performed. Equity securities are accounted for under the cost method of accounting unless these securities have readily determinable fair values based on quoted market prices. Securities for which the fair market value is determinable are recorded under SFAS No. 115, “Accounting for Certain Investments in Debt and Equity Securities.” The Company classified the securities as available-for-sale securities. Unrealized gains and losses on these investments are reported under “Unrealized gain on investment” as a separate component of stockholders’ equity, net of any related tax effect.

Other Comprehensive Income Other comprehensive income represents unrealized gains on available-for-sale investments and securities, net of the related tax effect.

Concentrations of Credit Risk Financial instruments that potentially subject the Company to significant concentration of credit risk consist principally of cash investments and accounts receivable. The Company places its cash investments with high quality financial institutions. Trade receivables potentially subject the Company to credit risk. The Company extends credit to its customers based upon an evaluation of the customer’s financial condition and credit history and generally does not require collateral. The Company has historically incurred minimal credit losses. No customers individually accounted for more than 10% of revenues as of and for the year ended March 31, 1998. The Company had two customers which collectively accounted for 25% of revenues as of and for the year ended March 31, 1999, and one customer who accounted for 14% of revenues as of and for the year ended March 31, 2000.

Income Taxes The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires the use of the liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed or settled.

Net Income Per Share Basic net income per share is computed using the weighted average number of common shares outstanding. Diluted net income per share is computed using the weighted average number of common shares outstanding and the assumed exercise of stock options and warrants (using the treasury stock method). Following is a reconciliation of the shares (in thousands) used in computing basic and diluted net income per share for the fiscal years ended March 31, 1998, 1999 and 2000:

	<i>1998</i>	<i>1999</i>	<i>2000</i>
Shares used in computing basic net income per share	17,634	19,915	20,807
Dilutive effect of stock options and warrants	3,624	3,431	5,177
Shares used in computing diluted net income per share	21,258	23,346	25,984
Antidilutive securities not included in dilutive net income per share calculation	66	24	103

Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, and revenues and expenses during the period reported. Actual results could differ from those estimates.

Financial Instruments The fair value of the Company's financial instruments approximates their carrying value.

Three • Computers, Equipment and Software

Computers, equipment and software at March 31, 1999, and 2000 are summarized as follows (amounts in thousands):

	<i>1999</i>	<i>2000</i>
Computer and equipment	\$4,272	\$11,210
Software	2,252	3,383
	6,524	14,593
Less accumulated depreciation and amortization	(3,105)	(6,379)
	\$3,419	\$8,214

Four • Other Assets

Other assets at March 31, 1999 and 2000 are summarized as follows (amounts in thousands):

	<i>1999</i>	<i>2000</i>
Investment in public companies	\$ 353	\$ 2,265
Investment in non-public companies	-	9,773
Other assets	2,657	3,943
Total	\$3,010	\$15,981

Five • Commitments

The Company leases office space and equipment under various operating leases. As of March 31, 2000, the minimum future lease payments under operating leases with noncancelable terms in excess of one year are as follows (amounts in thousands):

Year ending March 31,

2001	\$2,770
2002	1,587
2003	825
2004	332
2005	332
Thereafter	442
	<hr/>
	\$6,288

Rent expense under operating leases amounted to \$1,611,000, \$1,660,000 and \$2,428,000 for the years ended March 31, 1998, 1999, and 2000, respectively.

The Company is party to standby letters of credit in support of the minimum future lease payments under leases for permanent office space and office furniture amounting to \$184,000 as of March 31, 2000, declining annually during the lease terms.

Six • Notes Payable and Line of Credit

The Company has an available line of credit of \$10,000,000 with a commercial bank, which has been reduced by letters of credit outstanding as of March 31, 2000 in the amount of \$184,000. At March 31, 2000, all remaining amounts under this line of credit were available to the Company at the bank's prime rate or LIBOR plus 1.75%, at the Company's discretion.

Notes payable consists of amounts due to former shareholders of Omnitech Consulting Group, Inc. The note payable is due in two installments, \$500,000, on April 23, 2000 and \$500,000 on April 23, 2001. The note carries a 5% interest rate.

Seven • Stockholders' Equity

[Stock Split, Stock Recapitalization and Public Offerings](#) The Company's Board of Directors approved a three-for-two stock split of the Company's Class A and Class B Common Stock, effective November 1, 1999. Shareholders of record at the close of business on October 25, 1999 received an additional share for every two shares of the Company's Class A or Class B Common Stock held. The consolidated balance sheets, statements of operations, statements of stockholders' equity and notes to consolidated financial statements have been restated to reflect this split. Class A is entitled to one vote per share and Class B Common Stock is entitled to five votes per share on all matters submitted to the vote of holders of common stock. Class B Common Stock may only be owned beneficially or of record by employees of the Company or by the Company.

On March 31, 1997, the Company completed its initial public offering (“IPO”) and sold 2,632,500 of its common shares at the price of \$3.67 per share. The Company realized \$8,476,000 in connection with the sale, net of the payment of the underwriters commissions and other expenses of the offering. Of the net proceeds, \$2,000,000 were used to repay a loan from Safeguard. In the offering, an additional 2,400,000 shares were sold by selling stockholders. On April 8, 1997, the underwriters, pursuant to their exercise of the over-allotment option, purchased an additional 480,000 shares of the Company’s common stock at \$3.67 per share. The Company’s proceeds from these additional shares, net of expenses, were \$1,595,000.

In April 1998, the Company completed an offering and sold 982,188 shares of Class A Common Stock at a price of \$17.83 per share. The Company realized approximately \$15.9 million in connection with the sale, net of payment of the underwriters’ commissions and other expenses of the offering. In the offering, an additional 3,517,812 shares were sold by selling stockholders.

In September 1998, the Company’s Board of Directors authorized the repurchase, from time to time, of up to one million shares of the Company’s Class A Common Stock. These repurchases were authorized to be made in the open market or in privately negotiated transactions. At March 31, 2000, the number of shares purchased under this authorization was 769,950 at an aggregate cost of \$10,065,044. The Company funded the repurchases through its cash balances.

In March 2000, the Company completed an offering and sold 1,500,000 shares of Class A Common Stock at a price of \$80.13 per share. The Company realized approximately \$114.0 million in connection with the sale, net of payment of the underwriters’ commissions and other expenses of the offering. In the offering, an additional 1,775,000 shares were sold by selling stockholders.

In April 1999, the Company’s Board of Directors adopted and the Company’s shareholders subsequently approved the 1999 Employee Stock Purchase Plan. The 1999 Employee Stock Purchase Plan is designed to qualify for certain income tax benefits for employees under the section 423 of the Internal Revenue Code and contains 900,000 shares of Class B Common Stock. The plan allows qualifying employees to purchase Class B Common Stock at the end of each fiscal quarter, commencing the period ended September 30, 1999, at 85% of the lesser of the fair market value of the Class A Common Stock on the individual’s enrollment date and the last day of the fiscal quarter. The amount each employee can purchase is limited to the lesser of (i) 15% of pay or (ii) \$6,250 of stock value in any fiscal quarter.

Stock Options Under the Company’s 1998 Equity Incentive Plan (collectively, the “Stock Option Plan” or “Plan”), the Company may grant qualified incentive stock options to officers and employees of the Company. The Stock Option Plan provides that, subsequent to the IPO, options will be granted at the average of the closing price of a share of Class A Common Stock on the Nasdaq Stock Market System for the ten trading days immediately preceding the date of grant. Options have been granted to officers which vest incrementally, with varying percentages on the first through fifth anniversaries of the date of grant, respectively, and expire on the seventh anniversary of the date of grant. Options have been granted to employees which fully vest upon the third anniversary of the date of grant and expire on the fifth anniversary of the date of grant. Options were also granted to employees at various times which vest over periods ranging from 18 months to 3 years from the date of grant and which expire on the fifth anniversary of the date of grant. The Company’s Board of Directors has also granted non-qualified stock options to certain persons who were not employees on the date of grant and certain non-employee members of the Board of Directors. These non-qualified stock options vest over periods ranging from immediate to five years.

The following table summarizes the transactions, both incentive and nonqualified, pursuant to the Plans (amounts in thousands, except price per share amounts).

	Shares Under Option	Range of Prices	Weighted-Average Exercise Price Per Share
Balances, March 31, 1997	4,752	\$0.81 to 3.67	\$1.77
Granted	2,444	4.27 to 15.07	12.97
Exercised	(822)	0.81 to 3.67	1.45
Canceled	(215)	0.81 to 12.83	2.01
Balances, March 31, 1998	6,159	0.81 to 15.07	6.25
Granted	3,530	6.73 to 19.87	9.16
Exercised	(972)	0.81 to 8.93	1.52
Canceled	(2,555)	1.21 to 19.87	12.74
Balances, March 31, 1999	6,162	0.81 to 18.27	6.20
Granted	4,991	13.53 to 92.55	22.44
Exercised	(1,904)	0.81 to 20.87	4.57
Canceled	(879)	0.81 to 28.17	10.15
Balances, March 31, 2000	8,370	\$0.81 to 92.55	\$15.83

At March 31, 1998, 1999 and 2000, 931,500, 772,500, and 625,800 options were exercisable, respectively, under the Plans.

The following table summarizes information about stock options under the Plans at March 31, 2000 (share amounts in thousands):

Options Outstanding

Range of Exercise Prices	Options Outstanding at 3/31/00	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
\$0.81 to \$ 3.63	925	2.81	\$ 1.91
3.67 to 7.75	2,177	4.29	7.64
8.10 to 13.53	2,399	5.22	12.88
13.73 to 22.00	1,403	4.83	15.64
24.43 to 92.55	1,466	5.52	41.79
\$0.81 to \$92.55	8,370	4.70	\$15.83

Options Exercisable

Options Exercisable at 3/31/00	Weighted-Average Exercise Price
470	\$2.07
73	7.06
73	10.74
7	14.30
2	31.00
626	\$3.90

The Company applies Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock Based Compensation," and Emerging Issues Task Force (EITF) Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services" for stock issued to individuals or groups other than employees. The Company applies Accounting Principles Board (APB) Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for stock issued to employees as defined by APB No.25. Accordingly, no compensation expense has been recognized on options granted to employees and directors. Had compensation expense on these options been determined based on the fair value at the grant date for awards under these plans consistent with the methodology prescribed under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," the Company's net income and diluted earnings per share would have been reduced to the pro forma amounts indicated below:

	<i>1998</i>	<i>1999</i>	<i>2000</i>
Net income			
As reported	\$6,008	\$9,836	\$16,228
Pro forma	5,663	7,737	5,055
Diluted net income per share			
As reported	\$ 0.28	\$ 0.42	\$0.62
Pro forma	0.26	0.33	0.19

The weighted-average fair value of the options granted under the Stock Option Plans in 1998, 1999 and 2000, calculated using the Black-Scholes pricing model, was \$4.48, \$2.68, and \$10.42, respectively. The following assumptions were used in the Black-Scholes pricing model for options granted in 1998, 1999 and 2000: dividend yield of 0.0 percent for each year; estimated volatility of 35% for 1998 and 1999 and 60% in 2000, risk-free interest rates ranging from 4.4% to 6.3%, and an expected life of 1 to 6 years.

Eight • Income Taxes

The provision for income taxes for fiscal years ended March 31, 1998, 1999 and 2000 consisted of the following (in thousands):

	<i>1998</i>	<i>1999</i>	<i>2000</i>
Current:			
Federal	\$3,781	\$5,654	\$10,070
State	605	659	1,729
	4,386	6,313	11,799
Deferred	(461)	38	(1,422)
	<u>\$3,925</u>	<u>\$6,351</u>	<u>\$10,377</u>

The total tax provision differs from the amount computed by applying the federal income tax rate of 34 percent for 1998 and 35 percent for 1999 and 2000 to income before income taxes for the following reasons (in thousands):

	<i>1998</i>	<i>1999</i>	<i>2000</i>
Federal income taxes at statutory rate	\$3,377	\$5,665	\$9,311
Effect of permanent differences	194	254	333
State income taxes, net of federal benefit	354	432	733
	<u>\$3,925</u>	<u>\$6,351</u>	<u>\$10,377</u>

The tax effects of the temporary differences that give rise to the deferred tax assets and liabilities at March 31, 1999 and 2000 are presented below (in thousands):

	<i>1999</i>	<i>2000</i>
Deferred tax assets:		
Net operating loss carryforward	\$ –	\$2,920
Reserves and allowances	521	1,976
Accrued bonuses	318	564
Accrued recruiting	247	78
Total gross deferred tax assets	1,086	5,538
Deferred tax liabilities:		
Accelerated depreciation	157	70
Capitalized assets	18	–
Unrealized gain on investments	–	344
Goodwill–Omnitech	–	59
Other	176	333
Total deferred tax liabilities	351	806
Net deferred income taxes	\$735	\$4,732

At March 31, 2000 the Company has available for income tax purposes approximately \$6.1 million in federal net operating loss carryforwards which may be used to offset future taxable income. These loss carryforwards will expire in fiscal year 2020. In addition, the Company has state net operating loss carryforwards of approximately \$15.5 million which may be used to offset future taxable income. The expiration of these loss carryforwards ranges between five and twenty years.

Management believes it is more likely than not that the deferred tax assets will be realized in the future.

Nine • Benefit Plans

401(k) Plan The Company has a noncontributory defined contribution plan covering substantially all of its employees. This plan is qualified under Section 401(k) of the Internal Revenue Code of 1986. The Company may elect to make contributions to this plan but to date has not done so.

Ten • Business Combinations

In October 1999, the Company acquired Leverage Information Systems, Inc., (“Leverage”), a San Francisco based systems architecture and development company specializing in the building of complex web sites and intranets. Under the terms of the acquisition, the Company paid \$1.0 million in cash and issued 97,500 shares of the Company’s Class A Common Stock.

In April 1999, the Company acquired OmniTech Consulting Group, Inc. (“Omnitech”), a Chicago-based change management firm specializing in web-based and other multimedia corporate learning. Under the terms of the acquisition agreement, the Company paid \$4.0 million in cash, and issued a \$1.0 million note and 173,461 shares of the Company’ Class A Common Stock. Additionally, OmniTech may be paid a maximum of \$2 million over the two years following the closing date upon achievement of certain performance measures.

The acquisitions are being accounted for under the purchase method of accounting and, accordingly, the operating results of OmniTech and Leverage have been included in the Company’s consolidated financial statements since the date of acquisition. The excess of net assets acquired (“Goodwill”) recorded for OmniTech and Leverage approximated \$11.1 million, and are being amortized on a straight-line basis over 25 years and 7 years, respectively.

The following summarized unaudited pro forma financial information for year ended March 31, 1999 and 2000 assume the OmniTech and Leverage acquisitions occurred as of April 1 of each year:

<i>in thousands, except per share data (unaudited)</i>	Twelve Months Ended March 31,	
	1999	2000
Net revenue	\$93,255	\$137,549
Net income	10,124	15,690
Net income per share:		
Basic	\$ 0.50	\$ 0.75
Diluted	\$ 0.43	\$ 0.60

These amounts are based upon certain assumptions and estimates, and do not necessarily represent results that would have occurred if the acquisition had taken place on the basis assumed above, nor are they indicative of the results of future combined operations.

Eleven • Subsequent event (Unaudited)

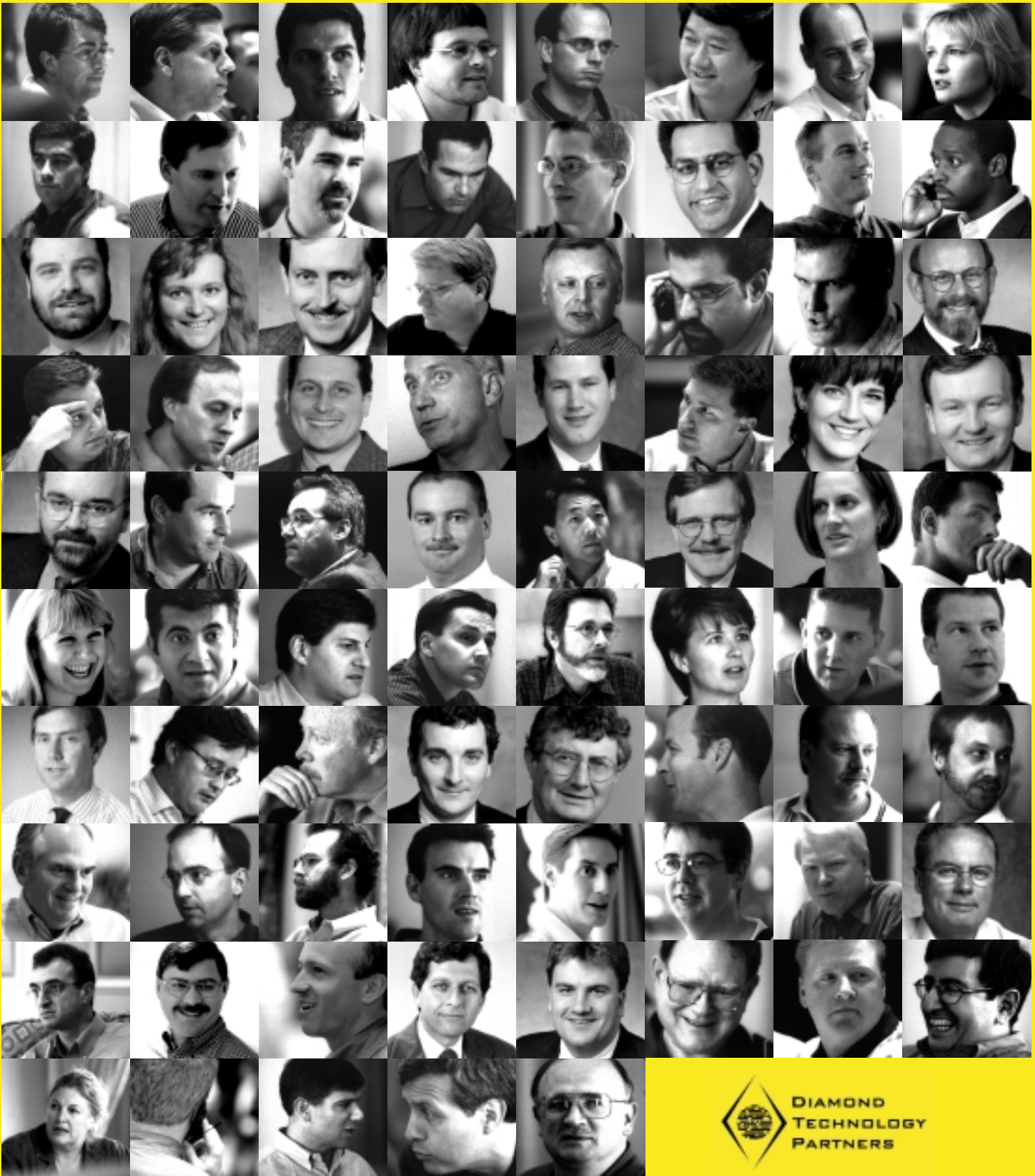
On May 10, 2000, the Company acquired Momentus Group Limited ("Momentus"), a London-based e-business consulting company. Under the terms of the acquisition agreement, the Company paid approximately \$2.9 million in cash and delivered 44,252 shares of the Company's Class A Common Stock. Additionally, Momentus may be paid a maximum of 69,265 shares of the Company's Class A Common Stock over the next two years upon the achievement of certain performance measures. The acquisition will be accounted for under the purchase method of accounting.

Twelve • Quarterly Financial Information (Unaudited)

The following table presents the unaudited quarterly financial information for fiscal 1999 and 2000 (in thousands, except per share amounts):

	Quarter Ended			
	June 30	Sept 30	Dec 30	Mar 30
Year Ended March 31, 1999				
Net revenues	\$18,375	\$20,136	\$21,194	\$22,684
Income from operations	2,932	3,289	3,448	4,030
Income before taxes	3,529	3,938	4,117	4,603
Net income	2,135	2,383	2,511	2,807
Basic earnings per share	0.11	0.12	0.13	0.14
Diluted earnings per share	\$ 0.09	\$ 0.10	\$ 0.11	\$ 0.12
Year Ended March 31, 2000				
Net revenues	\$25,718	\$30,467	\$36,640	\$43,410
Income from operations	4,551	5,518	6,638	7,896
Income before taxes	4,916	5,931	7,124	8,634
Net income	2,999	3,618	4,345	5,266
Basic earnings per share	0.15	0.18	0.21	0.24
Diluted earnings per share	\$ 0.13	\$ 0.14	\$ 0.16	\$ 0.19

DIAMOND'S PARTNERS



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For questions concerning stock certificates, change of address, consolidation of accounts, transfer of ownership or other stock account matters, please contact:

Chase Mellon Shareholder Services, L.L.C.
85 Challenger Road
Overpeck Center
Ridgefield Park, New Jersey 07660
(800) 526-0801

COMMON STOCK

Diamond Technology Partners Incorporated's common stock is traded on the Nasdaq National Market System under the symbol "DTPI".

ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of stockholders will be held at 9:00 a.m. on Tuesday, September 26, 2000 at:

The Signature Room at The John Hancock Center
875 North Michigan Avenue
Chicago, Illinois 60611

FORM 10-K AND OTHER CORPORATE INFORMATION

Copies of Form 10-K or other information about the company may be obtained by contacting:

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GENERAL COUNSEL

Nancy K. Bellis

INDEPENDENT AUDITORS

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