

Accenture plc  
Form 10-Q  
June 23, 2016  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED May 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 001-34448

Accenture plc

(Exact name of registrant as specified in its charter)

Ireland 98-0627530

(State or other jurisdiction of (I.R.S. Employer incorporation or organization) Identification No.)

1 Grand Canal Square,

Grand Canal Harbour,

Dublin 2, Ireland

(Address of principal executive offices)

(353) (1) 646-2000

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

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

(Do not check if a smaller reporting company)

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

The number of shares of the registrant's Class A ordinary shares, par value \$0.0000225 per share, outstanding as of June 9, 2016 was 814,958,383 (which number includes 192,416,319 issued shares held by the registrant). The number of shares of the registrant's Class X ordinary shares, par value \$0.0000225 per share, outstanding as of June 9, 2016 was 22,186,453.



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## PART I — FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## ACCENTURE PLC

## CONSOLIDATED BALANCE SHEETS

May 31, 2016 and August 31, 2015

(In thousands of U.S. dollars, except share and per share amounts)

|   | May 31,<br>2016<br>(Unaudited) | August 31,<br>2015  |
|---|--------------------------------|---------------------|
| <b>ASSETS</b>   |                                |                     |
| <b>CURRENT ASSETS:</b>                                |                                |                     |
| Cash and cash equivalents                             | \$3,497,878                    | \$4,360,766         |
| Short-term investments                                | 2,869                          | 2,448               |
| Receivables from clients, net                         | 4,303,642                      | 3,840,920           |
| Unbilled services, net                                | 2,136,836                      | 1,884,504           |
| Deferred income taxes, net                            | 891,390                        | 879,320             |
| Other current assets                                  | 743,396                        | 611,436             |
| Total current assets                                  | 11,576,011                     | 11,579,394          |
| <b>NON-CURRENT ASSETS:</b>                            |                                |                     |
| Unbilled services, net                                | 51,179                         | 15,501              |
| Investments   | 132,427                        | 45,027              |
| Property and equipment, net                           | 883,609                        | 801,884             |
| Goodwill  | 3,538,147                      | 2,929,833           |
| Deferred contract costs                               | 725,466                        | 655,482             |
| Deferred income taxes, net                            | 1,229,695                      | 1,274,019           |
| Other non-current assets                              | 1,054,513                      | 964,918             |
| Total non-current assets                              | 7,615,036                      | 6,686,664           |
| <b>TOTAL ASSETS</b>                                   | <b>\$19,191,047</b>            | <b>\$18,266,058</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>           |                                |                     |
| <b>CURRENT LIABILITIES:</b>                           |                                |                     |
| Current portion of long-term debt and bank borrowings | \$2,072                        | \$1,848             |
| Accounts payable                                      | 1,133,430                      | 1,151,464           |
| Deferred revenues                                     | 2,349,050                      | 2,251,617           |
| Accrued payroll and related benefits                  | 3,410,777                      | 3,687,468           |
| Accrued consumption taxes                             | 364,324                        | 319,350             |
| Income taxes payable                                  | 378,584                        | 516,827             |
| Deferred income taxes, net                            | 50,825                         | 41,193              |
| Other accrued liabilities                             | 472,071                        | 562,432             |
| Total current liabilities                             | 8,161,133                      | 8,532,199           |
| <b>NON-CURRENT LIABILITIES:</b>                       |                                |                     |
| Long-term debt  | 26,801                         | 25,587              |
| Deferred revenues                                     | 771,973                        | 524,455             |
| Retirement obligation                                 | 1,139,634                      | 1,108,623           |
| Deferred income taxes, net                            | 152,882                        | 113,590             |
| Income taxes payable                                  | 927,952                        | 996,077             |
| Other non-current liabilities                         | 304,114                        | 317,956             |
| Total non-current liabilities                         | 3,323,356                      | 3,086,288           |
| <b>COMMITMENTS AND CONTINGENCIES</b>                  |                                |                     |

## SHAREHOLDERS' EQUITY:

|   |               |               |
|---|---------------|---------------|
| Ordinary shares, par value 1.00 euros per share, 40,000 shares authorized and issued as of May 31, 2016 and August 31, 2015   | 57            | 57            |
| Class A ordinary shares, par value \$0.0000225 per share, 20,000,000,000 shares authorized, 814,796,987 and 804,757,785 shares issued as of May 31, 2016 and August 31, 2015, respectively              | 18            | 18            |
| Class X ordinary shares, par value \$0.0000225 per share, 1,000,000,000 shares authorized, 22,186,453 and 23,335,142 shares issued and outstanding as of May 31, 2016 and August 31, 2015, respectively | 1             | 1             |
| Restricted share units  | 1,109,891     | 1,031,203     |
| Additional paid-in capital  | 5,537,224     | 4,516,810     |
| Treasury shares, at cost: Ordinary, 40,000 shares as of May 31, 2016 and August 31, 2015; Class A ordinary, 192,250,956 and 178,056,462 shares as of May 31, 2016 and August 31, 2015, respectively     | (13,218,075 ) | (11,472,400 ) |
| Retained earnings   | 15,090,815    | 13,470,008    |
| Accumulated other comprehensive loss  | (1,392,606 )  | (1,411,972 )  |
| Total Accenture plc shareholders' equity  | 7,127,325     | 6,133,725     |
| Noncontrolling interests  | 579,233       | 513,846       |
| Total shareholders' equity  | 7,706,558     | 6,647,571     |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY  | \$ 19,191,047 | \$ 18,266,058 |

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

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## ACCENTURE PLC

## CONSOLIDATED INCOME STATEMENTS

For the Three and Nine Months Ended May 31, 2016 and 2015

(In thousands of U.S. dollars, except share and per share amounts)

(Unaudited)

|   | Three Months Ended |                  | Nine Months Ended  |                    |
|---|--------------------|------------------|--------------------|--------------------|
|   | May 31,<br>2016    | May 31,<br>2015  | May 31, 2016       | May 31, 2015       |
| <b>REVENUES:</b>  |                    |                  |                    |                    |
| Revenues before reimbursements (“Net revenues”)   | \$8,434,757        | \$7,770,382      | \$24,393,485       | \$23,159,426       |
| Reimbursements  | 534,287            | 504,684          | 1,438,596          | 1,390,487          |
| Revenues  | 8,969,044          | 8,275,066        | 25,832,081         | 24,549,913         |
| <b>OPERATING EXPENSES:</b>  |                    |                  |                    |                    |
| Cost of services:   |                    |                  |                    |                    |
| Cost of services before reimbursable expenses   | 5,745,205          | 5,245,477        | 16,771,598         | 15,854,592         |
| Reimbursable expenses   | 534,287            | 504,684          | 1,438,596          | 1,390,487          |
| Cost of services  | 6,279,492          | 5,750,161        | 18,210,194         | 17,245,079         |
| Sales and marketing   | 933,770            | 874,713          | 2,639,895          | 2,580,931          |
| General and administrative costs  | 449,839            | 452,291          | 1,366,745          | 1,317,260          |
| Pension settlement charge   | —                  | 64,382           | —                  | 64,382             |
| Total operating expenses  | 7,663,101          | 7,141,547        | 22,216,834         | 21,207,652         |
| <b>OPERATING INCOME</b>   | <b>1,305,943</b>   | <b>1,133,519</b> | <b>3,615,247</b>   | <b>3,342,261</b>   |
| Interest income   | 7,679              | 6,441            | 21,532             | 25,880             |
| Interest expense  | (3,711)            | (4,030)          | (12,306)           | (10,746)           |
| Other expense, net  | (16,207)           | (3,839)          | (33,391)           | (28,326)           |
| Gain on sale of business  | —                  | —                | 553,577            | —                  |
| <b>INCOME BEFORE INCOME TAXES</b>   | <b>1,293,704</b>   | <b>1,132,091</b> | <b>4,144,659</b>   | <b>3,329,069</b>   |
| Provision for income taxes  | 343,421            | 281,861          | 925,837            | 843,405            |
| <b>NET INCOME</b>   | <b>950,283</b>     | <b>850,230</b>   | <b>3,218,822</b>   | <b>2,485,664</b>   |
| Net income attributable to noncontrolling interests in<br>Accenture Holdings plc and Accenture Canada Holdings Inc. | (42,574)           | (46,283)         | (145,529)          | (137,972)          |
| Net income attributable to noncontrolling interests – other   | (10,462)           | (10,250)         | (30,627)           | (31,739)           |
| <b>NET INCOME ATTRIBUTABLE TO ACCENTURE PLC</b>   | <b>\$897,247</b>   | <b>\$793,697</b> | <b>\$3,042,666</b> | <b>\$2,315,953</b> |
| Weighted average Class A ordinary shares:   |                    |                  |                    |                    |
| Basic   | 623,725,913        | 625,969,418      | 625,563,431        | 627,523,298        |
| Diluted   | 666,403,323        | 677,825,768      | 668,525,906        | 679,719,183        |
| Earnings per Class A ordinary share:  |                    |                  |                    |                    |
| Basic   | \$1.44             | \$1.27           | \$4.86             | \$3.69             |
| Diluted   | \$1.41             | \$1.24           | \$4.77             | \$3.61             |
| Cash dividends per share  | \$1.10             | \$1.02           | \$2.20             | \$2.04             |

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

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ACCENTURE PLC  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Three and Nine Months Ended May 31, 2016 and 2015  
(In thousands of U.S. dollars)  
(Unaudited)

|  | Three Months Ended |            | Nine Months Ended |             |
|--|--------------------|------------|-------------------|-------------|
|  | May 31,            | May 31,    | May 31,           | May 31,     |
|  | 2016               | 2015       | 2016              | 2015        |
| NET INCOME   | \$950,283          | \$850,230  | \$3,218,822       | \$2,485,664 |
| OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:                             |                    |            |                   |             |
| Foreign currency translation   | 86,022             | (90,613 )  | (52,989 )         | (433,613 )  |
| Defined benefit plans  | 5,557              | 3,156      | 13,203            | 11,285      |
| Cash flow hedges   | 36,710             | (31,921 )  | 58,512            | 42,008      |
| Marketable securities  | 738                | —          | 640               | —           |
| OTHER COMPREHENSIVE INCOME (LOSS)  | 129,027            | (119,378 ) | 19,366            | (380,320 )  |
| ATTRIBUTABLE TO ACCENTURE PLC  |                    |            |                   |             |
| Other comprehensive income (loss) attributable to noncontrolling interests | 2,846              | 998        | 2,079             | 10,377      |
| COMPREHENSIVE INCOME   | \$1,082,156        | \$731,850  | \$3,240,267       | \$2,115,721 |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO ACCENTURE PLC                         | \$1,026,274        | \$674,319  | \$3,062,032       | \$1,935,633 |
| Comprehensive income attributable to noncontrolling interests              | 55,882             | 57,531     | 178,235           | 180,088     |
| COMPREHENSIVE INCOME   | \$1,082,156        | \$731,850  | \$3,240,267       | \$2,115,721 |

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

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CONSOLIDATED SHAREHOLDERS' EQUITY STATEMENT

For the Nine Months Ended May 31, 2016

(In thousands of U.S. dollars and share amounts)

(Unaudited)

|   | Ordinary<br>Shares | Class A<br>Ordinary<br>Shares | Class X<br>Ordinary<br>Shares | Restricted<br>Share<br>Units | Additional<br>Paid-in<br>Capital | Treasury Shares          | Retained<br>Earnings |
|---|--------------------|-------------------------------|-------------------------------|------------------------------|----------------------------------|--------------------------|----------------------|
|   | \$ No.<br>Shares   | \$ No.<br>Shares              | \$ No.<br>Shares              |                              |                                  | \$ No.<br>Shares         |                      |
| Balance as of August 31, 2015   | \$57 40            | \$18 804,758                  | \$1 23,335                    | \$1,031,203                  | \$4,516,810                      | \$(11,472,400) (178,096) | \$13,470,008         |
| Net income  |                    |                               |                               |                              |                                  |                          | 3,042,666            |
| Other comprehensive loss  |                    |                               |                               |                              |                                  |                          |                      |
| Income tax benefit on share-based compensation plans  |                    |                               |                               |                              | 104,053                          |                          |                      |
| Purchases of Class A ordinary shares  |                    |                               |                               |                              | 78,973                           | (1,916,254 ) (18,467 )   |                      |
| Share-based compensation expense  |                    |                               |                               | 543,264                      | 41,380                           |                          |                      |
| Purchases/redemptions of Accenture Holdings plc ordinary shares, Accenture Canada Holdings Inc. exchangeable shares and Class X ordinary shares |                    |                               | (1,149 )                      |                              | (45,979 )                        |                          |                      |
| Issuances of Class A ordinary shares:   |                    |                               |                               |                              |                                  |                          |                      |
| Employee share programs   |                    | 9,369                         |                               | (521,396 )                   | 855,513                          | 170,579 4,272            |                      |
| Upon redemption of Accenture Holdings plc ordinary shares   |                    | 669                           |                               |                              | 3,180                            |                          |                      |
| Dividends   |                    |                               |                               | 51,814                       |                                  |                          | (1,423,993 )         |
| Other, net  |                    |                               |                               | 5,006                        | (16,706 )                        |                          | 2,134                |
| Balance as of May 31, 2016  | \$57 40            | \$18 814,796                  | \$1 22,186                    | \$1,109,891                  | \$5,537,224                      | \$(13,218,075) (192,291) | \$15,090,815         |

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



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ACCENTURE PLC  
 CONSOLIDATED CASH FLOWS STATEMENTS  
 For the Nine Months Ended May 31, 2016 and 2015  
 (In thousands of U.S. dollars)  
 (Unaudited)

|   | May 31,<br>2016    | May 31,<br>2015    |
|---|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                    |                    |
| Net income  | \$3,218,822        | \$2,485,664        |
| Adjustments to reconcile Net income to Net cash provided by operating activities —      |                    |                    |
| Depreciation, amortization and asset impairments  | 535,637            | 472,160            |
| Share-based compensation expense  | 584,644            | 531,691            |
| Gain on sale of business  | (553,577 )         | —                  |
| Deferred income taxes, net  | (35,620 )          | (124,961 )         |
| Other, net  | (45,985 )          | (244,399 )         |
| Change in assets and liabilities, net of acquisitions —                                 |                    |                    |
| Receivables from clients, net   | (429,085 )         | (68,144 )          |
| Unbilled services, current and non-current, net   | (166,228 )         | (245,320 )         |
| Other current and non-current assets  | (449,271 )         | (281,731 )         |
| Accounts payable  | (61,342 )          | 14,927             |
| Deferred revenues, current and non-current  | 273,399            | 93,404             |
| Accrued payroll and related benefits  | (254,433 )         | 181,678            |
| Income taxes payable, current and non-current   | (162,970 )         | (184,803 )         |
| Other current and non-current liabilities   | 65,685             | (42,615 )          |
| Net cash provided by operating activities   | 2,519,676          | 2,587,551          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                    |                    |
| Proceeds from sales of property and equipment   | 2,860              | 2,734              |
| Purchases of property and equipment   | (336,500 )         | (246,980 )         |
| Purchases of businesses and investments, net of cash acquired                           | (832,548 )         | (442,202 )         |
| Proceeds from the sale of businesses and investments, net of cash transferred           | 618,310            | 10,553             |
| Net cash used in investing activities   | (547,878 )         | (675,895 )         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                    |                    |
| Proceeds from issuance of ordinary shares   | 525,992            | 496,339            |
| Purchases of shares   | (1,965,050 )       | (1,788,974 )       |
| Proceeds from long-term debt, net   | 586                | 484                |
| Cash dividends paid   | (1,438,138 )       | (1,353,471 )       |
| Excess tax benefits from share-based payment arrangements                               | 81,765             | 69,185             |
| Other, net  | (13,950 )          | (17,500 )          |
| Net cash used in financing activities   | (2,808,795 )       | (2,593,937 )       |
| Effect of exchange rate changes on cash and cash equivalents                            | (25,891 )          | (212,835 )         |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>(862,888 )</b>  | <b>(895,116 )</b>  |
| <b>CASH AND CASH EQUIVALENTS, beginning of period</b>                                   | <b>4,360,766</b>   | <b>4,921,305</b>   |
| <b>CASH AND CASH EQUIVALENTS, end of period</b>   | <b>\$3,497,878</b> | <b>\$4,026,189</b> |
| The accompanying Notes are an integral part of these Consolidated Financial Statements. |                    |                    |

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ACCENTURE PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited interim Consolidated Financial Statements of Accenture plc and its controlled subsidiary companies (collectively, the “Company”) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by U.S. generally accepted accounting principles (“U.S. GAAP”) for complete financial statements. These Consolidated Financial Statements should therefore be read in conjunction with the Consolidated Financial Statements and Notes thereto for the fiscal year ended August 31, 2015 included in the Company’s Annual Report on Form 10-K filed with the SEC on October 30, 2015.

The accompanying unaudited interim Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, which requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying disclosures. Although these estimates are based on management’s best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from those estimates. The Consolidated Financial Statements reflect all adjustments of a normal, recurring nature that are, in the opinion of management, necessary for a fair presentation of results for these interim periods. The results of operations for the three and nine months ended May 31, 2016 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 2016.

Allowances for Client Receivables and Unbilled Services

As of May 31, 2016 and August 31, 2015, total allowances recorded for client receivables and unbilled services were \$70,508 and \$70,165, respectively.

Accumulated Depreciation

As of May 31, 2016 and August 31, 2015, total accumulated depreciation was \$1,784,921 and \$1,648,968, respectively.

Income Taxes

The Company applies an estimated annual effective tax rate to its year-to-date operating results to determine the interim provision for income tax expense. In addition, the Company recognizes taxes related to unusual or infrequent items or resulting from a change in judgment regarding a position taken in a prior year as discrete items in the interim period in which the event occurs.

The Company’s effective tax rates for the three months ended May 31, 2016 and 2015 were 26.5% and 24.9%, respectively. The Company’s effective tax rates for the nine months ended May 31, 2016 and 2015 were 22.3% and 25.3%, respectively. Absent the \$553,577 gain on the Navitaire divestiture and related \$58,278 in taxes recorded during the second quarter of fiscal 2016, the effective tax rate would have been 24.2% for the nine months ended May 31, 2016. Absent the \$64,382 pension settlement charge and related \$25,238 in taxes recorded during the third quarter of fiscal 2015, the effective tax rates would have been 25.7% and 25.6% for the three and nine months ended May 31, 2015, respectively. During the nine months ended May 31, 2016, the Company recorded benefits related to final determination of U.S. Federal taxes for fiscal 2012 of \$99,212. During the nine months ended May 31, 2015, the Company concluded that certain undistributed earnings of its U.S. subsidiaries would no longer be considered permanently reinvested and recorded expenses of \$239,528 associated with an increase in deferred tax liabilities, partially offset by benefits related to final determination of U.S. Federal taxes for fiscal years 2010 and 2011 of \$169,829.

New Accounting Pronouncements

On March 31, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which simplifies the accounting for

share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities and classification on the cash flow statements. The ASU will be effective for the Company beginning September 1, 2017, including interim periods in its fiscal year 2018. The Company is in the process of determining whether to early adopt the standard, which is permitted, and assessing the impact of this ASU on its Consolidated Financial Statements.

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ACCENTURE PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

(Unaudited)

On March 15, 2016, the FASB issued ASU No. 2016-07, Simplifying the Transition to the Equity Method of Accounting, which eliminates the requirement to retrospectively apply equity method accounting when an entity increases ownership or influence in a previously held investment. The ASU will be effective for the Company beginning September 1, 2017, including interim periods in its fiscal year 2018. The Company does not expect the adoption of this ASU to have a material impact on its Consolidated Financial Statements.

On February 25, 2016, the FASB issued ASU No. 2016-02, Leases, which amends existing guidance to require lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by long-term leases and to disclose additional quantitative and qualitative information about leasing arrangements. The ASU will be effective for the Company beginning September 1, 2019, including interim periods in its fiscal year 2020, and allows for a modified retrospective method upon adoption. The Company is assessing the impact of this ASU on its Consolidated Financial Statements.

On January 5, 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The ASU will be effective for the Company beginning September 1, 2018, including interim periods in its fiscal year 2019. The Company does not expect the adoption of this ASU to have a material impact on its Consolidated Financial Statements.

On November 20, 2015, the FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes, which amends existing guidance on income taxes to require the classification of all deferred tax assets and liabilities as non-current on the balance sheet. The ASU will be effective for the Company beginning September 1, 2017, including interim periods in its fiscal year 2018, and allows for both retrospective and prospective methods of transition upon adoption. The Company is in the process of determining whether to early adopt the standard, which is permitted, and assessing the impact of this ASU on its Consolidated Financial Statements.

On May 28, 2014, the FASB issued ASU No. 2014-09 (Accounting Standard Codification 606), Revenue from Contracts with Customers, which will replace most existing revenue recognition guidance in U.S. GAAP. The core principle of the ASU is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The ASU requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The ASU will be effective for the Company beginning September 1, 2018, including interim periods in its fiscal year 2019, and allows for both retrospective and modified retrospective methods of adoption. The Company will adopt the guidance on September 1, 2018 and apply the modified retrospective method. The Company is assessing the impact of this ASU on its Consolidated Financial Statements.

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## ACCENTURE PLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

(Unaudited)

## 2. EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows:

|  | Three Months Ended |                 | Nine Months Ended |                 |
|--|--------------------|-----------------|-------------------|-----------------|
|  | May 31,<br>2016    | May 31,<br>2015 | May 31,<br>2016   | May 31,<br>2015 |
| Basic Earnings per share   |                    |                 |                   |                 |
| Net income attributable to Accenture plc   | \$897,247          | \$ 793,697      | \$3,042,666       | \$2,315,953     |
| Basic weighted average Class A ordinary shares   | 623,725,916        | 625,969,418     | 625,563,431       | 627,523,298     |
| Basic earnings per share   | \$1.44             | \$ 1.27         | \$4.86            | \$ 3.69         |
| Diluted Earnings per share   |                    |                 |                   |                 |
| Net income attributable to Accenture plc   | \$897,247          | \$ 793,697      | \$3,042,666       | \$2,315,953     |
| Net income attributable to noncontrolling interests in Accenture Holdings plc and Accenture Canada Holdings Inc. (1) | 42,574             | 46,283          | 145,529           | 137,972         |
| Net income for diluted earnings per share calculation  | \$939,821          | \$ 839,980      | \$3,188,195       | \$2,453,925     |
| Basic weighted average Class A ordinary shares   | 623,725,916        | 625,969,418     | 625,563,431       | 627,523,298     |
| Class A ordinary shares issuable upon redemption/exchange of noncontrolling interests (1)                            | 29,561,512         | 36,484,854      | 29,908,025        | 37,362,504      |
| Diluted effect of employee compensation related to Class A ordinary shares   | 13,053,727         | 15,309,466      | 12,970,542        | 14,746,871      |
| Diluted effect of share purchase plans related to Class A ordinary shares  | 62,171             | 62,030          | 83,908            | 86,510          |
| Diluted weighted average Class A ordinary shares   | 666,403,326        | 677,825,768     | 668,525,906       | 679,719,183     |
| Diluted earnings per share   | \$1.41             | \$ 1.24         | \$4.77            | \$ 3.61         |

Diluted earnings per share assumes the redemption of all Accenture Holdings plc ordinary shares owned by holders of noncontrolling interests and the exchange of all Accenture Canada Holdings Inc. exchangeable shares for (1) Accenture plc Class A ordinary shares on a one-for-one basis. The income effect does not take into account “Net income attributable to noncontrolling interests — other,” since those shares are not redeemable or exchangeable for Accenture plc Class A ordinary shares.

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## ACCENTURE PLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

(Unaudited)

## 3. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive loss attributable to Accenture plc:

|   | Three Months Ended |                 | Nine Months Ended |                 |
|---|--------------------|-----------------|-------------------|-----------------|
|   | May 31,<br>2016    | May 31,<br>2015 | May 31,<br>2016   | May 31,<br>2015 |
| <b>Foreign currency translation</b>   |                    |                 |                   |                 |
| Beginning balance   | \$ (992,515 )      | \$ (667,596 )   | \$ (853,504 )     | \$ (324,596 )   |
| Foreign currency translation  | 92,038             | (87,630 )       | (50,635 )         | (429,264 )      |
| Income tax (expense) benefit  | (5,170 )           | (229 )          | (3,677 )          | 2,962           |
| Portion attributable to noncontrolling interests                            | (846 )             | (2,754 )        | 1,323             | (7,311 )        |
| Foreign currency translation, net of tax                                    | 86,022             | (90,613 )       | (52,989 )         | (433,613 )      |
| Ending balance  | (906,493 )         | (758,209 )      | (906,493 )        | (758,209 )      |
| <b>Defined benefit plans</b>  |                    |                 |                   |                 |
| Beginning balance   | (515,973 )         | (523,014 )      | (523,619 )        | (531,143 )      |
| Actuarial losses  | —                  | (67,090 )       | —                 | (67,090 )       |
| Pension settlement  | —                  | 64,382          | —                 | 64,382          |
| Reclassifications into net periodic pension and post-retirement expense (1) | 6,633              | 7,863           | 19,838            | 21,172          |
| Income tax expense  | (820 )             | (1,828 )        | (6,014 )          | (6,530 )        |
| Portion attributable to noncontrolling interests                            | (256 )             | (171 )          | (621 )            | (649 )          |
| Defined benefit plans, net of tax   | 5,557              | 3,156           | 13,203            | 11,285          |
| Ending balance  | (510,416 )         | (519,858 )      | (510,416 )        | (519,858 )      |
| <b>Cash flow hedges</b>   |                    |                 |                   |                 |
| Beginning balance   | (11,486 )          | 57,720          | (33,288 )         | (16,209 )       |
| Unrealized gains (losses)   | 74,580             | (42,442 )       | 99,328            | 75,374          |
| Reclassification adjustments into Cost of services                          | (9,607 )           | (8,736 )        | (5,628 )          | (13,458 )       |
| Income tax (expense) benefit  | (26,554 )          | 17,330          | (32,437 )         | (17,491 )       |
| Portion attributable to noncontrolling interests                            | (1,709 )           | 1,927           | (2,751 )          | (2,417 )        |
| Cash flow hedges, net of tax  | 36,710             | (31,921 )       | 58,512            | 42,008          |
| Ending balance (2)  | 25,224             | 25,799          | 25,224            | 25,799          |
| <b>Marketable securities</b>  |                    |                 |                   |                 |
| Beginning balance   | (1,659 )           | —               | (1,561 )          | —               |
| Unrealized gains  | 1,264              | —               | 1,094             | —               |
| Income tax expense  | (491 )             | —               | (424 )            | —               |
| Portion attributable to noncontrolling interests                            | (35 )              | —               | (30 )             | —               |
| Marketable securities, net of tax   | 738                | —               | 640               | —               |
| Ending balance  | (921 )             | —               | (921 )            | —               |

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|                                      |                |                |                |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Accumulated other comprehensive loss | \$ (1,392,606) | \$ (1,252,268) | \$ (1,392,606) | \$ (1,252,268) |
|--------------------------------------|----------------|----------------|----------------|----------------|

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(1) Reclassifications into net periodic pension and post-retirement expense are recognized in Cost of services, Sales and marketing and General and administrative costs.

(2) As of May 31, 2016, \$32,458 of net unrealized gains related to derivatives designated as cash flow hedges is expected to be reclassified into Cost of services in the next 12 months.

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ACCENTURE PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

(Unaudited)

4. BUSINESS COMBINATIONS AND DIVESTITURE

Business Combinations

On October 20, 2015, the Company acquired Cloud Sherpas (through its holding company, Declarative Holdings, Inc.), a leader in cloud advisory and technology services, for approximately \$409,424, net of cash acquired. This acquisition enhances the Company's ability to provide clients with cloud strategy and technology consulting, as well as cloud application implementation, integration and management services, and resulted in approximately 1,100 employees joining the Company. In connection with this acquisition, the Company recorded goodwill of \$387,934, which was allocated to all five reportable operating segments, and intangible assets of \$66,522, primarily related to customer-related intangibles. The goodwill is substantially non-deductible for U.S. federal income tax purposes. The intangible assets are being amortized over one to seven years. The pro forma effects of this acquisition on the Company's operations were not material.

During the nine months ended May 31, 2016, the Company completed other individually immaterial acquisitions for total consideration of \$323,359, net of cash acquired. The pro forma effects of these acquisitions on the Company's operations were not material.

Divestiture

On January 26, 2016, the Company completed the sale of Navitaire LLC ("Navitaire"), a wholly owned subsidiary of the Company that provides technology and business solutions to the airline industry, to Amadeus IT Group, S.A. ("Amadeus"). Concurrent with the sale, the Company also entered into several arrangements to provide services to Amadeus, principally infrastructure outsourcing over the next five years. The Company received a total of \$832,810, net of transaction costs and cash divested, of which \$214,500 was recorded as deferred revenue attributable to arrangements to provide services to Amadeus. In connection with the sale of Navitaire, the Company recorded a gain of \$553,577 (reported in "Gain on sale of business" in the Consolidated Income Statements) and recorded related income taxes of \$58,278. Adjustments related to the completion of certain post-closing matters, including a true-up of divested working capital, may be recorded in subsequent periods. Approximately 600 Navitaire employees transferred to Amadeus as a part of this sale.

Joint Venture

On April 18, 2016, the Company announced an agreement with Apax Partners ("Apax"), a global private equity firm, to form a joint venture to accelerate the innovation of claims, billing and policy administration software for the insurance industry. As part of the joint venture, funds advised by Apax will acquire a 60% stake in the Company's Duck Creek Technologies, with the Company retaining a 40% stake. The joint venture will operate as a new and independent company. The closing of the transaction is subject to the receipt of customary regulatory approvals.



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## ACCENTURE PLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

(Unaudited)

## 5. GOODWILL AND INTANGIBLE ASSETS

## Goodwill

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

|                                    | August 31,<br>2015 | Additions/<br>Adjustments | Foreign<br>Currency<br>Translation | May 31,<br>2016 |
|------------------------------------|--------------------|---------------------------|------------------------------------|-----------------|
| Communications, Media & Technology | \$364,824          | \$ 150,527                | \$(4,807 )                         | \$510,544       |
| Financial Services                 | 713,430            | 159,044                   | (4,313 )                           | 868,161         |
| Health & Public Service            | 588,893            | 130,583                   | (1,715 )                           | 717,761         |
| Products                           | 1,001,768          | 75,014                    | (9,750 )                           | 1,067,032       |
| Resources                          | 260,918            | 116,148                   | (2,417 )                           | 374,649         |
| Total                              | \$2,929,833        | \$ 631,316                | \$(23,002 )                        | \$3,538,147     |

Goodwill includes immaterial adjustments related to prior period acquisitions.

## Intangible Assets

The Company's definite-lived intangible assets by major asset class were as follows:

| Intangible Asset Class | May 31, 2016                |                             | Net<br>Carrying<br>Amount | August 31, 2015             |                             | Net<br>Carrying<br>Amount |
|------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|
|                        | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization |                           | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization |                           |
| Customer-related       | \$523,286                   | \$(155,462 )                | \$367,824                 | \$449,219                   | \$(120,841 )                | \$328,378                 |
| Technology             | 121,184                     | (60,871 )                   | 60,313                    | 104,824                     | (44,988 )                   | 59,836                    |
| Patents                | 118,895                     | (58,104 )                   | 60,791                    | 114,979                     | (54,064 )                   | 60,915                    |
| Other                  | 32,700                      | (16,224 )                   | 16,476                    | 31,480                      | (15,702 )                   | 15,778                    |
| Total                  | \$796,065                   | \$(290,661 )                | \$505,404                 | \$700,502                   | \$(235,595 )                | \$464,907                 |

Total amortization related to the Company's intangible assets was \$30,335 and \$87,699 for the three and nine months ended May 31, 2016, respectively. Total amortization related to the Company's intangible assets was \$23,164 and \$70,742 for the three and nine months ended May 31, 2015, respectively. Estimated future amortization related to intangible assets held as of May 31, 2016 is as follows:

| Fiscal Year       | Estimated<br>Amortization |
|-------------------|---------------------------|
| Remainder of 2016 | \$ 28,747                 |
| 2017              | 102,493                   |
| 2018              | 88,808                    |
| 2019              | 68,709                    |
| 2020              | 60,140                    |
| Thereafter        | 156,507                   |
| Total             | \$ 505,404                |

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## ACCENTURE PLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

(Unaudited)

## 6. MATERIAL TRANSACTIONS AFFECTING SHAREHOLDERS' EQUITY

## Dividends

The Company's dividend activity during the nine months ended May 31, 2016 was as follows:

| Dividend Payment Date | Dividend Per Share | Accenture plc Class A Ordinary Shares |              | Accenture Holdings plc Ordinary Shares and Accenture Canada Holdings Inc. Exchangeable Shares |             | Total Cash Outlay |
|-----------------------|--------------------|---------------------------------------|--------------|---|-------------|-------------------|
|                       |                    | Record Date                           | Cash Outlay  | Record Date   | Cash Outlay |                   |
| November 13, 2015     | \$ 1.10            | October 16, 2015                      | \$ 687,285   | October 13, 2015  | \$ 33,391   | \$ 720,676        |
| May 13, 2016          | 1.10               | April 15, 2016                        | 684,894      | April 12, 2016  | 32,568      | 717,462           |
| Total Dividends       |                    |                                       | \$ 1,372,179 |   | \$ 65,959   | \$ 1,438,138      |

The payment of the cash dividends also resulted in the issuance of an immaterial number of additional restricted share units to holders of restricted share units.

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## ACCENTURE PLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

(Unaudited)

## 7. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company uses derivative financial instruments to manage foreign currency exchange rate risk. The Company's derivative financial instruments consist of deliverable and non-deliverable foreign currency forward contracts.

## Cash Flow Hedges

For a cash flow hedge, the effective portion of the change in estimated fair value of a hedging instrument is recorded in Accumulated other comprehensive loss as a separate component of Shareholders' Equity and is reclassified into Cost of services in the Consolidated Income Statements during the period in which the hedged transaction is recognized. For information related to derivatives designated as cash flow hedges that were reclassified into Cost of services during the three and nine months ended May 31, 2016 and 2015, as well as those expected to be reclassified into Cost of services in the next 12 months, see Note 3 (Accumulated Other Comprehensive Loss) to these Consolidated Financial Statements.

## Other Derivatives

Realized gains or losses and changes in the estimated fair value of foreign currency forward contracts that have not been designated as hedges were a net gain of \$16,242 and a net loss of \$41,156 for the three and nine months ended May 31, 2016, respectively, and a net loss of \$67,040 and \$239,630 for the three and nine months ended May 31, 2015, respectively. Gains and losses on these contracts are recorded in Other expense, net in the Consolidated Income Statements and are offset by gains and losses on the related hedged items.

## Fair Value of Derivative Instruments

The notional and fair values of all derivative instruments were as follows:

|                               | May 31,<br>2016 | August 31,<br>2015 |
|-------------------------------|-----------------|--------------------|
| Assets                        |                 |                    |
| Cash Flow Hedges              |                 |                    |
| Other current assets          | \$47,354        | \$28,282           |
| Other non-current assets      | 18,976          | 13,503             |
| Other Derivatives             |                 |                    |
| Other current assets          | 16,941          | 18,233             |
| Total assets                  | \$83,271        | \$60,018           |
| Liabilities                   |                 |                    |
| Cash Flow Hedges              |                 |                    |
| Other accrued liabilities     | \$14,896        | \$48,683           |
| Other non-current liabilities | 13,811          | 48,746             |
| Other Derivatives             |                 |                    |
| Other accrued liabilities     | 30,132          | 31,862             |
| Total liabilities             | \$58,839        | \$129,291          |
| Total fair value              | \$24,432        | \$(69,273 )        |
| Total notional value          | \$7,161,572     | \$6,363,110        |

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## ACCENTURE PLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

(Unaudited)

The Company utilizes standard counterparty master agreements containing provisions for the netting of certain foreign currency transaction obligations and for the set-off of certain obligations in the event of an insolvency of one of the parties to the transaction. In the Consolidated Balance Sheets, the Company records derivative assets and liabilities at gross fair value. The potential effect of netting derivative assets against liabilities under the counterparty master agreements was as follows:

|                            | May 31, August 31, |             |
|----------------------------|--------------------|-------------|
|                            | 2016               | 2015        |
| Net derivative assets      | \$52,930           | \$36,661    |
| Net derivative liabilities | 28,498             | 105,934     |
| Total fair value           | \$24,432           | \$(69,273 ) |

**8. RETIREMENT AND PROFIT SHARING PLANS**

On March 18, 2016, Accenture plc's Board of Directors approved an amendment to terminate the Company's U.S. pension plan, effective May 30, 2016, for all active and former employees who are no longer accruing benefits in the pension plan (approximately 16,200 people). The amendment also provides for the creation of a separate defined benefit plan with substantially the same terms for approximately 600 active employees who are currently eligible to accrue benefits. The U.S. pension plan is expected to be settled in 12 to 18 months from the termination effective date, subject to receipt of customary regulatory approvals.

The Company's ultimate settlement obligation will depend upon both the nature and timing of participant settlements and prevailing market conditions. Upon settlement, the Company expects to recognize additional expense, consisting of unrecognized actuarial losses included in Accumulated other comprehensive loss that totaled approximately \$337,000 as of August 31, 2015, adjusted for the difference between the ultimate settlement obligation and the Company's accrued pension obligation. The Company does not expect the settlement of the U.S. pension plan obligations to have a material impact on its cash position.

**9. COMMITMENTS AND CONTINGENCIES****Commitments**

The Company has the right to purchase or may also be required to purchase substantially all of the remaining outstanding shares of its Avanade Inc. subsidiary ("Avanade") not owned by the Company at fair value if certain events occur. As of May 31, 2016 and August 31, 2015, the Company has reflected the fair value of \$68,351 and \$79,023, respectively, related to Avanade's redeemable common stock and the intrinsic value of the options on redeemable common stock in Other accrued liabilities in the Consolidated Balance Sheets.

**Indemnifications and Guarantees**

In the normal course of business and in conjunction with certain client engagements, the Company has entered into contractual arrangements through which it may be obligated to indemnify clients with respect to certain matters. As of May 31, 2016 and August 31, 2015, the Company's aggregate potential liability to its clients for expressly limited guarantees involving the performance of third parties was approximately \$717,000 and \$655,000, respectively, of which all but approximately \$112,000 and \$43,000, respectively, may be recovered from the other third parties if the Company is obligated to make payments to the indemnified parties as a consequence of a performance default by the other third parties. For arrangements with unspecified limitations, the Company cannot reasonably estimate the aggregate maximum potential liability, as it is inherently difficult to predict the maximum potential amount of such payments, due to the conditional nature and unique facts of each particular arrangement.

To date, the Company has not been required to make any significant payment under any of the arrangements described above. The Company has assessed the current status of performance/payment risk related to arrangements with limited guarantees, warranty obligations, unspecified limitations and/or indemnification provisions and believes that any

potential payments would be immaterial to the Consolidated Financial Statements, as a whole.

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## ACCENTURE PLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

(Unaudited)

## Legal Contingencies

As of May 31, 2016, the Company or its present personnel had been named as a defendant in various litigation matters. The Company and/or its personnel also from time to time are involved in investigations by various regulatory or legal authorities concerning matters arising in the course of its business around the world. Based on the present status of these matters, management believes the range of reasonably possible losses in addition to amounts accrued, net of insurance recoveries, will not have a material effect on the Company's results of operations or financial condition.

## 10. SEGMENT REPORTING

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

|                                    | Three Months Ended |                  |              |                  |
|------------------------------------|--------------------|------------------|--------------|------------------|
|                                    | May 31, 2016       |                  | May 31, 2015 |                  |
|                                    | Net Revenues       | Operating Income | Net Revenues | Operating Income |
| Communications, Media & Technology | \$1,707,707        | \$259,344        | \$1,613,478  | \$237,902        |
| Financial Services                 | 1,804,876          | 294,367          | 1,638,313    | 265,863          |
| Health & Public Service            | 1,539,496          | 243,137          | 1,383,639    | 202,644          |
| Products                           | 2,158,070          | 346,165          | 1,883,200    | 255,162          |
| Resources                          | 1,220,809          | 162,930          | 1,247,851    | 171,948          |
| Other                              | 3,799              | —                | 3,901        | —                |
| Total                              | \$8,434,757        | \$1,305,943      | \$7,770,382  | \$1,133,519      |

  

|                                    | Nine Months Ended |                  |              |                  |
|------------------------------------|-------------------|------------------|--------------|------------------|
|                                    | May 31, 2016      |                  | May 31, 2015 |                  |
|                                    | Net Revenues      | Operating Income | Net Revenues | Operating Income |
| Communications, Media & Technology | \$4,919,046       | \$749,729        | \$4,711,300  | \$628,320        |
| Financial Services                 | 5,234,821         | 847,686          | 4,944,075    | 791,606          |
| Health & Public Service            | 4,445,627         | 625,510          | 4,071,998    | 568,277          |
| Products                           | 6,142,723         | 923,724          | 5,664,484    | 816,720          |
| Resources                          | 3,639,890         | 468,598          | 3,755,158    | 537,338          |
| Other                              | 11,378            | —                | 12,411       | —                |
| Total                              | \$24,393,485      | \$3,615,247      | \$23,159,426 | \$3,342,261      |

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ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and related Notes included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended August 31, 2015, and with the information under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended August 31, 2015.

We use the terms “Accenture,” “we,” the “Company,” “our” and “us” in this report to refer to Accenture plc and its subsidiaries. All references to years, unless otherwise noted, refer to our fiscal year, which ends on August 31. For example, a reference to “fiscal 2016” means the 12-month period that will end on August 31, 2016. All references to quarters, unless otherwise noted, refer to the quarters of our fiscal year.

We use the term “in local currency” so that certain financial results may be viewed without the impact of foreign currency exchange rate fluctuations, thereby facilitating period-to-period comparisons of business performance. Financial results “in local currency” are calculated by restating current period activity into U.S. dollars using the comparable prior year period’s foreign currency exchange rates. This approach is used for all results where the functional currency is not the U.S. dollar.

Disclosure Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”) relating to our operations, results of operations and other matters that are based on our current expectations, estimates, assumptions and projections. Words such as “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates,” “positioned,” “outlook” and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

- Our results of operations could be adversely affected by volatile, negative or uncertain economic conditions and the effects of these conditions on our clients’ businesses and levels of business activity.
- Our business depends on generating and maintaining ongoing, profitable client demand for our services and solutions, and a significant reduction in such demand could materially affect our results of operations.
- If we are unable to keep our supply of skills and resources in balance with client demand around the world and attract and retain professionals with strong leadership skills, our business, the utilization rate of our professionals and our results of operations may be materially adversely affected.
- The markets in which we compete are highly competitive, and we might not be able to compete effectively.
- We could have liability or our reputation could be damaged if we fail to protect client and/or Accenture data or information systems as obligated by law or contract or if our information systems are breached.
- Our results of operations and ability to grow could be materially negatively affected if we cannot adapt and expand our services and solutions in response to ongoing changes in technology and offerings by new entrants.
- Our results of operations could materially suffer if we are not able to obtain sufficient pricing to enable us to meet our profitability expectations.
- If we do not accurately anticipate the cost, risk and complexity of performing our work or if third parties upon whom we rely do not meet their commitments, then our contracts could have delivery inefficiencies and be less profitable than expected or unprofitable.
- Our results of operations could be materially adversely affected by fluctuations in foreign currency exchange rates.

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Our profitability could suffer if our cost-management strategies are unsuccessful, and we may not be able to improve our profitability through improvements to cost-management to the degree we have done in the past.

Our business could be materially adversely affected if we incur legal liability.

Our work with government clients exposes us to additional risks inherent in the government contracting environment. We might not be successful at identifying, acquiring or integrating businesses, entering into joint ventures or divesting businesses.

Our Global Delivery Network is increasingly concentrated in India and the Philippines, which may expose us to operational risks.

Changes in our level of taxes, as well as audits, investigations and tax proceedings, or changes in our treatment as an Irish company, could have a material adverse effect on our results of operations and financial condition.

As a result of our geographically diverse operations and our growth strategy to continue geographic expansion, we are more susceptible to certain risks.

Adverse changes to our relationships with key alliance partners or in the business of our key alliance partners could adversely affect our results of operations.

Our services or solutions could infringe upon the intellectual property rights of others or we might lose our ability to utilize the intellectual property of others.

If we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties, our business could be adversely affected.

Our ability to attract and retain business and employees may depend on our reputation in the marketplace.

If we are unable to manage the organizational challenges associated with our size, we might be unable to achieve our business objectives.

We make estimates and assumptions in connection with the preparation of our consolidated financial statements, and any changes to those estimates and assumptions could adversely affect our financial results.

Many of our contracts include payments that link some of our fees to the attainment of performance or business targets and/or require us to meet specific service levels. This could increase the variability of our revenues and impact our margins.

- If we are unable to collect our receivables or unbilled services, our results of operations, financial condition and cash flows could be adversely affected.

Our results of operations and share price could be adversely affected if we are unable to maintain effective internal controls.

We are incorporated in Ireland and a significant portion of our assets are located outside the United States. As a result, it might not be possible for shareholders to enforce civil liability provisions of the federal or state securities laws of the United States. We may also be subject to criticism and negative publicity related to our incorporation in Ireland. Irish law differs from the laws in effect in the United States and might afford less protection to shareholders.

We might be unable to access additional capital on favorable terms or at all. If we raise equity capital, it may dilute our shareholders' ownership interest in us.

For a more detailed discussion of these factors, see the information under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended August 31, 2015. Our forward-looking statements speak only as of the date of this report or as of the date they are made, and we undertake no obligation to update any forward-looking statements.



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## Overview

Revenues are driven by the ability of our executives to secure new contracts and to deliver services and solutions that add value relevant to our clients' current needs and challenges. The level of revenues we achieve is based on our ability to deliver market-leading service offerings and to deploy skilled teams of professionals quickly and on a global basis. Our results of operations are affected by economic conditions, including macroeconomic conditions and levels of business confidence. There continues to be significant volatility and economic and geopolitical uncertainty in certain markets around the world, which may impact our business. We continue to monitor the impact of this volatility and uncertainty and seek to manage our costs in order to respond to changing conditions. There continues to be significant volatility in foreign currency exchange rates. The majority of our net revenues are denominated in currencies other than the U.S. dollar, including the Euro and the U.K. pound. Unfavorable fluctuations in foreign currency exchange rates have had and we expect will continue to have a material effect on our financial results.

Revenues before reimbursements ("net revenues") for the third quarter of fiscal 2016 increased 9% in U.S. dollars and 10% in local currency compared to the third quarter of fiscal 2015. Net revenues for the nine months ended May 31, 2016 increased 5% in U.S. dollars and 11% in local currency compared to the nine months ended May 31, 2015.

Demand for our services and solutions continued to be strong, resulting in growth across all areas of our business. All of our operating groups achieved quarterly year-over-year revenue growth in local currency in the third quarter of fiscal 2016, with significant growth in Products, very strong growth in Health & Public Service and Financial Services, and strong growth in Communications, Media & Technology, while Resources experienced slight growth. Revenue growth in local currency was very strong in consulting and solid in outsourcing during the third quarter of fiscal 2016. While the business environment remained competitive, pricing was relatively stable and we saw improvement in certain areas of our business. We use the term "pricing" to mean the contract profitability or margin on the work that we sell.

In our consulting business, net revenues for the third quarter of fiscal 2016 increased 12% in U.S. dollars and 14% in local currency compared to the third quarter of fiscal 2015. Net consulting revenues for the nine months ended May 31, 2016 increased 10% in U.S. dollars and 16% in local currency compared to the nine months ended May 31, 2015. We continue to experience growing demand for digital-related services and assisting clients with the adoption of new technologies. In addition, clients continued to be focused on initiatives designed to deliver cost savings and operational efficiency, as well as projects to integrate their global operations and grow and transform their businesses. Compared to fiscal 2015, we continued to provide a greater proportion of systems integration consulting through use of lower cost resources in our Global Delivery Network. This trend has resulted in work volume growing faster than revenue in our systems integration business, and we expect this trend to continue.

In our outsourcing business, net revenues for the third quarter of fiscal 2016 increased 4% in U.S. dollars and 6% in local currency compared to the third quarter of fiscal 2015. Net outsourcing revenues for the nine months ended May 31, 2016 were flat in U.S. dollars and increased 6% in local currency compared to the nine months ended May 31, 2015. We are experiencing growing demand to assist clients with cloud enablement and the operation and maintenance of digital-related services. In addition, clients continue to be focused on transforming their operations to improve effectiveness and save costs. Compared to fiscal 2015, we continued to provide a greater proportion of application outsourcing through use of lower-cost resources in our Global Delivery Network.

As we are a global company, our revenues are denominated in multiple currencies and may be significantly affected by currency exchange rate fluctuations. If the U.S. dollar strengthens against other currencies, resulting in unfavorable currency translation, our revenues, revenue growth and results of operations in U.S. dollars may be lower. If the U.S. dollar weakens against other currencies, resulting in favorable currency translation, our revenues, revenue growth and results of operations in U.S. dollars may be higher. When compared to the same periods in fiscal 2015, the U.S. dollar strengthened against many currencies during the three and nine months ended May 31, 2016, resulting in unfavorable currency translation and U.S. dollar revenue growth that was approximately 2% and 6% lower, respectively, than our revenue growth in local currency. Assuming that exchange rates stay within recent ranges for the remainder of fiscal 2016, we estimate that our full fiscal 2016 revenue growth will be approximately 4% to 5% lower in U.S. dollars than in local currency.

The primary categories of operating expenses include cost of services, sales and marketing and general and administrative costs. Cost of services is primarily driven by the cost of client-service personnel, which consists mainly of compensation, subcontractor and other personnel costs, and non-payroll costs on outsourcing contracts. Cost of services includes a variety of activities such as: contract delivery; recruiting and training; software development; and integration of acquisitions. Sales and marketing costs are driven primarily by: compensation costs for business development activities; marketing- and advertising-related activities; and certain acquisition-related costs. General and administrative costs primarily include costs for non-client-facing personnel, information systems and office space.

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Utilization for the third quarter of fiscal 2016 was 91%, up from 90% in both the second quarter of fiscal 2016 and third quarter of fiscal 2015. This level of utilization reflects continued strong demand for resources in our Global Delivery Network and in most countries. We continue to hire to meet current and projected future demand. We proactively plan and manage the size and composition of our workforce and take actions as needed to address changes in the anticipated demand for our services and solutions, given that compensation costs are the most significant portion of our operating expenses. Based on current and projected future demand, we have increased our headcount, the majority of which serve our clients, to approximately 375,000 as of May 31, 2016, compared to approximately 336,000 as of May 31, 2015. The year-over-year increase in our headcount reflects an overall increase in demand for our services and solutions, primarily those delivered through our Global Delivery Network, as well as headcount added in connection with acquisitions. Annualized attrition, excluding involuntary terminations, for the third quarter of fiscal 2016 was 15%, up from 13% in the second quarter of fiscal 2016 and flat with the third quarter of fiscal 2015. We evaluate voluntary attrition, adjust levels of new hiring and use involuntary terminations as means to keep our supply of skills and resources in balance with changes in client demand. In addition, we adjust compensation in certain skill sets and geographies in order to attract and retain appropriate numbers of qualified employees. For the majority of our personnel, compensation increases for fiscal 2016 became effective December 1, 2015. We strive to adjust pricing and/or the mix of resources to reduce the impact of compensation increases on our gross margin. Our ability to grow our revenues and maintain or increase our margin could be adversely affected if we are unable to: keep our supply of skills and resources in balance with changes in the types or amounts of services and solutions clients are demanding; recover increases in compensation; deploy our employees globally on a timely basis; manage attrition; and/or effectively assimilate and utilize new employees.

Gross margin (Net revenues less Cost of services before reimbursable expenses as a percentage of Net revenues) for the third quarter of fiscal 2016 was 31.9%, compared with 32.5% for the third quarter of fiscal 2015. Gross margin for the nine months ended May 31, 2016 was 31.2%, compared with 31.5% for the nine months ended May 31, 2015. The reduction in gross margin for the third quarter and nine months ended May 31, 2016 was principally due to higher labor costs and higher costs associated with acquisition activity compared to the same periods in fiscal 2015.

Sales and marketing and general and administrative costs as a percentage of net revenues were 16.4% for both the third quarter of fiscal 2016 and the nine months ended May 31, 2016, compared with 17.1% for the third quarter of fiscal 2015 and 16.8% for the nine months ended May 31, 2015. We continuously monitor these costs and implement cost-management actions, as appropriate. For the nine months ended May 31, 2016 compared to the nine months ended May 31, 2015, sales and marketing costs as a percentage of net revenues decreased 30 basis points principally due to improved operational efficiency in our business development activities and general and administrative costs as a percentage of net revenues decreased 10 basis points.

Operating expenses in the third quarter of fiscal 2015 included a pension settlement charge of \$64 million related to lump sum cash payments made from our U.S. defined benefit pension plan to former employees who elected to receive such payments.

Operating margin (Operating income as a percentage of Net revenues) for the third quarter of fiscal 2016 was 15.5%, compared with 14.6% for the third quarter of fiscal 2015. Operating margin for the nine months ended May 31, 2016 was 14.8%, compared with 14.4% for the nine months ended May 31, 2015. The pension settlement charge of \$64 million recorded in the third quarter of fiscal 2015 decreased operating margin by 80 and 30 basis points for the third quarter and nine months ended May 31, 2015, respectively. Excluding the effect of the pension settlement charge, operating margin for the third quarter of fiscal 2015 and nine months ended May 31, 2015 would have been 15.4% and 14.7%, respectively.

During the second quarter of fiscal 2016, we recorded a \$554 million pre-tax Gain on sale of business related to a divestiture of our Navitaire business. For additional information, see Note 4 (Business Combinations and Divestiture) to our Consolidated Financial Statements under Item 1, "Financial Statements."

The effective tax rates for the third quarter of fiscal 2016 and nine months ended May 31, 2016 were 26.5% and 22.3%, respectively. The effective tax rates for the third quarter of fiscal 2015 and nine months ended May 31, 2015 were 24.9% and 25.3%, respectively. Absent the \$554 million gain on the Navitaire divestiture and related \$58 million

in taxes recorded in the second quarter of fiscal 2016, our effective tax rate for the nine months ended May 31, 2016 would have been 24.2%. Absent the \$64 million pension settlement charge and related \$25 million in taxes recorded during the third quarter of fiscal 2015, our effective tax rates for the third quarter of fiscal 2015 and nine months ended May 31, 2015 would have been 25.7% and 25.6%, respectively. For additional information see Note 1 (Basis of Presentation) to our Consolidated Financial Statements under Item 1, "Financial Statements."

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Diluted earnings per share were \$1.41 for the third quarter of fiscal 2016, compared with \$1.24 for the third quarter of fiscal 2015. Diluted earnings per share were \$4.77 for the nine months ended May 31, 2016, compared with \$3.61 for the nine months ended May 31, 2015. The Gain on sale of business, net of taxes, from the Navitaire divestiture recorded during the second quarter of fiscal 2016 increased diluted earnings per share by \$0.74 during the nine months ended May 31, 2016. The pension settlement charge, net of taxes, recorded during the third quarter of fiscal 2015 decreased diluted earnings per share by \$0.06 in both the third quarter of fiscal 2015 and nine months ended May 31, 2015. Excluding these impacts, diluted earnings per share would have been \$1.30 for the third quarter of fiscal 2015 and \$4.03 and \$3.67 for the nine months ended May 31, 2016 and 2015, respectively.

We have presented Operating income, operating margin, effective tax rate and diluted earnings per share excluding the impacts of the fiscal 2016 Gain on sale of business from the Navitaire divestiture and the fiscal 2015 pension settlement charge, as we believe doing so facilitates understanding as to both the impacts of these items and our operating performance in comparison to the prior period.

**New Bookings**

New bookings for the third quarter of fiscal 2016 were \$9.12 billion, with consulting bookings of \$4.93 billion and outsourcing bookings of \$4.19 billion. New bookings for the nine months ended May 31, 2016 were \$26.40 billion, with consulting bookings of \$14.35 billion and outsourcing bookings of \$12.05 billion.

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## Results of Operations for the Three Months Ended May 31, 2016 Compared to the Three Months Ended May 31, 2015

Our five reportable operating segments are our operating groups, which are Communications, Media & Technology; Financial Services; Health & Public Service; Products; and Resources. Net revenues (by operating group, geographic region and type of work) and reimbursements were as follows:

|                                    | Three Months Ended |                | Percent Increase (Decrease) U.S. Dollars | Percent Increase Local Currency | Percent of Total Net Revenues for the Three Months Ended |              |  |  |  |  |
|------------------------------------|--------------------|----------------|--|---------------------------------|--|--------------|--|--|--|--|
|                                    | May 31, 2016       | May 31, 2015   |  |                                 | May 31, 2016   | May 31, 2015 |  |  |  |  |
| (in millions of U.S. dollars)      |                    |                |  |                                 |  |              |  |  |  |  |
| <b>OPERATING GROUPS</b>            |                    |                |  |                                 |  |              |  |  |  |  |
| Communications, Media & Technology | \$1,708            | \$1,613        | 6 %                                      | 8 %                             | 20 %   | 21 %         |  |  |  |  |
| Financial Services                 | 1,805              | 1,638          | 10                                       | 12                              | 21   | 21           |  |  |  |  |
| Health & Public Service            | 1,539              | 1,384          | 11                                       | 12                              | 18   | 18           |  |  |  |  |
| Products                           | 2,158              | 1,883          | 15                                       | 16                              | 26   | 24           |  |  |  |  |
| Resources                          | 1,221              | 1,248          | (2)                                      | 1                               | 15   | 16           |  |  |  |  |
| Other                              | 4                  | 4              | n/m                                      | n/m                             | —  | —            |  |  |  |  |
| <b>TOTAL NET REVENUES</b>          | <b>8,435</b>       | <b>7,770</b>   | <b>9 %</b>                               | <b>10 %</b>                     | <b>100 %</b>   | <b>100 %</b> |  |  |  |  |
| Reimbursements                     | 534                | 505            | 6  |                                 |  |              |  |  |  |  |
| <b>TOTAL REVENUES</b>              | <b>\$8,969</b>     | <b>\$8,275</b> | <b>8 %</b>                               |                                 |  |              |  |  |  |  |
| <b>GEOGRAPHIC REGIONS</b>          |                    |                |  |                                 |  |              |  |  |  |  |
| North America                      | \$4,017            | \$3,644        | 10 %                                     | 11 %                            | 48 %   | 47 %         |  |  |  |  |
| Europe                             | 2,946              | 2,653          | 11                                       | 12                              | 35   | 34           |  |  |  |  |
| Growth Markets                     | 1,472              | 1,473          | —  | 6                               | 17   | 19           |  |  |  |  |
| <b>TOTAL NET REVENUES</b>          | <b>\$8,435</b>     | <b>\$7,770</b> | <b>9 %</b>                               | <b>10 %</b>                     | <b>100 %</b>   | <b>100 %</b> |  |  |  |  |
| <b>TYPE OF WORK</b>                |                    |                |  |                                 |  |              |  |  |  |  |
| Consulting                         | \$4,621            | \$4,112        | 12 %                                     | 14 %                            | 55 %   | 53 %         |  |  |  |  |
| Outsourcing                        | 3,813              | 3,658          | 4  | 6                               | 45   | 47           |  |  |  |  |
| <b>TOTAL NET REVENUES</b>          | <b>\$8,435</b>     | <b>\$7,770</b> | <b>9 %</b>                               | <b>10 %</b>                     | <b>100 %</b>   | <b>100 %</b> |  |  |  |  |

n/m = not meaningful

Amounts in table may not total due to rounding.

**Net Revenues**

The following net revenues commentary discusses local currency net revenue changes for the third quarter of fiscal 2016 compared to the third quarter of fiscal 2015:

**Operating Groups**

Communications, Media & Technology net revenues increased 8% in local currency. Consulting revenues reflected very strong growth, driven by Electronics & High Tech across all geographic regions and Media & Entertainment in North America and Europe. Outsourcing revenue growth was driven by Media & Entertainment and Electronics & High Tech in North America, partially offset by declines in Communications in Europe and North America.

Financial Services net revenues increased 12% in local currency. Consulting revenues reflected significant growth driven by Banking & Capital Markets in Europe and Insurance in North America. Outsourcing revenue growth was driven by Banking & Capital Markets in North America and Growth Markets.

Health & Public Service net revenues increased 12% in local currency. Consulting revenues reflected very strong growth, driven by both industry groups in North America and Growth Markets. Outsourcing revenues reflected very strong growth, driven by both industry groups in North America and Public Service in Growth Markets.



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Products net revenues increased 16% in local currency. Consulting revenues reflected very significant growth, driven by growth across all industry groups and geographic regions. Outsourcing revenues reflected modest growth, driven by Industrial in Europe and Life Sciences in North America, partially offset by declines in Consumer Goods, Retail & Travel Services across all geographic regions, including the impact of the Navitaire divestiture.

Resources net revenues increased 1% in local currency. Outsourcing revenues reflected modest growth, led by Utilities across all geographic regions, partially offset by declines in Energy across all geographic regions. Consulting revenues reflected a slight decline, as growth in Utilities across all geographic regions was more than offset by declines in Chemicals & Natural Resources in all geographic regions and Energy in Growth Markets.

**Geographic Regions**

North America net revenues increased 11% in local currency, driven by the United States.

Europe net revenues increased 12% in local currency, driven by the United Kingdom, Switzerland, Italy, Spain, Germany and France.

Growth Markets net revenues increased 6% in local currency, led by Japan, as well as China, India and Mexico.

**Operating Expenses**

Operating expenses for the third quarter of fiscal 2016 increased \$522 million, or 7%, over the third quarter of fiscal 2015, and decreased as a percentage of revenues to 85.4% from 86.3% during this period. Operating expenses before reimbursable expenses for the third quarter of fiscal 2016 increased \$492 million, or 7%, over the third quarter of fiscal 2015, and decreased as a percentage of net revenues to 84.5% from 85.4% during this period.

**Cost of Services**

Cost of services for the third quarter of fiscal 2016 increased \$529 million, or 9%, over the third quarter of fiscal 2015, and increased as a percentage of revenues to 70.0% from 69.5% during this period. Cost of services before reimbursable expenses for the third quarter of fiscal 2016 increased \$500 million, or 10%, over the third quarter of fiscal 2015, and increased as a percentage of net revenues to 68.1% from 67.5% during this period. Gross margin for the third quarter of fiscal 2016 decreased to 31.9% from 32.5% during this period. The reduction in gross margin for the third quarter of fiscal 2016 was principally due to higher labor costs and higher costs associated with acquisition activity compared to the third quarter of fiscal 2015.

**Sales and Marketing**

Sales and marketing expense for the third quarter of fiscal 2016 increased \$59 million, or 7%, over the third quarter of fiscal 2015, and decreased as a percentage of net revenues to 11.1% from 11.3% during this period. The decrease as a percentage of net revenues was principally due to improved operational efficiency in our business development activities.

**General and Administrative Costs**

General and administrative costs for the third quarter of fiscal 2016 decreased \$2 million, or 1%, from the third quarter of fiscal 2015, and decreased as a percentage of net revenues to 5.3% from 5.8% during this period. The decrease as a percentage of net revenues was due to strong revenue growth and costs remaining flat compared with the third quarter of fiscal 2015.

**Pension Settlement Charge**

We recorded a pension settlement charge of \$64 million during the third quarter of fiscal 2015 as a result of lump sum cash payments made from our U.S. defined benefit pension plan to former employees who elected to receive such payments.



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## Operating Income and Operating Margin

Operating income for the third quarter of fiscal 2016 increased \$172 million, or 15%, over the third quarter of fiscal 2015. During the third quarter of fiscal 2015, we recorded a pension settlement charge of \$64 million, which decreased operating margin by 80 basis points. Excluding the effect of the fiscal 2015 pension settlement charge, operating margin for the third quarter of fiscal 2016 increased 10 basis points compared with the third quarter of fiscal 2015.

Operating income and operating margin for each of the operating groups were as follows:

|                                    | Three Months Ended            |           |           |              |           |           |
|------------------------------------|-------------------------------|-----------|-----------|--------------|-----------|-----------|
|                                    | May 31, 2016                  |           |           | May 31, 2015 |           |           |
|                                    | Operating                     | Operating | Operating | Operating    | Operating | Operating |
|                                    | Income                        | Margin    | Income    | Margin       | Income    | Margin    |
|                                    | (in millions of U.S. dollars) |           |           |              |           |           |
| Communications, Media & Technology | \$259                         | 15 %      | \$238     | 15 %         |           |           |
| Financial Services                 | 294                           | 16        | 266       | 16           |           |           |
| Health & Public Service            | 243                           | 16        | 203       | 15           |           |           |
| Products                           | 346                           | 16        | 255       | 14           |           |           |
| Resources                          | 163                           | 13        | 172       | 14           |           |           |
| Total                              | \$1,306                       | 15.5 %    | \$1,134   | 14.6 %       |           |           |

Amounts in table may not total due to rounding.

## Operating Income and Operating Margin Excluding Pension Settlement Charge (Non-GAAP)

|                                    | Three Months Ended   |           |           |  |            |            | Increase<br>(Decrease) |
|------------------------------------|--|-----------|-----------|--|------------|------------|------------------------|
|                                    | May 31, 2016   |           |           | May 31, 2015   |            |            |                        |
|                                    | Operating Income and<br>Operating Margin as<br>Reported (GAAP) |           |           | Operating Income and Operating<br>Margin<br>Excluding Pension Settlement<br>Charge<br>(Non-GAAP) |            |            |                        |
|                                    | Operating  | Operating | Operating | Operating  | Operating  | Operating  |                        |
|                                    | Income   | Margin    | Income    | Settlement   | Income     | Margin     |                        |
|                                    | (GAAP)   | (1)       | (GAAP)    | Charge   | (Adjusted) | (Adjusted) |                        |
|                                    | (in millions of U.S. dollars)                                  |           |           |  |            |            |                        |
| Communications, Media & Technology | \$259  | 15%       | \$238     | \$13   | \$250      | 16%        | \$9                    |
| Financial Services                 | 294  | 16        | 266       | 13   | 279        | 17         | 15                     |
| Health & Public Service            | 243  | 16        | 203       | 12   | 214        | 15         | 29                     |
| Products                           | 346  | 16        | 255       | 16   | 271        | 14         | 75                     |
| Resources                          | 163  | 13        | 172       | 11   | 183        | 15         | (20)                   |
| Total                              | \$1,306  | 15.5%     | \$1,134   | \$64   | \$1,198    | 15.4%      | \$108                  |

Amounts in table may not total due to rounding.

(1) Represents pension settlement charge related to lump sum cash payment from plan assets offered to eligible former employees.

We estimate that the aggregate percentage impact of foreign currency exchange rates on our Operating income during the third quarter of fiscal 2016 was similar to that disclosed for Net revenue. In addition, during the third quarter of

fiscal 2016, each operating group experienced higher costs associated with acquisition activity. The commentary below provides insight into other factors affecting operating group performance and operating margin for the third quarter of fiscal 2016 compared with the third quarter of fiscal 2015, exclusive of the pension settlement charge recorded in fiscal 2015:

Communications, Media & Technology operating income increased primarily due to consulting revenue growth and higher outsourcing contract profitability, partially offset by higher sales and marketing costs as a percentage of net revenues.

Financial Services operating income increased primarily due to consulting revenue growth, partially offset by lower outsourcing contract profitability.

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• Health & Public Service operating income increased due to revenue growth and higher outsourcing contract profitability.

• Products operating income increased due to very significant consulting revenue growth and lower sales and marketing costs as a percentage of net revenues, partially offset by lower outsourcing contract profitability.

• Resources operating income decreased primarily due to lower outsourcing contract profitability, partially offset by lower sales and marketing costs as a percentage of net revenues.

Provision for Income Taxes

The effective tax rate for the third quarter of fiscal 2016 was 26.5%, compared with 24.9% for the third quarter of fiscal 2015. Absent the \$64 million pension settlement charge and related \$25 million in taxes recorded during the third quarter of fiscal 2015, the effective tax rate for the third quarter of fiscal 2015 would have been 25.7%. The effective tax rate for the third quarter of fiscal 2015 benefited from favorable changes in the geographic distribution of earnings, partially offset by expenses associated with an increase in deferred tax liabilities on undistributed U.S. earnings. For more information, see Note 1 (Basis of Presentation) to our Consolidated Financial Statements under Item 1, "Financial Statements."

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the third quarter of fiscal 2016 decreased \$3 million, or 6%, from the third quarter of fiscal 2015. The decrease was primarily due to a reduction in the Accenture Holdings plc ordinary shares and Accenture Canada Holdings Inc. exchangeable shares average noncontrolling interest, partially offset by higher Net income of \$100 million during the third quarter of fiscal 2016.

Earnings Per Share

Diluted earnings per share were \$1.41 for the third quarter of fiscal 2016, compared with \$1.24 for the third quarter of fiscal 2015. The \$0.17 increase in our diluted earnings per share included the impact of the pension settlement charge, net of taxes, which decreased diluted earnings per share for the third quarter of fiscal 2015 by \$0.06. Excluding this impact, diluted earnings per share for the third quarter of fiscal 2016 increased \$0.11 compared with the third quarter of fiscal 2015, due to increases of \$0.12 from higher revenues and operating results and \$0.02 from lower weighted average shares outstanding. These increases were partially offset by decreases of \$0.02 from a higher effective tax rate and \$0.01 from higher non-operating expense. For information regarding our earnings per share calculations, see Note 2 (Earnings Per Share) to our Consolidated Financial Statements under Item 1, "Financial Statements."

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Results of Operations for the Nine Months Ended May 31, 2016 Compared to the Nine Months Ended May 31, 2015  
Our five reportable operating segments are our operating groups, which are Communications, Media & Technology; Financial Services; Health & Public Service; Products; and Resources. Net revenues (by operating group, geographic region and type of work) and reimbursements were as follows:

|                                    | Nine Months Ended             |                 | Percent Increase(Decrease) | Percent Increase | Percent of Total Net Revenues for the Nine Months Ended |              |
|------------------------------------|-------------------------------|-----------------|----------------------------|------------------|---|--------------|
|                                    | May 31, 2016                  | May 31, 2015    | U.S. Dollars               | Local Currency   | May 31, 2016  | May 31, 2015 |
|                                    | (in millions of U.S. dollars) |                 |                            |                  |   |              |
| <b>OPERATING GROUPS</b>            |                               |                 |                            |                  |   |              |
| Communications, Media & Technology | \$4,919                       | \$4,711         | 4 %                        | 11 %             | 20 %  | 20 %         |
| Financial Services                 | 5,235                         | 4,944           | 6 %                        | 12 %             | 22 %  | 21 %         |
| Health & Public Service            | 4,446                         | 4,072           | 9 %                        | 12 %             | 18 %  | 18 %         |
| Products                           | 6,143                         | 5,664           | 8 %                        | 14 %             | 25 %  | 25 %         |
| Resources                          | 3,640                         | 3,755           | (3 %)                      | 3 %              | 15 %  | 16 %         |
| Other                              | 11                            | 12              | n/m                        | n/m              | —   | —            |
| <b>TOTAL NET REVENUES</b>          | <b>24,393</b>                 | <b>23,159</b>   | <b>5 %</b>                 | <b>11 %</b>      | <b>100 %</b>  | <b>100 %</b> |
| Reimbursements                     | 1,439                         | 1,390           | 3 %                        |                  |   |              |
| <b>TOTAL REVENUES</b>              | <b>\$25,832</b>               | <b>\$24,550</b> | <b>5 %</b>                 |                  |   |              |
| <b>GEOGRAPHIC REGIONS</b>          |                               |                 |                            |                  |   |              |
| North America                      | \$11,571                      | \$10,494        | 10 %                       | 11 %             | 48 %  | 45 %         |
| Europe                             | 8,616                         | 8,218           | 5 %                        | 13 %             | 35 %  | 36 %         |
| Growth Markets                     | 4,207                         | 4,447           | (5 %)                      | 7 %              | 17 %  | 19 %         |
| <b>TOTAL NET REVENUES</b>          | <b>\$24,393</b>               | <b>\$23,159</b> | <b>5 %</b>                 | <b>11 %</b>      | <b>100 %</b>  | <b>100 %</b> |
| <b>TYPE OF WORK</b>                |                               |                 |                            |                  |   |              |
| Consulting                         | \$13,260                      | \$12,044        | 10 %                       | 16 %             | 54 %  | 52 %         |
| Outsourcing                        | 11,133                        | 11,115          | — %                        | 6 %              | 46 %  | 48 %         |
| <b>TOTAL NET REVENUES</b>          | <b>\$24,393</b>               | <b>\$23,159</b> | <b>5 %</b>                 | <b>11 %</b>      | <b>100 %</b>  | <b>100 %</b> |

n/m = not meaningful

Amounts in table may not total due to rounding.

#### Net Revenues

The following net revenues commentary discusses local currency net revenue changes for the nine months ended May 31, 2016 compared to the nine months ended May 31, 2015:

#### Operating Groups

Communications, Media & Technology net revenues increased 11% in local currency. Consulting revenues reflected significant growth, driven by growth across all industry groups and geographic regions, led by Communications and Electronics & High Tech. Outsourcing revenue growth was driven by Media & Entertainment and Electronics & High Tech in North America, partially offset by a decline in Communications in North America.

Financial Services net revenues increased 12% in local currency. Consulting revenues reflected significant growth, driven by Banking & Capital Markets in Europe and Insurance across all geographic regions. Outsourcing revenues reflected modest growth, driven by both industry groups in Growth Markets and Banking & Capital Markets in North America.

Health & Public Service net revenues increased 12% in local currency. Consulting revenues reflected strong growth, driven by both industry groups in North America and Health in Growth Markets. Outsourcing revenues reflected very strong growth, driven by both industry groups in North America and Public Service in Growth Markets.



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Products net revenues increased 14% in local currency. Consulting revenues reflected very significant growth, driven by growth across all industry groups and geographic regions. Outsourcing revenues reflected modest growth, driven by Industrial in Europe and Life Sciences in North America and Europe. These outsourcing increases were partially offset by declines in Consumer Goods, Retail & Travel Services across all geographic regions, including the impact of the Navitaire divestiture.

Resources net revenues increased 3% in local currency. Consulting revenues reflected modest growth, led by Utilities across all geographic regions as well as Chemicals & Natural Resources in Europe. These increases were partially offset by declines in Chemicals & Natural Resources in Growth Markets and North America and Energy in Europe and Growth Markets. Outsourcing revenues reflected slight growth, driven by Utilities across all geographic regions, partially offset by declines in Energy across all geographic regions.

## Geographic Regions

North America net revenues increased 11% in local currency, driven by the United States.

Europe net revenues increased 13% in local currency, driven by the United Kingdom, Italy, Spain, Switzerland, Germany and France.

Growth Markets net revenues increased 7% in local currency, led by Japan, as well as China, India and Mexico.

## Operating Expenses

Operating expenses for the nine months ended May 31, 2016 increased \$1,009 million, or 5%, over the nine months ended May 31, 2015, and decreased as a percentage of revenues to 86.0% from 86.4% during this period. Operating expenses before reimbursable expenses for the nine months ended May 31, 2016 increased \$961 million, or 5%, over the nine months ended May 31, 2015, and decreased as a percentage of net revenues to 85.2% from 85.6% during this period.

## Cost of Services

Cost of services for the nine months ended May 31, 2016 increased \$965 million, or 6%, over the nine months ended May 31, 2015, and increased as a percentage of revenues to 70.5% from 70.2% during this period. Cost of services before reimbursable expenses for the nine months ended May 31, 2016 increased \$917 million, or 6%, over the nine months ended May 31, 2015, and increased as a percentage of net revenues to 68.8% from 68.5% during this period. Gross margin for the nine months ended May 31, 2016 decreased to 31.2% from 31.5% during this period. The reduction in gross margin for the nine months ended May 31, 2016 was principally due to higher labor costs and higher costs associated with acquisition activity compared to the nine months ended May 31, 2015.

## Sales and Marketing

Sales and marketing expense for the nine months ended May 31, 2016 increased \$59 million, or 2% over the nine months ended May 31, 2015, and decreased as a percentage of net revenues to 10.8% from 11.1% during this period. The decrease as a percentage of net revenues was principally due to improved operational efficiency in our business development activities.

## General and Administrative Costs

General and administrative costs for the nine months ended May 31, 2016 increased \$49 million, or 4%, over the nine months ended May 31, 2015, and decreased as a percentage of net revenues to 5.6% from 5.7% during this period.

## Pension Settlement Charge

We recorded a pension settlement charge of \$64 million during the nine months ended May 31, 2015 as a result of lump sum cash payments made from our U.S. defined benefit pension plan to former employees who elected to receive such payments.

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## Operating Income and Operating Margin

Operating income for the nine months ended May 31, 2016 increased \$273 million, or 8%, over the nine months ended May 31, 2015. During the nine months ended May 31, 2015, we recorded a pension settlement charge of \$64 million, which decreased operating margin by 30 basis points. Excluding the effect of the fiscal 2015 pension settlement charge, operating margin for the nine months ended May 31, 2016 increased 10 basis points compared with the nine months ended May 31, 2015.

Operating income and operating margin for each of the operating groups were as follows:

|                                    | Nine Months Ended             |                     |  |                     |                     |  |
|------------------------------------|-------------------------------|---------------------|--|---------------------|---------------------|--|
|                                    | May 31, 2016                  |                     |  | May 31, 2015        |                     |  |
|                                    | Operating<br>Income           | Operating<br>Margin |  | Operating<br>Income | Operating<br>Margin |  |
|                                    | (in millions of U.S. dollars) |                     |  |                     |                     |  |
| Communications, Media & Technology | \$750                         | 15 %                |  | \$628               | 13 %                |  |
| Financial Services                 | 848                           | 16                  |  | 792                 | 16                  |  |
| Health & Public Service            | 626                           | 14                  |  | 568                 | 14                  |  |
| Products                           | 924                           | 15                  |  | 817                 | 14                  |  |
| Resources                          | 469                           | 13                  |  | 537                 | 14                  |  |
| Total                              | \$3,615                       | 14.8 %              |  | \$3,342             | 14.4 %              |  |

Amounts in table may not total due to rounding.

## Operating Income and Operating Margin Excluding Pension Settlement Charge (Non-GAAP)

|                                    | Nine Months Ended  |                     |  |   |   |         |                                |                        |
|------------------------------------|--|---------------------|--|---|---|---------|--------------------------------|------------------------|
|                                    | May 31, 2016   |                     |  |   | May 31, 2015  |         |                                |                        |
|                                    | Operating<br>Income<br>and<br>Operating<br>Margin<br>as<br>Reported (GAAP) | Operating<br>Margin |  | Operating<br>Income<br>and<br>Operating<br>Margin<br>Excluding Pension Settlement<br>Charge<br>(Non-GAAP) | Operating<br>Income<br>and<br>Operating<br>Margin<br>Excluding Pension Settlement<br>Charge<br>(Non-GAAP) |         | Operating Margin<br>(Adjusted) | Increase<br>(Decrease) |
|                                    | Operating<br>Income  | Operating<br>Margin |  | Operating<br>Income   | Operating<br>Income   |         | Operating Margin<br>(Adjusted) |                        |
|                                    | (in millions of U.S. dollars)  |                     |  |   |   |         |                                |                        |
| Communications, Media & Technology | \$750  | 15%                 |  | \$628   | \$13  | \$641   | 14%                            | \$109                  |
| Financial Services                 | 848  | 16                  |  | 792   | 13  | 805     | 16                             | 43                     |
| Health & Public Service            | 626  | 14                  |  | 568   | 12  | 580     | 14                             | 46                     |
| Products                           | 924  | 15                  |  | 817   | 16  | 833     | 15                             | 91                     |
| Resources                          | 469  | 13                  |  | 537   | 11  | 548     | 15                             | (80)                   |
| Total                              | \$3,615  | 14.8%               |  | \$3,342   | \$64  | \$3,407 | 14.7%                          | \$209                  |

Amounts in table may not total due to rounding.

(1) Represents pension settlement charge related to lump sum cash payment from plan assets offered to eligible former employees.

We estimate that the aggregate percentage impact of foreign currency exchange rates on our Operating income during the nine months ended May 31, 2016 was similar to that disclosed for Net revenue. In addition, during the nine months ended May 31, 2016, each operating group experienced higher costs associated with acquisition activity. The commentary below provides insight into other factors affecting operating group performance and operating margin for

the nine months ended May 31, 2016 compared with the nine months ended May 31, 2015, exclusive of the pension settlement charge recorded in fiscal 2015:

• Communications, Media & Technology operating income increased primarily due to higher contract profitability and consulting revenue growth.

• Financial Services operating income increased primarily due to consulting revenue growth.

• Health & Public Service operating income increased due to revenue growth and higher contract profitability.



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Products operating income increased due to very significant consulting revenue growth and lower sales and marketing costs as a percentage of net revenues.

Resources operating income decreased primarily due to lower outsourcing contract profitability, partially offset by lower sales and marketing costs as a percentage of net revenues.

Gain on Sale of Business

We recorded a gain from the Navitaire divestiture of \$554 million during the nine months ended May 31, 2016. For additional information, refer to Note 4 (Business Combinations and Divestiture) to our Consolidated Financial Statements under Item 1, "Financial Statements."

Provision for Income Taxes

The effective tax rate for the nine months ended May 31, 2016 was 22.3%, compared with 25.3% for the nine months ended May 31, 2015. Absent the \$554 million gain on the Navitaire divestiture and related \$58 million in taxes recorded during the second quarter of fiscal 2016, the effective tax rate for the nine months ended May 31, 2016 would have been 24.2%. Absent the \$64 million pension settlement charge and related \$25 million in taxes recorded during the third quarter of fiscal 2015, the effective tax rate for the nine months ended May 31, 2015 would have been 25.6%. The effective tax rate for the nine months ended May 31, 2016 benefited from a final determination of U.S. Federal taxes for fiscal 2012. The effective tax rate for the nine months ended May 31, 2015 benefited from a final determination of U.S. Federal taxes for fiscal years 2010 and 2011. This was offset by expenses associated with an increase in deferred tax liabilities during the nine months ended May 31, 2015, when we concluded that certain undistributed earnings of its U.S. subsidiaries would no longer be considered permanently reinvested. For more information, see Note 1 (Basis of Presentation) to our Consolidated Financial Statements under Item 1, "Financial Statements."

Our provision for income taxes is based on many factors and subject to volatility year to year. We expect the fiscal 2016 annual effective tax rate to be in the range of 24% to 25%. The effective tax rate for a quarter can vary outside of the range because of timing of when certain events occur during the year.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the nine months ended May 31, 2016 increased \$6 million, or 4%, over the nine months ended May 31, 2015. The increase was due to higher Net income of \$733 million, primarily driven by the Gain on sale of business from the Navitaire divestiture, partially offset by a reduction in the Accenture Holdings plc ordinary shares and Accenture Canada Holdings Inc. exchangeable shares average noncontrolling interest during the nine months ended May 31, 2016.

Earnings Per Share

Diluted earnings per share were \$4.77 for the nine months ended May 31, 2016, compared with \$3.61 for the nine months ended May 31, 2015. The \$1.16 increase in our diluted earnings per share included both the impact of the Gain on sale of business, net of taxes, from the Navitaire divestiture, which increased diluted earnings per share for the nine months ended May 31, 2016 by \$0.74 and the impact of the pension settlement charge, net of taxes, which decreased diluted earnings per share for the nine months ended May 31, 2015 by \$0.06. Excluding these impacts, diluted earnings per share for the nine months ended May 31, 2016 increased \$0.36 compared with the nine months ended May 31, 2015, due to increases of \$0.23 from higher revenues and operating results, \$0.08 from a lower effective tax rate and \$0.06 from lower weighted average shares outstanding. These increases were partially offset by a decrease of \$0.01 from higher non-operating expense. For information regarding our earnings per share calculations, see Note 2 (Earnings Per Share) to our Consolidated Financial Statements under Item 1, "Financial Statements."

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## Liquidity and Capital Resources

As of May 31, 2016, Cash and cash equivalents was \$3.5 billion, compared with \$4.4 billion as of August 31, 2015. Cash flows from operating, investing and financing activities, as reflected in our Consolidated Cash Flows Statements, are summarized in the following table:

|  | Nine Months<br>Ended<br>May 31, May 31,<br>2016 2015 Change |          |          |
|--|---|----------|----------|
|  | (in millions of U.S.<br>dollars)                            |          |          |
| Net cash provided by (used in):                              |   |          |          |
| Operating activities   | \$2,520   | \$2,588  | \$ (68 ) |
| Investing activities   | (548 )  | (676 )   | 128      |
| Financing activities   | (2,809 )  | (2,594 ) | (215 )   |
| Effect of exchange rate changes on cash and cash equivalents | (26 )   | (213 )   | 187      |
| Net decrease in cash and cash equivalents                    | \$(863 )  | \$(895 ) | \$ 32    |

Operating activities: The year-over-year decrease in operating cash flow resulted from higher net income being more than offset by changes in operating assets and liabilities, including higher spending on certain compensation payments and lower collections on net client balances (receivables from clients, current and non-current unbilled services and deferred revenues).

Investing activities: Cash used in investing activities decreased \$128 million year-over-year, as higher spending on business acquisitions and property and equipment was more than offset by proceeds of \$618 million from the Navitaire divestiture. For additional information, see Note 4 (Business Combinations and Divestiture) to our Consolidated Financial Statements under Item 1, "Financial Statements."

Financing activities: The \$215 million increase in cash used in financing activities was primarily due to an increase in the net purchases of shares and an increase in cash dividends paid. For additional information, see Note 6 (Material Transactions Affecting Shareholders' Equity) to our Consolidated Financial Statements under Item 1, "Financial Statements."

We believe that our available cash balances and the cash flows expected to be generated from operations will be sufficient to satisfy our current and planned working capital and investment needs for the next twelve months. We also believe that our longer-term working capital and other general corporate funding requirements will be satisfied through cash flows from operations and, to the extent necessary, from our borrowing facilities and future financial market activities.

Substantially all of our cash is held in jurisdictions where there are no regulatory restrictions or material tax effects on the free flow of funds. Domestic cash inflows for our Irish parent, principally dividend distributions from lower-tier subsidiaries, have been sufficient to meet our historic cash requirements and we expect this to continue into the future.

## Borrowing Facilities

As of May 31, 2016, we had the following borrowing facilities, including the issuance of letters of credit, to support general working capital purposes:

|  | Facility<br>Amount            | Borrowings<br>Under<br>Facilities |
|--|-------------------------------|-----------------------------------|
|  | (in millions of U.S. dollars) |                                   |
| Syndicated loan facility   | \$ 1,000                      | \$ —                              |
| Separate, uncommitted, unsecured multicurrency revolving credit facilities | 506                           | —                                 |
| Local guaranteed and non-guaranteed lines of credit                        | 142                           | —                                 |
| Total  | \$ 1,648                      | \$ —                              |

Under the borrowing facilities described above, we had an aggregate of \$157 million of letters of credit outstanding as of May 31, 2016.

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## Share Purchases and Redemptions

The Board of Directors of Accenture plc has authorized funding for our publicly announced open-market share purchase program for acquiring Accenture plc Class A ordinary shares and for purchases and redemptions of Accenture plc Class A ordinary shares, Accenture Holdings plc ordinary shares and Accenture Canada Holdings Inc. exchangeable shares held by current and former members of Accenture Leadership and their permitted transferees. Our share purchase activity during the nine months ended May 31, 2016 was as follows:

|                                 | Accenture plc Class A Ordinary Shares               |          | Accenture Holdings plc Ordinary Shares and Accenture Canada Holdings Inc. Exchangeable Shares |        |
|---------------------------------|---|----------|---|--------|
|                                 | Shares  | Amount   | Shares  | Amount |
|                                 | (in millions of U.S. dollars, except share amounts) |          |   |        |
| Open-market share purchases (1) | 15,547,489  | \$ 1,612 | —   | \$ —   |
| Other share purchase programs   | —   | —        | 446,011   | 49     |
| Other purchases (2)             | 2,919,134   | 304      | —   | —      |
| Total                           | 18,466,623  | \$ 1,916 | 446,011   | \$ 49  |

We conduct a publicly announced, open-market share purchase program for Accenture plc Class A ordinary shares.

(1) These shares are held as treasury shares by Accenture plc and may be utilized to provide for select employee benefits, such as equity awards to our employees.

(2) During the nine months ended May 31, 2016, as authorized under our various employee equity share plans, we acquired Accenture plc Class A ordinary shares primarily via share withholding for payroll tax obligations due from employees and former employees in connection with the delivery of Accenture plc Class A ordinary shares under those plans. These purchases of shares in connection with employee share plans do not affect our aggregate available authorization for our publicly announced open-market share purchase and the other share purchase programs.

We intend to continue to use a significant portion of cash generated from operations for share repurchases during the remainder of fiscal 2016. The number of shares ultimately repurchased under our open-market share purchase program may vary depending on numerous factors, including, without limitation, share price and other market conditions, our ongoing capital allocation planning, the levels of cash and debt balances, other demands for cash, such as acquisition activity, general economic and/or business conditions, and board and management discretion.

Additionally, as these factors may change over the course of the year, the amount of share repurchase activity during any particular period cannot be predicted and may fluctuate from time to time. Share repurchases may be made from time to time through open-market purchases, in respect of purchases and redemptions of Accenture Holdings plc ordinary shares and Accenture Canada Holdings Inc. exchangeable shares, through the use of Rule 10b5-1 plans and/or by other means. The repurchase program may be accelerated, suspended, delayed or discontinued at any time, without notice.

## Other Share Redemptions

During the nine months ended May 31, 2016, we issued 669,434 Accenture plc Class A ordinary shares upon redemptions of an equivalent number of Accenture Holdings plc ordinary shares pursuant to our registration statement on Form S-3 (the “registration statement”). The registration statement allows us, at our option, to issue freely tradable Accenture plc Class A ordinary shares in lieu of cash upon redemptions of Accenture Holdings plc ordinary shares held by current and former members of Accenture Leadership and their permitted transferees.

For a complete description of all share purchase and redemption activity for the third quarter of fiscal 2016, see Part II, Item 2, “Unregistered Sales of Equity Securities and Use of Proceeds.”



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Off-Balance Sheet Arrangements

In the normal course of business and in conjunction with some client engagements, we have entered into contractual arrangements through which we may be obligated to indemnify clients with respect to certain matters.

To date, we have not been required to make any significant payment under any of the arrangements described above. For further discussion of these transactions, see Note 9 (Commitments and Contingencies) to our Consolidated Financial Statements under Item 1, "Financial Statements."

New Accounting Pronouncements

On March 31, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which simplifies the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities and classification on the cash flow statements. The ASU will be effective for us beginning September 1, 2017, including interim periods in our fiscal year 2018. We are in the process of determining whether to early adopt the standard, which is permitted, and assessing the impact of this ASU on our Consolidated Financial Statements.

On March 15, 2016, the FASB issued ASU No. 2016-07, Simplifying the Transition to the Equity Method of Accounting, which eliminates the requirement to retrospectively apply equity method accounting when an entity increases ownership or influence in a previously held investment. The ASU will be effective for us beginning September 1, 2017, including interim periods in our fiscal year 2018. We do not expect the adoption of this ASU to have a material impact on our Consolidated Financial Statements.

On February 25, 2016, the FASB issued ASU No. 2016-02, Leases, which amends existing guidance to require lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by long-term leases and to disclose additional quantitative and qualitative information about leasing arrangements. The ASU will be effective for us beginning September 1, 2019, including interim periods in our fiscal year 2020, and allows for a modified retrospective method upon adoption. We are assessing the impact of this ASU on our Consolidated Financial Statements.

On January 5, 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The ASU will be effective for us beginning September 1, 2018, including interim periods in our fiscal year 2019. We do not expect the adoption of this ASU to have a material impact on our Consolidated Financial Statements.

On November 20, 2015, the FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes, which amends existing guidance on income taxes to require the classification of all deferred tax assets and liabilities as non-current on the balance sheet. The ASU will be effective for us beginning September 1, 2017, including interim periods in our fiscal year 2018, and allows for both retrospective and prospective methods of transition upon adoption. We are in the process of determining whether to early adopt the standard, which is permitted, and assessing the impact of this ASU on our Consolidated Financial Statements.

On May 28, 2014, the FASB issued ASU No. 2014-09 (Accounting Standard Codification 606), Revenue from Contracts with Customers, which will replace most existing revenue recognition guidance in U.S. GAAP. The core principle of the ASU is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The ASU requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The ASU will be effective for us beginning September 1, 2018, including interim periods in our fiscal year 2019, and allows for both retrospective and modified retrospective methods of adoption. We will adopt the guidance on September 1, 2018 and apply the modified retrospective method. We are assessing the impact of this ASU on our Consolidated Financial Statements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

During the nine months ended May 31, 2016, there were no material changes to the information on market risk exposure disclosed in our Annual Report on Form 10-K for the year ended August 31, 2015. For a discussion of our market risk associated with foreign currency risk, interest rate risk and equity price risk as of August 31, 2015, see

“Quantitative and Qualitative Disclosures About Market Risk” in Part II, Item 7A, of our Annual Report on Form 10-K for the year ended August 31, 2015.

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ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Based on that evaluation, the principal executive officer and the principal financial officer of Accenture plc have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the third quarter of fiscal 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.



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## PART II — OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

The information set forth under “Legal Contingencies” in Note 9 (Commitments and Contingencies) to our Consolidated Financial Statements under Part I, Item 1, “Financial Statements,” is incorporated herein by reference.

## ITEM 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, see the information under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended August 31, 2015. There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended August 31, 2015.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

## Purchases and Redemptions of Accenture plc Class A Ordinary Shares and Class X Ordinary Shares

The following table provides information relating to our purchases of Accenture plc Class A ordinary shares and redemptions of Accenture plc Class X ordinary shares during the third quarter of fiscal 2016.

| Period                         | Total Number of Shares Purchased | Average Price Paid per Share (1) | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2) | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3) |
|--------------------------------|----------------------------------|----------------------------------|--|--|
|                                |                                  |                                  |  | (in millions of U.S. dollars)  |
| March 1, 2016 — March 31, 2016 |                                  |                                  |  |  |
| Class A ordinary shares        | 1,422,710                        | \$106.96                         | 1,397,387  | \$ 6,224   |
| Class X ordinary shares        | 127,692                          | \$0.0000225                      | —  | —  |
| April 1, 2016 — April 30, 2016 |                                  |                                  |  |  |
| Class A ordinary shares        | 1,261,142                        | \$114.42                         | 1,247,675  | \$ 6,072   |
| Class X ordinary shares        | 123,700                          | \$0.0000225                      | —  | —  |
| May 1, 2016 — May 31, 2016     |                                  |                                  |  |  |
| Class A ordinary shares        | 1,342,052                        | \$116.00                         | 1,227,798  | \$ 5,920   |
| Class X ordinary shares        | 382,195                          | \$0.0000225                      | —  | —  |
| Total                          |                                  |                                  |  |  |
| Class A ordinary shares (4)    | 4,025,904                        | \$112.31                         | 3,872,860  |  |
| Class X ordinary shares (5)    | 633,587                          | \$0.0000225                      | —  |  |

(1) Average price paid per share reflects the total cash outlay for the period, divided by the number of shares acquired, including those acquired by purchase or redemption for cash and any acquired by means of employee forfeiture.

(2) Since August 2001, the Board of Directors of Accenture plc has authorized and periodically confirmed a publicly announced open-market share purchase program for acquiring Accenture plc Class A ordinary shares. During the third quarter of fiscal 2016, we purchased 3,872,860 Accenture plc Class A ordinary shares under this program for an aggregate price of \$435 million. The open-market purchase program does not have an expiration date.

(3) As of May 31, 2016, our aggregate available authorization for share purchases and redemptions was \$5,920 million, which management has the discretion to use for either our publicly announced open-market share purchase program or the other share purchase programs. Since August 2001 and as of May 31, 2016, the Board of Directors of Accenture plc has authorized an aggregate of \$30,100 million for purchases and redemptions of Accenture plc Class A ordinary shares, Accenture Holdings plc ordinary shares or Accenture Canada Holdings Inc. exchangeable shares.

(4) During the third quarter of fiscal 2016, Accenture purchased 153,044 Accenture plc Class A ordinary shares in transactions unrelated to publicly announced share plans or programs. These transactions consisted of acquisitions of Accenture plc Class A ordinary shares primarily via share withholding for payroll tax obligations due from employees and former employees in connection with the delivery of Accenture plc Class A ordinary shares under

our various employee equity share plans. These purchases of shares in connection with employee

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share plans do not affect our aggregate available authorization for our publicly announced open-market share purchase and the other share purchase programs.

(5) Accenture plc Class X ordinary shares are redeemable at their par value of \$0.0000225 per share.

Purchases and Redemptions of Accenture Holdings plc Ordinary Shares and Accenture Canada Holdings Inc. Exchangeable Shares

The following table provides additional information relating to our purchases and redemptions of Accenture Holdings plc ordinary shares and Accenture Canada Holdings Inc. exchangeable shares for cash during the third quarter of fiscal 2016. We believe that the following table and footnotes provide useful information regarding the share purchase and redemption activity of Accenture. Generally, purchases and redemptions of Accenture Holdings plc ordinary shares and Accenture Canada Holdings Inc. exchangeable shares for cash and employee forfeitures reduce shares outstanding for purposes of computing diluted earnings per share.

| Period                         | Total Number of Shares Purchased (1) | Average Price Paid per Share (2) | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3) |
|--------------------------------|--------------------------------------|----------------------------------|--|--|
| Accenture Holdings plc         |                                      |                                  |  |  |
| March 1, 2016 — March 31, 2016 | 63,004                               | \$ 114.67                        | —  | —  |
| April 1, 2016 — April 30, 2016 | 76,140                               | \$ 114.91                        | —  | —  |
| May 1, 2016 — May 31, 2016     | 86,140                               | \$ 114.51                        | —  | —  |
| Total                          | 225,284                              | \$ 114.69                        | —  | —  |
| Accenture Canada Holdings Inc. |                                      |                                  |  |  |
| March 1, 2016 — March 31, 2016 | —                                    | \$ —                             | —  | —  |
| April 1, 2016 — April 30, 2016 | 2,600                                | \$ 115.05                        | —  | —  |
| May 1, 2016 — May 31, 2016     | —                                    | \$ —                             | —  | —  |
| Total                          | 2,600                                | \$ 115.05                        | —  | —  |

(1) During the third quarter of fiscal 2016, we acquired a total of 225,284 Accenture Holdings plc ordinary shares and 2,600 Accenture Canada Holdings Inc. exchangeable shares from current and former members of Accenture Leadership and their permitted transferees by means of purchase or redemption for cash, or employee forfeiture, as applicable. In addition, during the third quarter of fiscal 2016, we issued 289,892 Accenture plc Class A ordinary shares upon redemptions of an equivalent number of Accenture Holdings plc ordinary shares pursuant to a registration statement.

(2) Average price paid per share reflects the total cash outlay for the period, divided by the number of shares acquired, including those acquired by purchase or redemption for cash and any acquired by means of employee forfeiture.

(3) For a discussion of our aggregate available authorization for share purchases and redemptions through either our publicly announced open-market share purchase program or the other share purchase programs, see the “Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs” column of the “Purchases and Redemptions of Accenture plc Class A Ordinary Shares and Class X Ordinary Shares” table above and the applicable footnote.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) None.

(b) None.

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ITEM 6. EXHIBITS

Exhibit Index:

| Exhibit<br>Number | Exhibit   |
|-------------------|---|
| 3.1               | Amended and Restated Memorandum and Articles of Association of Accenture plc (incorporated by reference to Exhibit 3.1 to Accenture plc’s 8-K filed on February 3, 2016)  |
| 10.1              | Memorandum and Articles of Association and Deed Poll of Accenture Holdings plc (incorporated by reference to Exhibit 3.1 to Accenture Holdings plc’s 8-K12G3 filed on August 26, 2015)  |
| 31.1              | Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)  |
| 31.2              | Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)  |
| 32.1              | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)  |
| 32.2              | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)  |
| 101               | The following financial information from Accenture plc’s Quarterly Report on Form 10-Q for the quarterly period ended May 31, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of May 31, 2016 (Unaudited) and August 31, 2015, (ii) Consolidated Income Statements (Unaudited) for the three and nine months ended May 31, 2016 and 2015, (iii) Consolidated Statements of Comprehensive Income (Unaudited) for the three and nine months ended May 31, 2016 and 2015, (iv) Consolidated Shareholders’ Equity Statement (Unaudited) for the nine months ended May 31, 2016, (v) Consolidated Cash Flows Statements (Unaudited) for the nine months ended May 31, 2016 and 2015 and (vi) the Notes to Consolidated Financial Statements (Unaudited) |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: June 23, 2016

ACCENTURE PLC

By: /s/ David P. Rowland

Name: David P. Rowland

Title: Chief Financial Officer

(Principal Financial Officer and Authorized Signatory)