ALLETE INC
Form 10-K
February 15, 2018

United States
Securities and Exchange Commission
Washington, D.C. 20549
Form 10-K
(Mark
One)
T Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2017

£ 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 1-3548
ALLETE, Inc.
(Exact name of registrant as specified in its charter)

Minnesota	41-0418150
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

30 West Superior Street, Duluth, Minnesota 55802-2093
(Address of principal executive offices, including zip code)
(218) 279-5000
(Registrant’s telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, without par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 x No ¨

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated

filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):
Large Accelerated Filer x Accelerated Filer ¨ Non-Accelerated Filer ¨
Smaller Reporting Company ¨ Emerging Growth Company ¨
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

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

The aggregate market value of voting stock held by nonaffiliates on June 30, 2017, was $3,637,956,646.

As of February 1, 2018, there were 51,143,656 shares of ALLETE Common Stock, without par value, outstanding.

Documents Incorporated By Reference
Portions of the Proxy Statement for the 2018 Annual Meeting of Shareholders are incorporated by reference in Part III.

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Definitions

The following abbreviations or acronyms are used in the text. References in this report to "we," "us" and "our" are to ALLETE, Inc. and its subsidiaries, collectively.

Abbreviation or Acronym	Term
AFUDC	Allowance for Funds Used During Construction - the cost of both debt and equity funds used to finance utility plant additions during construction periods
ALLETE	ALLETE, Inc.
ALLETE Clean Energy	ALLETE Clean Energy, Inc. and its subsidiaries
ALLETE Properties	ALLETE Properties, LLC and its subsidiaries
ALLETE Transmission Holdings	ALLETE Transmission Holdings, Inc.
ArcelorMittal	ArcelorMittal USA, Inc.
ASC	Accounting Standards Codification
ATC	American Transmission Company LLC
Basin	Basin Electric Power Cooperative
Bison	Bison Wind Energy Center
BNI Energy	BNI Energy, Inc. and its subsidiary
Boswell	Boswell Energy Center
Camp Ripley	Camp Ripley Solar Array
CIP	Conservation Improvement Program
Cliffs	Cleveland-Cliffs Inc.
CO_2	Carbon Dioxide
Company	ALLETE, Inc. and its subsidiaries
DC	Direct Current
EIS	Environmental Impact Statement
EITE	Energy-Intensive Trade-Exposed
EPA	United States Environmental Protection Agency
ERP Iron Ore	ERP Iron Ore, LLC
ESOP	Employee Stock Ownership Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Form 8-K	ALLETE Current Report on Form 8-K
Form 10-K	ALLETE Annual Report on Form 10-K
Form 10-Q	ALLETE Quarterly Report on Form 10-Q
GAAP	Generally Accepted Accounting Principles in the United States of America
GHG	Greenhouse Gases
GNTL	Great Northern Transmission Line
Invest Direct	ALLETE's Direct Stock Purchase and Dividend Reinvestment Plan
IRP	Integrated Resource Plan
Item ___	Item ___ of this Form 10-K
kV	Kilovolt(s)
kW / kWh	Kilowatt(s) / Kilowatt-hour(s)
Laskin	Laskin Energy Center
LIBOR	London Interbank Offered Rate
Magnetation	Magnetation, LLC
Manitoba Hydro	Manitoba Hydro-Electric Board
MBtu	Million British thermal units

Definitions (continued)
Abbreviation or Acronym

Mesabi Metallics

Minnesota Power

Minnkota Power

MISO

Our business depends on generating and maintaining ongoing, profitable client demand for our services and solutions, includin
expansion of our services and solutions in response to ongoing changes in technology and offerings, and a significant reductio
inability to respond to the evolving technological environment could materially affect our results of operations.
Our revenue and profitability depend on the demand for our services and solutions with favorable margins, which could be neg
factors, many of which are beyond our control and unrelated to our work product. As described above, volatile, negative or unc
political conditions and lower growth in the markets we serve have adversely affected and could in the future adversely affect c
and solutions. Our success depends, in part, on our ability to continue to develop and implement services and solutions that ant
and continuing changes in technology and offerings to serve the evolving needs of our clients. Examples of areas of significant
cloud- and security-related offerings, which are continually evolving, as well as developments in areas such as artificial intellig
automation, blockchain, Internet of Things, quantum computing and as-a-service solutions. Technological developments may n
use of technology by our clients and, in the case of as-a-service solutions, could affect the nature of how we generate revenue. S
have reduced and replaced some of our historical services and solutions and may continue to do so in the future. This has cause
cause, clients to delay spending under existing contracts and engagements and to delay entering into new contracts while they e
Such delays can negatively impact our results of operations if the pace and level of spending on new technologies is not suffici
Developments in the industries we serve, which may be rapid, also could shift demand to new services and solutions. If, as a re
changes in the industries we serve, our clients demand new services and solutions, we may be less competitive in these new are
investment to meet that demand. Our growth strategy focuses on responding to these types of developments by driving innovat
expand our business into new growth areas. If we do not sufficiently invest in new technology and adapt to industry developme
business at sufficient speed and scale, or if we do not make the right strategic investments to respond to these developments an
innovation, our services and

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solutions, our results of operations, and our ability to develop and maintain a competitive advantage and to execute on our grov
negatively affected.
We operate in a rapidly evolving environment in which there currently are, and we expect will continue to be, new technology
technologies offered by competitors or new entrants may make our offerings less differentiated or less competitive when comp
which may adversely affect our results of operations. In addition, companies in the industries we serve sometimes seek to achie
other synergies by combining with or acquiring other companies. If one of our current clients merges or consolidates with a co
provider for the services and solutions we offer, we may lose work from that client or lose the opportunity to gain additional w
generating new opportunities from the merger or consolidation. At any given time in a particular operating group, business, ind
small number of clients could contribute a significant portion of our consolidated revenues, and any decision by such a client to
spending on our services and solutions could have a disproportionate impact on the results of operations in the relevant operati
and/or geography.
Many of our consulting contracts are less than 12 months in duration, and these contracts typically permit a client to terminate
30 days' notice. Longer-term, larger and more complex contracts, such as the majority of our outsourcing contracts, generally r
for termination and often include an early termination charge to be paid to us, but this charge might not be sufficient to cover o
anticipated ongoing revenues and profits lost upon termination of the contract. Many of our contracts allow clients to terminate
spending on the services and solutions we provide. Additionally, a client could choose not to retain us for additional stages of a
terms of its contract or cancel or delay additional planned work. When contracts are terminated or not renewed, we lose the ant
take significant time to replace the level of revenues lost. Consequently, our results of operations in subsequent periods could b
expected. The specific business or financial condition of a client, changes in management and changes in a client's strategy are
in terminations, cancellations or delays.
If we are unable to keep our supply of skills and resources in balance with client demand around the world and attract and retai
leadership skills, our business, the utilization rate of our professionals and our results of operations may be materially adversel
Our success is dependent, in large part, on our ability to keep our supply of market-leading skills and capabilities in balance wi
world and our ability to attract and retain personnel with the knowledge and skills to lead our business globally. We must hire
appropriate numbers of talented people with diverse skills in order to serve clients across the globe, respond quickly to rapid an
technology, industry and the macroeconomic environment, and constantly innovate to grow our business. For example, if we a
employees to keep pace with the rapid and continuous changes in technology and the industries we serve or changes in the type
clients are demanding, we may not be able to innovate and deliver new services and solutions to fulfill client demand. There is
talent with market-leading skills and capabilities in new technologies, and our competitors have directly targeted our employee
sought-after skills and may continue to do so. As a result, we may be unable to cost-effectively hire and retain employees with
which may cause us to incur increased costs. As technology evolves and we expand our services and solutions, we must also hi
number of professionals with unique and highly specialized skills.
We are particularly dependent on retaining members of Accenture Leadership with critical capabilities. If we are unable to do s
generate new business opportunities and effectively lead large and complex transformations and client relationships could be je
identifying, developing and retaining top talent to innovate and lead our businesses. This includes developing talent and leader
markets, where the depth of skilled employees may be limited, and competition for these resources is intense. Our ability to exp
in large part, on our ability to attract, develop, retain and integrate both leaders for the local business and people with critical c
Similarly, our profitability depends on our ability to effectively source and staff people with the right mix of skills and experien
clients, including our ability to transition employees to new assignments on a timely basis. If we are unable to effectively deplo
timely basis to fulfill the needs of our clients, our profitability could suffer. If the utilization rate of our professionals is too hig
effect on employee engagement and attrition, the quality of the work performed as well as our ability to staff projects. If our uti
profitability and the engagement of our employees could suffer. The costs associated with recruiting and training employees ar
element of our global business model is the deployment of our employees around the world, which allows us to move talent as
not

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able to deploy the talent we need because of increased regulation of immigration or work visas, including limitations placed on
granted, limitations on the type of work performed or location in which the work can be performed, and new or higher minimu
be more difficult to staff our employees on client engagements and could increase our costs.
Our equity-based incentive compensation plans are designed to reward high-performing individuals for their contributions and
remain with us. If the anticipated value of such incentives does not materialize because of volatility or lack of positive perform
our total compensation package is not viewed as being competitive, our ability to attract and retain the personnel we need coul
addition, if we do not obtain the shareholder approval needed to continue granting equity awards under our share plans in the a
necessary, our ability to attract and retain personnel could be negatively affected.
There is a risk that at certain points in time, and in certain geographical regions, we will find it difficult to hire and retain a suff
with the skills or backgrounds to meet current and/or future demand. In these cases, we might need to redeploy existing person
subcontractors to fill certain labor needs, and if not done effectively, our profitability could be negatively impacted. Additional
and solutions were to escalate at a high rate, we may need to adjust our compensation practices, which could put upward pressu
affect our profitability if we are unable to recover these increased costs. At certain times, however, we may also have more per
skill sets or geographies or at compensation levels that are not aligned with skill sets. In these situations, we have engaged, and
actions to rebalance our resources, including reducing the rate of new hires and increasing involuntary terminations as a means
and resources in balance with client demand. If we are not successful in these initiatives, our results of operations could be adv
We could face legal, reputational and financial risks if we fail to protect client and/or Accenture data from security breaches or
We are dependent on information technology networks and systems to securely process, transmit and store electronic informati
among our locations around the world and with our people, clients, alliance partners and vendors. As the breadth and complexi
continues to grow, including as a result of the use of mobile technologies, social media and cloud-based services, the risk of se
cyberattacks increases. Such breaches could lead to shutdowns or disruptions of or damage to our systems and those of our clie
vendors, and unauthorized disclosure of sensitive or confidential information, including personal data. In the past, we have exp
breaches resulting from unauthorized access to our and our service providers' systems, which to date have not had a material i
however, there is no assurance that such impacts will not be material in the future.
In providing services and solutions to clients, we often manage, utilize and store sensitive or confidential client or Accenture d
and we expect these activities to increase, including through the use of artificial intelligence, the internet of things and analytic
sensitive or confidential client or Accenture data, whether through systems failure, employee negligence, fraud, misappropriati
unintentional acts, could damage our reputation, cause us to lose clients and could result in significant financial exposure. Simi
or through our or our service providers' information systems or those we develop for our clients, whether by our employees or
cyberattack by computer programmers, hackers, members of organized crime and/or state-sponsored organizations, who contin
viruses, ransomware or other malicious software programs or social engineering attacks, could result in negative publicity, sig
legal liability, damage to our reputation and government sanctions and could have a material adverse effect on our results of op
are constantly expanding and evolving, thereby increasing the difficulty of detecting and defending against them and maintaini
and protocols.
We are subject to numerous laws and regulations designed to protect this information, such as the European Union's General D
("GDPR"), which became effective in May 2018, various U.S. federal and state laws governing the protection of health or othe
information and data privacy and cybersecurity laws in other regions. These laws and regulations are increasing in complexity
frequently and increasingly conflict among the various countries in which we operate, which has resulted in greater compliance
GDPR imposes new compliance obligations regarding the handling of personal data and has significantly increased financial p
For example, failure to comply with the GDPR may lead to regulatory enforcement actions, which can result in monetary pena
revenue, orders to discontinue certain data processing operations, private lawsuits, or reputational damage. If any person, inclu
negligently disregards or intentionally breaches our established controls with respect to client or Accenture data, or otherwise n
that data, we could be subject to

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significant litigation, monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more juris
damages might not be subject to a contractual limit of liability or an exclusion of consequential or indirect damages and could b
liability insurance, which includes cyber insurance, might not be sufficient in type or amount to cover us against claims related
cyberattacks and other related breaches.

The markets in which we operate are highly competitive, and we might not be able to compete effectively.

The markets in which we offer our services and solutions are highly competitive. Our competitors include:

- large multinational providers, including the services arms of large global technology providers (hardware, equipment and softw the services and solutions that we do;
- off-shore service providers in lower-cost locations, particularly in India, that offer services globally that are similar to the servi
- accounting firms that provide consulting and other services and solutions in areas that compete with us;
- solution or service providers that compete with us in a specific geographic market, industry segment or service area, inclu agencies and emerging start-ups and other companies that can scale rapidly to focus on or disrupt certain markets and pro products, services or delivery models; and
- in-house departments of large corporations that use their own resources, rather than engage an outside firm for the types of serv provide.

Some competitors may have greater financial, marketing or other resources than we do and, therefore, may be better able to co
skilled professionals, may be able to innovate and provide new services and solutions faster than we can or may be able to antic
and solutions before we do.

Even if we have potential offerings that address marketplace or client needs, competitors may be more successful at selling sim
including to companies that are our clients. Some competitors are more established in certain markets, and that may make exec
expansion strategy in these markets more challenging. Additionally, competitors may also offer more aggressive contractual te
ability to win work. Our future performance is largely dependent on our ability to compete successfully in the markets we curre
into additional markets. If we are unable to compete successfully, we could lose market share and clients to competitors, which
affect our results of operations.

In addition, we may face greater competition due to consolidation of companies in the technology sector through strategic merg
Consolidation activity may result in new competitors with greater scale, a broader footprint or offerings that are more attractive
access to certain technology products and services may be reduced as a result of this consolidation. Additionally, vertically inte
offer as a single provider more integrated services (software and hardware) to clients than we can in some cases and therefore m
alternative to clients. If buyers of services favor using a single provider for an integrated technology stack, such buyers may di
competitors, and this could materially adversely affect our competitive position and our results of operations.

Changes in our level of taxes, as well as audits, investigations and tax proceedings, or changes in tax laws or in their interpretat
have a material adverse effect on our effective tax rate, results of operations, cash flows and financial condition.

We are subject to taxes in numerous jurisdictions. We calculate and provide for taxes in each tax jurisdiction in which we opera
involves complex matters and requires our judgment to determine our worldwide provision for income taxes and other tax liabi
ongoing audits, investigations and tax proceedings in various jurisdictions. Tax authorities have disagreed, and may in the futur
judgments, and are taking increasingly aggressive positions opposing the judgments we make, including with respect to our int
regularly assess the likely outcomes of our audits, investigations and tax proceedings to determine the appropriateness of our ta
judgments might not be sustained as a result of these audits, investigations and tax proceedings, and the amounts ultimately pai
from the amounts previously recorded.

In addition, our effective tax rate in the future could be adversely affected by challenges to our intercompany transactions, cha
deferred tax assets and liabilities and changes in tax laws or in their interpretation or enforcement, changes in the mix of earnin
statutory tax rates, the expiration of current tax benefits and changes in accounting principles, including the U.S. generally acce
Tax rates in the jurisdictions in which we operate may change materially as a result of shifting economic conditions

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and tax policies. In addition, changes in tax laws, treaties or regulations, or their interpretation or enforcement, have become m
become more stringent, which could materially adversely affect our tax position.
A number of countries where we do business, including the United States and many countries in the European Union, have imp
implementing, changes in relevant tax, accounting and other laws, regulations and interpretations. For example, in December 2
Cuts and Jobs Act (the "Tax Act"), which significantly changed U.S. tax law. The Tax Act's "base erosion and anti-abuse tax"
thereunder, could adversely impact our ongoing effective tax rate by imposing taxes on our intercompany transactions and limi
certain expenses.
The overall tax environment has made it increasingly challenging for multinational corporations to operate with certainty abou
jurisdictions. For example, the European Commission has been conducting investigations, focusing on whether local country ta
provide preferential tax treatment that violates European Union state aid rules. Furthermore, the Organization for Economic Co
("OECD"), which represents a coalition of member countries, is supporting changes to numerous long-standing tax principles t
profit shifting project, which is focused on a number of issues, including the shifting of profits among affiliated entities located
The changes recommended by the OECD have been or are being adopted by many of the countries in which we do business. In
Commission has expanded upon the OECD guidelines with anti-tax avoidance directives to be applied by its member states. A
directives require companies to provide increased country-by-country disclosure of their financial information to tax authorities
disagreements by jurisdictions over the proper allocation of profits between them. The increasingly complex global tax environ
adverse effect on our effective tax rate, results of operations, cash flows and financial condition.
Although we expect to be able to rely on the tax treaty between the United States and Ireland, legislative or diplomatic action c
may be amended in such a way, that would prevent us from being able to rely on such treaty. Our inability to rely on the treaty
taxation or significant additional expense. In addition, congressional proposals could change the definition of a U.S. person for
purposes, which could also subject us to increased taxation. In addition, we could be materially adversely affected by future ch
in their interpretation or enforcement) in Ireland or other jurisdictions where we operate, including their treaties with Ireland or
changes could be exacerbated by economic, budget or other challenges facing Ireland or these other jurisdictions.
Our profitability could materially suffer if we are unable to obtain favorable pricing for our services and solutions, if we are un
our cost-management strategies are unsuccessful or if we experience delivery inefficiencies.
Our profitability is highly dependent on a variety of factors and could be materially impacted by any of the following:
Our results of operations could materially suffer if we are not able to obtain sufficient pricing to meet our profitability expectat
obtain favorable pricing for our services and solutions, our revenues and profitability could materially suffer. The rates we are
and solutions are affected by a number of factors, including:

- general economic and political conditions;
- our clients' desire to reduce their costs;
- the competitive environment in our industry;
- our ability to accurately estimate our service delivery costs, upon which our pricing is sometimes determined, includes our abil inflation and foreign exchange on our service delivery costs over long-term contracts; and
- the procurement practices of clients and their use of third-party advisors.

Our profitability could suffer if we are not able to remain competitive. The competitive environment in our industry affects our
contracts at our target economics in a number of ways, any of which could have a material negative impact on our results of op
to differentiate our services and solutions and/or clearly convey the value of our services and solutions, the more risk we have i
sufficient volumes and at our target pricing and overall economics. In addition, the introduction of new services or products by
ability to obtain favorable pricing and impact our overall economics for the services or solutions we offer. Competitors may be
contracts lower than us in an effort to enter the market or increase market share.

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Our profitability could suffer if our cost-management strategies are unsuccessful, and we may not be able to improve our profit
or maintain our profitability is dependent on our being able to successfully manage our costs, including taking actions to reduce
management strategies include maintaining appropriate alignment between the demand for our services and solutions and the w
them. If we are not effective in managing our operating costs in response to changes in demand or pricing, or if we are unable t
retain personnel with the knowledge and skills necessary to deliver our services and solutions, particularly in areas of new tech
the right geographic locations, we may incur increased costs, which could reduce our ability to continue to invest in our busine
achieve our planned rates of growth and our desired levels of profitability.
If we do not accurately anticipate the cost, risk and complexity of performing our work or if third parties upon whom we rely d
then our contracts could have delivery inefficiencies and be less profitable than expected or unprofitable. Our contract profitabi
our forecasts regarding the effort and cost necessary to deliver our services and solutions, which are based on available data and
materially inaccurate. If we do not accurately estimate the effort, costs or timing for meeting our contractual commitments and/
a client's satisfaction, our contracts could yield lower profit margins than planned or be unprofitable. Similarly, if we experienc
difficulties due to our management, the failure of third parties to meet their commitments or for any other reason, our contracts
margins than planned or be unprofitable. In particular, large and complex arrangements often require that we utilize subcontrac
solutions incorporate or coordinate with the software, systems or infrastructure requirements of other vendors and service provi
with which we have alliances. Our profitability depends on the ability of these subcontractors, vendors and service providers to
services in a timely manner and in accordance with the project requirements, as well as on our effective oversight of their perfo
subcontractors are small firms, and they might not have the resources or experience to successfully integrate their services or pr
engagements or enterprises. Some of this work involves new technologies, which may not work as intended or may take more e
initially predicted. In addition, certain client work requires the use of unique and complex structures and alliances, some of whi
responsibility for the performance of third parties whom we do not control. Any of these factors could adversely affect our abil
to additional liabilities, which could have a material adverse effect on our relationships with clients and on our results of operat
Our results of operations could be materially adversely affected by fluctuations in foreign currency exchange rates.
Although we report our results of operations in U.S. dollars, a majority of our net revenues is denominated in currencies other t
Unfavorable fluctuations in foreign currency exchange rates have had an adverse effect, and could in the future have a material
of operations.
Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, expenses and income,
liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, changes in the v
other currencies will affect our net revenues, operating income and the value of balance-sheet items, including intercompany pa
originally denominated in other currencies. These changes cause our growth in consolidated earnings stated in U.S. dollars to b
growth in local currency when compared against other periods. Our currency hedging programs, which are designed to partially
consolidated earnings related to the changes in value of certain balance sheet items, might not be successful. Additionally, som
may be denominated in currencies for which there is no available market to hedge.
As we continue to leverage our global delivery model, more of our expenses are incurred in currencies other than those in whic
services. An increase in the value of certain currencies, such as the Indian rupee or Philippine peso, against the currencies in wh
could increase costs for delivery of services at off-shore sites by increasing labor and other costs that are denominated in local c
provisions or cost management efforts might not be able to offset their impact, and our currency hedging activities, which are d
impact, might not be successful. This could result in a decrease in the profitability of our contracts that are utilizing delivery ce
decrease in the value of certain currencies, such as the Indian rupee or Philippine peso, against the currencies in which our reve
at a competitive disadvantage compared to service providers that benefit to a greater degree from such a decrease and can, as a
lower cost. In addition, our currency hedging activities are themselves subject to risk. These include risks related to counterpart
contracts, risks related to ineffective hedges and risks related to currency fluctuations. We also face risks that extreme economi
instability, or hostilities or disasters of the type described below could impact or perhaps eliminate the underlying

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exposures that we are hedging. Such an event could lead to losses being recognized on the currency hedges then in place that ar
changes in the underlying hedge exposure.
As a result of our geographically diverse operations and our growth strategy to continue geographic expansion, we are more su
We have offices and operations in more than 200 cities in 52 countries around the world. One aspect of our growth strategy is t
markets around the world. Our growth strategy might not be successful. If we are unable to manage the risks of our global oper
expansion strategy, including the concentration of our global delivery capability in India and the Philippines, international host
natural disasters and security breaches, failure to maintain compliance with our clients' control requirements and multiple legal
results of operations and ability to grow could be materially adversely affected. In addition, emerging markets generally involv
operational risks, such as those described below, than our more mature markets. Negative or uncertain political climates in cou
we operate could also adversely affect us.
Our global delivery capability is concentrated in India and the Philippines, which may expose us to operational risks. Our busin
global delivery capability, which includes Accenture personnel based at more than 50 delivery centers around the world. While
located throughout the world, we have based large portions of our delivery capability in India, where we have the largest numb
delivery centers, and the Philippines, where we have the second largest number of people located. Concentrating our global del
locations presents a number of operational risks, including those listed in the following paragraph, many of which are beyond o
continuity and disaster recovery plans may not be effective, particularly if catastrophic events occur. If any of these circumstan
risk that interruptions in communications with our clients and other Accenture locations and personnel, and any down-time in i
for clients, could result in a material adverse effect on our results of operations and our reputation in the marketplace.
International hostilities, terrorist activities, natural disasters, pandemics and infrastructure disruptions could prevent us from eff
and thus adversely affect our results of operations. Acts of terrorist violence; political unrest; regional and international hostiliti
to these hostilities; natural disasters, volcanic eruptions, sea level rise, floods, droughts and the increasing frequency and severi
conditions; health emergencies or pandemics or the threat of or perceived potential for these events; and other acts of god could
These events could adversely affect our clients' levels of business activity and precipitate sudden and significant changes in reg
conditions and cycles. These events also pose significant risks to our people and to physical facilities and operations around the
are ours or those of our alliance partners, suppliers or clients. By disrupting communications and travel and increasing the diffic
retaining highly skilled and qualified personnel, these events could make it difficult or impossible for us to deliver our services
Extended disruptions of electricity, other public utilities or network services at our facilities, as well as physical infrastructure c
cyberattacks on, or security breaches in, our facilities or systems, could also adversely affect our ability to conduct our business
might be unable to protect our people, facilities and systems against all such occurrences. We generally do not have insurance f
caused by terrorist attacks, conflicts and wars. If these disruptions prevent us from effectively serving our clients, our results of
affected.
We could be subject to strict restrictions on the movement of cash and the exchange of foreign currencies. In some countries, w
restrictions on the movement of cash and the exchange of foreign currencies, which would limit our ability to use this cash acro
expose us to more extreme currency fluctuations. This risk could increase as we continue our geographic expansion in key mar
include emerging markets that are more likely to impose these restrictions than more established markets.
Our global operations expose us to numerous and sometimes conflicting legal and regulatory requirements, and violation of the
business. We are subject to numerous, and sometimes conflicting, legal regimes on matters as diverse as anticorruption, import
requirements, trade restrictions, tariffs, taxation, sanctions, immigration, internal and disclosure control obligations, securities r
anti-money-laundering, data privacy and protection, government compliance, wage-and-hour standards, and employment and la
nature of our operations, including emerging markets where legal systems may be less developed or understood by us, and the c
operations across a number of regulated industries, further increase the difficulty of compliance. Compliance with diverse legal
time-consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our busines
fines, enforcement actions or criminal sanctions against us and/or our employees,

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prohibitions on doing business and damage to our reputation. Violations of these regulations in connection with the performanc
clients also could result in liability for significant monetary damages, fines, enforcement actions and/or criminal prosecution or
publicity and other reputational damage and restrictions on our ability to effectively carry out our contractual obligations and th
claims from our clients. Due to the varying degrees of development of the legal systems of the countries in which we operate, l
developed or provide sufficiently clear guidance and may be insufficient to protect our rights.

In particular, in many parts of the world, including countries in which we operate and/or seek to expand, practices in the local b
conform to international business standards and could violate anticorruption laws, or regulations, including the U.S. Foreign Co
UK Bribery Act 2010. Our employees, subcontractors, vendors, agents, alliance or joint venture partners, the companies we acq
subcontractors, vendors and agents, and other third parties with which we associate, could take actions that violate policies or p
promote legal and regulatory compliance or applicable anticorruption laws or regulations. Violations of these laws or regulation
of these third parties could subject us to criminal or civil enforcement actions (whether or not we participated or knew about th
violations), including fines or penalties, disgorgement of profits and suspension or disqualification from work, including U.S. f
which could materially adversely affect our business, including our results of operations and our reputation.

Changes in laws and regulations could also mandate significant and costly changes to the way we implement our services and s
additional taxes on our services and solutions. For example, changes in laws and regulations to limit using off-shore resources i
to penalize companies that use off-shore resources, which have been proposed from time to time in various jurisdictions, could
operations. Such changes may result in contracts being terminated or work being transferred on-shore, resulting in greater costs
changes could have a negative impact on our ability to obtain future work from government clients.

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

We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the
business. Our business is subject to the risk of litigation involving current and former employees, clients, alliance partners, sub
competitors, shareholders, government agencies or others through private actions, class actions, whistleblower claims, adminis
actions or other litigation. Regardless of the merits of the claims, the cost to defend current and future litigation may be signific
time-consuming and divert management's attention and resources. The results of litigation and other legal proceedings are inhe
judgments or settlements in some or all of these legal disputes may result in materially adverse monetary damages, fines, penal
us. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to co
adequate insurance in the future.

For example, we could be subject to significant legal liability and litigation expense if we fail to meet our contractual obligatio
control deficiencies of a client or otherwise breach obligations to third parties, including clients, alliance partners, employees a
other parties with whom we conduct business, or if our subcontractors breach or dispute the terms of our agreements with them
meet our obligations to our clients. We may enter into agreements with non-standard terms because we perceive an important e
because our personnel did not adequately follow our contracting guidelines. In addition, the contracting practices of competitor
increasingly sophisticated clients, may cause contract terms and conditions that are unfavorable to us to become new standards
find ourselves committed to providing services or solutions that we are unable to deliver or whose delivery will reduce our prof
loss. If we cannot or do not meet our contractual obligations and if our potential liability is not adequately limited through the t
liability limitations are not enforced or a third party alleges fraud or other wrongdoing to prevent us from relying upon those co
might face significant legal liability and litigation expense and our results of operations could be materially adversely affected.
services and solutions into new areas, such as taking over the operation of certain portions of our clients' businesses, which inc
of functions and systems that are critical to the core businesses of our clients, we may be exposed to additional operational, reg
to these new areas, including risks related to data security. A failure of a client's system based on our services or solutions coul
significant damages that could materially adversely affect our results of operations.

While we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential li
various exclusions as well as caps on amounts recoverable. Even if we believe

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a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may
prevail, the amount of our recovery.

Our work with government clients exposes us to additional risks inherent in the government contracting environment.

Our clients include national, provincial, state and local governmental entities. Our government work carries various risks inher
contracting process. These risks include, but are not limited to, the following:

- Government entities, particularly in the United States, often reserve the right to audit our contract costs and conduct inquiries a business practices and compliance with government contract requirements. U.S. government agencies, including the Defense C routinely audit our contract costs, including allocated indirect costs, for compliance with the Cost Accounting Standards and th Regulation. These agencies also conduct reviews and investigations and make inquiries regarding our accounting and other sys performance and business practices with respect to our government contracts. Negative findings from existing and future audits could affect our future sales and profitability by preventing us, by operation of law or in practice, from receiving new governm of time. In addition, if the U.S. government concludes that certain costs are not reimbursable, have not been properly determine estimates of our work, then we will not be allowed to bill for such costs, may have to refund money that has already been paid retroactively and prospectively adjust previously agreed to billing or pricing rates for our work. Negative findings from existin business systems, including our accounting system, may result in the U.S. government preventing us from billing, at least temp costs. As a result of prior negative findings in connection with audits, investigations and inquiries, we have from time to time e adverse consequences described above and may in the future experience further adverse consequences, which could materially results of operations.
- If a government client discovers improper or illegal activities in the course of audits or investigations, we may become criminal penalties, including those under the civil U.S. False Claims Act, and administrative sanctions, which may incl forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with other agenc inherent limitations of internal controls may not prevent or detect all improper or illegal activities.
- U.S. government contracting regulations impose strict compliance and disclosure obligations. Disclosure is required if certain knowledge of "credible evidence" of a violation of federal criminal laws involving fraud, conflict of interest, bribery or improp civil U.S. False Claims Act or receipt of a significant overpayment from the government. Failure to make required disclosures suspension and/or debarment from federal government contracting in addition to breach of the specific contract and could also U.S. federal level. Reported matters also could lead to audits or investigations and other civil, criminal or administrative sancti
- Government contracts are subject to heightened reputational and contractual risks compared to contracts with commercial clien contracts and the proceedings surrounding them are often subject to more extensive scrutiny and publicity. Negative publicity, improper or illegal activity, regardless of its accuracy, may adversely affect our reputation.
- Terms and conditions of government contracts also tend to be more onerous and are often more difficult to negotiate. For exam contain high or unlimited liability for breaches and feature less favorable payment terms and sometimes require us to take on li third parties.
- Government entities typically fund projects through appropriated monies. While these projects are often planned and executed government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding an Changes in government or political developments, including budget deficits, shortfalls or uncertainties, government spending r constraints could result in our projects being reduced in price or scope or terminated altogether, which also could limit our reco reimbursable expenses and profits on work completed prior to the termination. Furthermore, if insufficient funding is appropria to cover termination costs, we may not be able to fully recover our investments.
- Political and economic factors such as pending elections, the outcome of recent elections, changes in leadership among key exe makers, revisions to governmental tax or other policies and reduced tax revenues can affect the number and terms of new gove speed at which new contracts are signed, decrease future levels of spending and authorizations for programs that

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we bid, shift spending priorities to programs in areas for which we do not provide services and/or lead to changes in enforceme
relevant rules or laws is assessed.

- Our ability to work for the U.S. government is impacted by the fact that we are an Irish company. We elected to enter into a pr
Department of Defense that enhances the ability of our U.S. federal government contracting subsidiary to perform certain work
proxy agreement regulates the management and operation of, and limits the control we can exercise over, this subsidiary. In ad
executive proposals remain under consideration or could be proposed in the future, which, if enacted, could place additional lin
our eligibility to be awarded state or federal government contracts in the United States or could include requirements that woul
of operations. Various U.S. federal and state legislative proposals have been introduced and/or enacted in recent years that deny
certain U.S. companies that reincorporate or have reincorporated outside the United States. While Accenture was not a U.S. co
outside the United States, it is possible that these contract bans and other legislative proposals could be applied in a way that ne

The occurrences or conditions described above could affect not only our business with the particular government entities involv
other entities of the same or other governmental bodies or with certain commercial clients, and could have a material adverse e
results of operations.

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

As of August 31, 2018, we had approximately 459,000 employees worldwide. Our size and scale present significant manageme
challenges. It might become increasingly difficult to maintain effective standards across a large enterprise and effectively instit
might also become more difficult to maintain our culture, effectively manage and monitor our personnel and operations and eff
core values, policies and procedures, strategies and goals, particularly given our world-wide operations. The size and scope of o
possibility that we will have employees who engage in unlawful or fraudulent activity, or otherwise expose us to unacceptable
efforts to train them and maintain internal controls to prevent such instances. For example, employee misconduct could involve
clients' sensitive or confidential information or the failure to comply with legislation or regulations regarding the protection of
information. Furthermore, the inappropriate use of social networking sites by our employees could result in breaches of confide
disclosure of non-public company information or damage to our reputation. If we do not continue to develop and implement th
manage our enterprise and instill our culture and core values into all of our employees, our ability to compete successfully and
objectives could be impaired. In addition, from time to time, we have made, and may continue to make, changes to our operatin
are organized, as the needs and size of our business change, and if we do not successfully implement the changes, our business
be negatively impacted.

If we do not successfully manage and develop our relationships with key alliance partners or if we fail to anticipate and establis
technologies, our results of operations could be adversely affected.

We have alliances with companies whose capabilities complement our own. A very significant portion of our revenue and servi
technology or software provided by a few major alliance partners. See "Business—Alliances."

The business that we conduct through these alliances could decrease or fail to grow for a variety of reasons. The priorities and o
partners may differ from ours, and our alliance partners are not prohibited from competing with us or forming closer or preferre
competitors. In addition, some of our alliance partners are also large clients or suppliers of technology to Accenture. The decisi
alliance partner may impact our ongoing alliance relationship. In addition, our alliance partners could experience reduced dema
software, including, for example, in response to changes in technology, which could lessen related demand for our services and

We must anticipate and respond to continuous changes in technology and develop alliance relationships with new providers of
secure meaningful alliances with these providers early in their life cycle so that we can develop the right number of certified pe
technologies. If we are unable to maintain our relationships with current partners and identify new and emerging providers of r
our network of alliance partners, we may not be able to differentiate our services or compete effectively in the market.

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If we do not obtain the expected benefits from our alliance relationships for any reason, we may be less competitive, our ability
our clients may be negatively affected, and our results of operations could be adversely affected.
Our ability to attract and retain business and employees may depend on our reputation in the marketplace.
We believe the Accenture brand name and our reputation are important corporate assets that help distinguish our services and s
competitors and also contribute to our efforts to recruit and retain talented employees. However, our corporate reputation is pot
damage by events such as disputes with clients, cybersecurity breaches or service outages, internal control deficiencies, deliver
violations, government investigations or legal proceedings. Similarly, our reputation could be damaged by actions or statement
directors, employees, competitors, vendors, alliance partners, joint venture partners, adversaries in legal proceedings, legislator
well as members of the investment community or the media, including social media influencers. There is a risk that negative or
Accenture, even if based on rumor or misunderstanding, could adversely affect our business. Damage to our reputation could b
time-consuming to repair, could make potential or existing clients reluctant to select us for new engagements, resulting in a los
adversely affect our recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness o
and could reduce investor confidence in us, materially adversely affecting our share price.
We might not be successful at acquiring, investing in or integrating businesses, entering into joint ventures or divesting busines
We expect to continue pursuing strategic and targeted acquisitions, investments and joint ventures to enhance or add to our skil
of services and solutions, or to enable us to expand in certain geographic and other markets. Depending on the opportunities av
amount of capital invested in such opportunities. We may not succeed in completing targeted transactions, including as a result
increasingly competitive, or achieve desired results of operations.
Furthermore, we face risks in successfully integrating any businesses we might acquire or create through a joint venture. Ongoi
and our management's attention may be diverted by acquisition, investment, transition or integration activities. In addition, we
additional management and other resources, and our organizational structure could make it difficult for us to efficiently integra
ongoing operations and assimilate and retain employees of those businesses into our culture and operations. The potential loss
customers, suppliers, vendors and other business partners of businesses we acquire may adversely impact the value of the asset
Furthermore, acquisitions or joint ventures may result in significant costs and expenses, including those related to retention pay
severance pay, early retirement costs, intangible asset amortization and asset impairment charges, assumed litigation and other
accounting and financial advisory fees, which could negatively affect our profitability. We may have difficulties as a result of e
where we have limited or no direct prior experience or where competitors may have stronger market positions.
We might fail to realize the expected benefits or strategic objectives of any acquisition, investment or joint venture we underta
expected return on investment or may lose money. We may be adversely impacted by liabilities that we assume from a compan
invest, including from that company's known and unknown obligations, intellectual property or other assets, terminated emplo
or other third parties. In addition, we may fail to identify or adequately assess the magnitude of certain liabilities, shortcomings
to acquiring, investing in or partnering with a company, including potential exposure to regulatory sanctions or liabilities result
previous activities, internal controls and security environment. If any of these circumstances occurs, they could result in unexpe
exposure, unfavorable accounting treatment, unexpected increases in taxes or other adverse effects on our business. In addition
control over the business operations of the joint ventures and businesses in which we have made minority investments or in wh
100%. This lesser degree of control may expose us to additional reputational, financial, legal, compliance or operational risks.
claims and other unforeseen claims and liabilities may arise from the acquisition or operation of acquired businesses. For exam
other claims as a result of certain terms and conditions of the acquisition agreement, such as earnout payments or closing net as
shareholder litigation may arise as a result of proposed acquisitions. If we are unable to complete the number and kind of inves
we are inefficient or unsuccessful at integrating any acquired businesses into our operations, we may not be able to achieve our
improve our market share, profitability or competitive position in specific markets or services.

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We periodically evaluate, and have engaged in, the disposition of assets and businesses. Divestitures could involve difficulties i
services, products and personnel, the diversion of management's attention, the disruption of our business and the potential loss
reaching an agreement with a buyer for the disposition of a business, the transaction may be subject to the satisfaction of pre-cl
obtaining necessary regulatory and government approvals, which, if not satisfied or obtained, may prevent us from completing
may also involve continued financial involvement in or liability with respect to the divested assets and businesses, such as inde
obligations, in which the performance of the divested assets or businesses could impact our results of operations. Any divestitu
adversely affect our results of operations.

If we are unable to protect or enforce our intellectual property rights, or if our services or solutions infringe upon the intellectua
we lose our ability to utilize the intellectual property of others, our business could be adversely affected.

Our success depends, in part, upon our ability to obtain intellectual property protection for our proprietary methodologies, proc
solutions. Existing laws of the various countries in which we provide services or solutions may offer only limited intellectual p
services or solutions, and the protection in some countries may be very limited. We rely upon a combination of confidentiality
other contractual arrangements, and patent, trade secret, copyright and trademark laws to protect our intellectual property rights
change at any time and could further limit our ability to obtain or maintain intellectual property protection. There is uncertainty
patent and other intellectual property protection for software and business methods, which are fields in which we rely on intelle
our rights. Even where we obtain intellectual property protection, our intellectual property rights may not prevent or deter comp
other third parties from reverse engineering our solutions or proprietary methodologies and processes or independently develop
similar to or duplicative of ours. Further, the steps we take in this regard might not be adequate to prevent or deter infringemen
our intellectual property by competitors, former employees or other third parties, and we might not be able to detect unauthoriz
and timely steps to enforce, our intellectual property rights. Enforcing our rights might also require considerable time, money a
be successful in enforcing our rights.

In addition, we cannot be sure that our services and solutions, including, for example, our software solutions, or the solutions o
clients, do not infringe on the intellectual property rights of third parties, and these third parties could claim that we or our clie
intellectual property rights. Additionally, individuals and firms have purchased intellectual property assets in order to assert cla
technology providers and customers that use such technology. These claims could harm our reputation, cause us to incur substa
offering some services or solutions in the future. Any related proceedings could require us to expend significant resources over
most of our contracts, we agree to indemnify our clients for expenses and liabilities resulting from claimed infringements of the
third parties. In some instances, the amount of these indemnities could be greater than the revenues we receive from the client.
area could be time-consuming and costly, damage our reputation and/or require us to incur additional costs to obtain the right t
solution to our clients. If we cannot secure this right at all or on reasonable terms, or we are unable to implement in a cost-effec
technology, our results of operations could be materially adversely affected. The risk of infringement claims against us may inc
industry software solutions and continue to develop and license our software to multiple clients. Any infringement action broug
could be costly to defend or lead to an expensive settlement or judgment against us.

Further, we rely on third-party software in providing some of our services and solutions. If we lose our ability to continue using
reason, including because it is found to infringe the rights of others, we will need to obtain substitute software or seek alternati
technology necessary to continue to provide such services and solutions. Our inability to replace such software, or to replace su
cost-effective manner, could materially adversely affect our results of operations.

Changes to accounting standards or in the estimates and assumptions we make in connection with the preparation of our consol
could adversely affect our financial results.

Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles. It is possible th
standards could have a material adverse effect on our results of operations and financial position. The application of generally a
requires us to make estimates and assumptions about certain items and future events that affect our reported financial condition
disclosure with respect to, among other things, revenue recognition and income taxes. We base our estimates on

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historical experience, contractual commitments and on various other assumptions that we believe to be reasonable under the cir
they are made. These estimates and assumptions involve the use of judgment and are subject to significant uncertainties, some o
control. If our estimates, or the assumptions underlying such estimates, are not correct, actual results may differ materially from
need to, among other things, adjust revenues or accrue additional charges that could adversely affect our results of operations.

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

Many of our contracts include clauses that tie our compensation to the achievement of agreed-upon performance standards or m
these measures, it could significantly reduce or eliminate our fees under the contracts, increase the cost to us of meeting perforn
delay expected payments or subject us to potential damage claims under the contract terms. Clients also often have the right to
pursue damage claims under the contract for serious or repeated failure to meet these service commitments. We also have a nur
portion of our compensation depends on performance measures such as cost-savings, revenue enhancement, benefits produced,
adherence to schedule. These goals can be complex and may depend on our clients' actual levels of business activity or may be
later determined not to be achievable or accurate. These provisions could increase the variability in revenues and margins earne

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

The accuracy of our financial reporting is dependent on the effectiveness of our internal controls. We are required to provide a
our shareholders on our internal control over financial reporting that includes an assessment of the effectiveness of these contro
financial reporting has inherent limitations, including human error, the possibility that controls could be circumvented or becon
changed conditions, and fraud. Because of these inherent limitations, internal control over financial reporting might not prevent
fraud. If we cannot maintain and execute adequate internal control over financial reporting or implement required new or impro
reasonable assurance of the reliability of the financial reporting and preparation of our financial statements for external use, we
reputation, incur incremental compliance costs, fail to meet our public reporting requirements on a timely basis, be unable to pr
and our results of operations, or be required to restate our financial statements, and our results of operations, our share price an
business could be materially adversely affected.

We might be unable to access additional capital on favorable terms or at all. If we raise equity capital, it may dilute our shareho

We might choose to raise additional funds through public or private debt or equity financings in order to:

- take advantage of opportunities, including more rapid expansion;
- acquire other businesses or assets;
- repurchase shares from our shareholders;
- develop new services and solutions; or
- respond to competitive pressures.

Any additional capital raised through the sale of equity could dilute shareholders' ownership percentage in us. Furthermore, an
might not be available on terms favorable to us, or at all.

We are incorporated in Ireland and a significant portion of our assets is located outside the United States. As a result, it might n
shareholders to enforce civil liability provisions of the federal or state securities laws of the United States. We may also be sub
publicity related to our incorporation in Ireland.

We are organized under the laws of Ireland, and a significant portion of our assets is located outside the United States. A sharel
judgment based on the civil liability provisions of U.S. federal or state securities laws may be unable to enforce the judgment a
countries other than the United States where we have assets. In addition, there is some doubt as to whether the courts of Ireland
recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities

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provisions of the federal or state securities laws of the United States or would hear actions against us or those persons based on
Although the United States and Ireland do not currently have a treaty providing for the reciprocal recognition and enforcement
commercial matters, the Irish Courts will recognize a U.S. judgment if the following important requirements are satisfied:

- the originating court is a court of competent jurisdiction;
- the judgment is final and conclusive; and
- the judgment was not obtained by fraud and its recognition is not contrary to Irish public policy.

Any judgment obtained in contravention of the rules of natural justice or that is irreconcilable with an earlier foreign judgment
Ireland. Similarly, judgments might not be enforceable in countries other than the United States where we have assets.

Some companies that conduct substantial business in the United States but which have a parent domiciled in certain other juris
improperly avoiding U.S. taxes or creating an unfair competitive advantage over U.S. companies. Accenture never conducted b
company and pays U.S. taxes on all of its U.S. operations. Nonetheless, we could be subject to criticism in connection with our

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

Our shareholders could have more difficulty protecting their interests than would shareholders of a corporation incorporated in
States. As an Irish company, we are governed by the Companies Act. The Companies Act differs in some significant, and possi
laws applicable to U.S. corporations and shareholders under various state corporation laws, including the provisions relating to
and acquisitions, takeovers, shareholder lawsuits and indemnification of directors.

Under Irish law, the duties of directors and officers of a company are generally owed to the company only. Shareholders of Iris
have rights to take action against directors or officers of the company under Irish law, and may only do so in limited circumsta
company must, in exercising their powers and performing their duties, act with due care and skill, honestly and in good faith w
of the company. Directors have a duty not to put themselves in a position in which their duties to the company and their person
also are under a duty to disclose any personal interest in any contract or arrangement with the company or any of its subsidiarie
Irish company is found to have breached his duties to that company, he could be held personally liable to the company in respe

Under Irish law, we must have authority from our shareholders to issue any shares, including shares that are part of the compan
share capital. In addition, unless otherwise authorized by its shareholders, when an Irish company issues shares for cash to new
first to offer those shares on the same or more favorable terms to existing shareholders on a pro-rata basis. If we are unable to o
from our shareholders, or are otherwise limited by the terms of our authorizations, our ability to issue shares under our equity c
applicable, to facilitate funding acquisitions or otherwise raise capital could be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We have major offices in the world's leading business centers, including Boston, Chicago, New York, San Francisco, Dublin, L
Milan, Paris, Rome, Bangalore, Beijing, Manila, Mumbai, Sao Paolo, Shanghai, Singapore, Sydney and Tokyo, among others.
operations in more than 200 cities in 52 countries around the world. We do not own any material real property. Substantially al
under long-term leases with varying expiration dates. We believe that our facilities are adequate to meet our needs in the near f

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ITEM 3. LEGAL PROCEEDINGS

The information set forth under “Legal Contingencies” in Note 15 (Commitments and Contingencies) to our Consolidated Fina
Item 8, “Financial Statements and Supplementary Data,” is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers and persons chosen to become executive officers as of the date hereof are as follows:

Omar Abbosh, 52, became our group chief executive—Communications, Media & Technology operating group in September 2
September 2018, he served as our chief strategy officer. Prior to assuming that role, Mr. Abbosh served in several management
managing director—Growth & Strategy for the Resources operating group and managing director of the Resources business in
Ireland. Mr. Abbosh has been with Accenture for 29 years.

Gianfranco Casati, 59, became our group chief executive—Growth Markets in January 2014. From September 2006 to January
chief executive—Products operating group. From April 2002 to September 2006, Mr. Casati was managing director of the Proc
operating unit. He also served as Accenture’s country managing director for Italy and as chairman of our geographic council in
emerging markets) region, supervising Accenture offices in Italy, Greece and several Eastern European countries. Mr. Casati ha
years.

Richard P. Clark, 57, became our chief accounting officer in September 2013 and has served as our corporate controller since S
Mr. Clark served as our senior managing director of investor relations from September 2006 to September 2010. Previously he
director—Communications, Media & Technology operating group from July 2001 to September 2006 and as our finance direct
from 1998 to July 2001. Mr. Clark has been with Accenture for 35 years.

Johan (Jo) G. Deblaere, 56, became our chief operating officer in September 2009 and has also served as our chief executive—
From September 2006 to September 2009, Mr. Deblaere served as our chief operating officer—Outsourcing. Prior to that, from
2006, he led our global network of business process outsourcing delivery centers. From September 2000 to September 2005, he
work with public-sector clients in Western Europe. Mr. Deblaere has been with Accenture for 33 years.

Chad T. Jerdee, 51, became our general counsel and chief compliance officer in June 2015. From August 2010 to June 2015, M
general counsel—Sales & Delivery. Previously, he served as legal lead for the outsourcing sales legal team as well as for Accen
Jerdee has been with Accenture for 21 years.

Daniel T. London, 54, became our group chief executive—Health & Public Service operating group in June 2014. From 2009 t
senior managing director for Health & Public Service in North America. Previously, he served as managing director of Accentu
Management global service line. Mr. London has been with Accenture for 32 years.

Richard A. Lumb, 57, became our group chief executive—Financial Services operating group in December 2010. From June 20
Mr. Lumb led our Financial Services operating group in Europe, Africa, the Middle East and Latin America. He also served as
business and market development—Financial Services operating group from September 2005 to June 2006. Mr. Lumb has been

Pierre Nanterme, 59, became chairman of the Board of Directors in February 2013 and has served as our chief executive office
Mr. Nanterme was our group chief executive—Financial Services operating group from September 2007 to December 2010. Pr
Mr. Nanterme held various leadership roles throughout the Company, including serving as our chief leadership officer from Ma
2007 and our country managing director for France from November 2005 to September 2007. Mr. Nanterme has been a directo
been with Accenture for 35 years. Prior to its merger with and into Accenture plc in March 2018, Mr. Nanterme also served on
Holdings plc.

Jean-Marc Ollagnier, 56, became our group chief executive—Resources operating group in March 2011. From September 2006
led our Resources operating group in Europe, Latin America, the Middle

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East and Africa. Previously, he served as our global managing director—Financial Services Solutions group and as our geograp
director—Gallia. Mr. Ollagnier has been with Accenture for 32 years.
David P. Rowland, 57, became our chief financial officer in July 2013. From October 2006 to July 2013, he was our senior vic
Previously, Mr. Rowland was our managing director—Finance Operations from July 2001 to October 2006. Prior to assuming
finance director—Communications, Media & Technology operating group and as our finance director—Products operating gro
Accenture for 35 years.
Ellyn J. Shook, 55, became our chief leadership officer in December 2015 and has also served as our chief human resources off
2012 to March 2014, Ms. Shook was our senior managing director—Human Resources and head of Accenture's Human Resou
2004 to 2011, she served as the global human resources lead for career management, performance management, total rewards,
mergers and acquisitions. Ms. Shook has been with Accenture for 30 years.
Julie Spellman Sweet, 51, became our chief executive officer—North America in June 2015. From March 2010 to June 2015, s
secretary and chief compliance officer. Prior to joining Accenture, Ms. Sweet was, for 10 years, a partner in the Corporate depa
Cravath, Swaine & Moore LLP, which she joined as an associate in 1992. Ms. Sweet has been with Accenture for 8 years.
Alexander M. van 't Noordende, 55, became our group chief executive—Products operating group in January 2014. From Marc
served as our group chief executive—Management Consulting. Mr. van 't Noordende was our group chief executive—Resourc
2006 to March 2011. Prior to assuming that role, he led our Resources operating group in Southern Europe, Africa, the Middle
served as managing partner of the Resources operating group in France, Belgium and the Netherlands. From 2001 until Septem
country managing director for the Netherlands. Mr. van 't Noordende has been with Accenture for 31 years.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER P
SECURITIES

Price Range of Accenture plc Class A Ordinary Shares

Accenture plc Class A ordinary shares are traded on the New York Stock Exchange under the symbol "ACN." The New York S
United States market for these shares.

The following table sets forth, on a per share basis for the periods indicated, the high and low sale prices for Accenture plc Clas
reported by the New York Stock Exchange.

	Price Range	
	High	Low
Fiscal 2017		
First Quarter	$124.96	$108.83
Second Quarter	$125.72	$112.31
Third Quarter	$126.53	$114.82
Fourth Quarter	$130.92	$119.10
Fiscal 2018		
First Quarter	$148.60	$129.10
Second Quarter	$165.58	$145.75
Third Quarter	$164.30	$146.05
Fourth Quarter	$169.92	$155.30
Fiscal 2019		
First Quarter (through October 10, 2018)	$175.64	$161.58

The closing sale price of an Accenture plc Class A ordinary share as reported by the New York Stock Exchange consolidated ta
was $161.74. As of October 10, 2018, there were 326 holders of record of Accenture plc Class A ordinary shares.

There is no trading market for Accenture plc Class X ordinary shares. As of October 10, 2018, there were 16 holders of record
ordinary shares.

To ensure that members of Accenture Leadership continue to maintain equity ownership levels that we consider meaningful, w
Accenture Leadership to comply with the Accenture Equity Ownership Requirement Policy. This policy requires members of A
Accenture equity valued at a multiple (ranging from $^1/_2$ to 6) of their base compensation determined by their position level.

Dividend Policy

On November 15, 2016, May 15, 2017, November 15, 2017 and May 15, 2018, Accenture plc paid a semi-annual cash divideno
$1.33 per share, respectively, on our Class A ordinary shares. On November 15, 2016, May 15, 2017, and November 15, 2017,
a semi-annual cash dividend of $1.21, $1.21 and $1.33 per share, respectively, on its ordinary shares. Accenture Holdings plc m
Accenture plc on March 13, 2018, and thereafter Accenture Holdings plc ceased to exist.

Future dividends on Accenture plc Class A ordinary shares, if any, and the timing of declaration of any such dividends, will be
of Directors of Accenture plc and will depend on, among other things, our results of operations, cash requirements and surplus,
contractual restrictions and other factors that the Board of Directors of Accenture plc may deem relevant, as well as our ability
compliance with the Companies Act.

In certain circumstances, as an Irish tax resident company, we may be required to deduct Irish dividend withholding tax ("DWT
from dividends paid to our shareholders. Shareholders resident in "relevant territories" (including countries that are European U
Ireland), the United States and other countries with which Ireland has a tax treaty) may be exempted from Irish DWT. Howeve
other countries will generally be subject to Irish DWT.

Recent Sales of Unregistered Securities

None.

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Purchases of Accenture plc Class A Ordinary Shares

The following table provides information relating to our purchases of Accenture plc Class A ordinary shares during the fourth q
year-to-date information on all of our share purchases, redemptions and exchanges and further discussion of our share purchase
Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Share Purchase

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)
June 1, 2018 — June 30, 2018				
Class A ordinary shares	1,005,320	$ 160.73	991,649	$ 1,290
July 1, 2018 — July 31, 2018				
Class A ordinary shares	1,147,274	$ 165.41	925,154	$ 1,135
August 1, 2018 — August 31, 2018				
Class A ordinary shares	1,216,504	$ 163.26	1,130,614	$ 950
Total				
Class A ordinary shares (4)	3,369,098	$ 163.24	3,047,417	

(1) Average price paid per share reflects the total cash outlay for the period, divided by the number of shares acquired, inc
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
program for acquiring Accenture plc Class A ordinary shares. During the fourth quarter of fiscal 2018, we purchased 3,047,4
ordinary shares under this program for an aggregate price of $497 million. The open-market purchase program does not hav

(3) As of August 31, 2018, our aggregate available authorization for share purchases and redemptions was $950 million, which
discretion to use for either our publicly announced open-market share purchase program or our other share purchase program
of August 31, 2018, the Board of Directors of Accenture plc has authorized an aggregate of $30,100 million for purchases a
plc Class A ordinary shares, Accenture Holdings plc ordinary shares (prior to March 13, 2018) or Accenture Canada Holdin

(4) During the fourth quarter of fiscal 2018, Accenture purchased 321,681 Accenture plc Class A ordinary shares in transaction
announced share plans or programs. These transactions consisted of acquisitions of Accenture plc Class A ordinary shares p
for payroll tax obligations due from employees and former employees in connection with the delivery of Accenture plc Clas
various employee equity share plans. These purchases of shares in connection with employee share plans do not affect our a
authorization for our publicly announced open-market share purchase and our other share purchase programs.

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ITEM 6. SELECTED FINANCIAL DATA

The data for fiscal 2018, 2017 and 2016 and as of August 31, 2018 and 2017 are derived from the audited Consolidated Financ
Notes that are included elsewhere in this report. The data for fiscal 2015 and 2014 and as of August 31, 2016, 2015 and 2014 a
Consolidated Financial Statements and related Notes that are not included in this report. The selected financial data should be r
"Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial St
included elsewhere in this report.

	Fiscal				
	2018 (1)	2017 (2)	2016 (3)	2015 (4)	2014
	(in millions of U.S. dollars)				
Income Statement Data					
Revenues before reimbursements ("Net revenues")	$39,573	$34,850	$32,883	$31,048	$30,002
Revenues	41,603	36,765	34,798	32,914	31,875
Operating income	5,841	4,633	4,810	4,436	4,301
Net income	4,215	3,635	4,350	3,274	3,176
Net income attributable to Accenture plc	4,060	3,445	4,112	3,054	2,941

(1) Includes the impact of a $258 million charge associated with tax law changes recorded during fiscal 2018. See "Managemen
Financial Condition and Results of Operations—Results of Operations for Fiscal 2018 Compared to Fiscal 2017—Provision

(2) Includes the impact of a $510 million, pre-tax, Pension settlement charge recorded during fiscal 2017. See "Management's I
Financial Condition and Results of Operations—Results of Operations for Fiscal 2018 Compared to Fiscal 2017—Pension S

(3) Includes the impact of a $849 million, pre-tax, Gain on sale of businesses recorded during fiscal 2016. See "Management's I
Financial Condition and Results of Operations—Results of Operations for Fiscal 2017 Compared to Fiscal 2016—Gain (los

(4) Includes the impact of a $64 million, pre-tax, Pension settlement charge recorded during fiscal 2015.

	Fiscal				
	2018	2017	2016	2015	2014
Earnings Per Class A Ordinary Share					
Basic	$6.46	$5.56	$6.58	$4.87	$4.64
Diluted	6.34	5.44	6.45	4.76	4.52
Dividends per ordinary share	2.66	2.42	2.20	2.04	1.86

	August 31, 2018	August 31, 2017	August 31, 2016	August 31, 2015	August 31, 2014
	(in millions of U.S. dollars)				
Balance Sheet Data					
Cash and cash equivalents	$5,061	$4,127	$4,906	$4,361	$4,921
Total assets	24,449	22,690	20,609	18,203	17,930
Long-term debt, net of current portion	20	22	24	26	26
Accenture plc shareholders' equity	10,365	8,949	7,555	6,134	5,732

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERAT
The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and related N
Annual Report on Form 10-K. This discussion and analysis also contains forward-looking statements and should also be read i
disclosures and information contained in "Disclosure Regarding Forward-Looking Statements" and "Risk Factors" in this Annu
We use the terms "Accenture," "we," the "Company," "our" and "us" in this report to refer to Accenture plc and its subsidiarie
otherwise noted, refer to our fiscal year, which ends on August 31. For example, a reference to "fiscal 2018" means the 12-mo
August 31, 2018. 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 exc
facilitating period-to-period comparisons of business performance. Financial results "in local currency" are calculated by resta
U.S. dollars using the comparable prior-year period's foreign currency exchange rates. This approach is used for all results whe
not the U.S. dollar.
Overview
Revenues are driven by the ability of our executives to secure new contracts and to deliver services and solutions that add valu
needs and challenges. The level of revenues we achieve is based on our ability to deliver market-leading services and solutions
professionals quickly and on a global basis.
Our results of operations are affected by economic conditions, including macroeconomic conditions and levels of business con
significant volatility and economic and geopolitical uncertainty in many markets around the world, which may impact our busi
the impact of this volatility and uncertainty and seek to manage our costs in order to respond to changing conditions. There als
foreign currency exchange rates. The majority of our net revenues are denominated in currencies other than the U.S. dollar, inc
pound. Unfavorable fluctuations in foreign currency exchange rates have had and could have in the future a material effect on
Revenues before reimbursements ("net revenues") for fiscal 2018 increased 13.5% in U.S. dollars and 10.5% in local currency
Demand for our services and solutions continued to be very strong, resulting in growth across all areas of our business. During
local currency was very strong in Communication, Media & Technology, Resources and Products and strong in Financial Serv
Service. We experienced very strong growth in Growth Markets and strong growth in North America and Europe. Revenue gro
very strong in consulting and strong in outsourcing during fiscal 2018. While the business environment remained competitive,
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 fiscal 2018 increased 15% in U.S. dollars and 12% in local currency compared to f
revenue growth in local currency in fiscal 2018 was led by very strong growth in Communications, Media & Technology, Reso
Products as well as strong growth in Health & Public Service. Our consulting revenue growth continues to be driven by strong
and security-related services and assisting clients with the adoption of new technologies. In addition, clients continue to be focu
deliver cost savings and operational efficiency, as well as projects to integrate their global operations and grow and transform t
In our outsourcing business, net revenues for fiscal 2018 increased 12% in U.S. dollars and 9% in local currency compared to f
revenue growth in local currency in fiscal 2018 was led by very strong growth in Communications, Media & Technology, Reso
strong growth in Health & Public Service and modest growth in Financial Services. We continue to experience growing deman
operation and maintenance of digital-related services and cloud enablement. In addition, clients continue to be focused on trans
improve effectiveness and cost efficiency.
As we are a global company, our revenues are denominated in multiple currencies and may be significantly affected by currenc
If the U.S. dollar weakens against other currencies, resulting in favorable currency translation, our revenues, revenue growth a
dollars may be higher. If the U.S. dollar strengthens against other currencies, resulting in unfavorable currency translation, our
results of operations in U.S. dollars may be lower. The U.S. dollar weakened against various currencies during fiscal 2018, resu
translation and U.S. dollar revenue growth that was

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approximately 3% higher than our revenue growth in local currency for the year. Assuming that exchange rates stay within rece
our full fiscal 2019 revenue growth in U.S. dollars will be approximately 2.5% lower than our revenue growth in local currency
The primary categories of operating expenses include Cost of services, Sales and marketing and General and administrative cos
primarily driven by the cost of client-service personnel, which consists mainly of compensation, subcontractor and other person
costs on outsourcing contracts. Cost of services includes a variety of activities such as: contract delivery; recruiting and training
integration of acquisitions. Sales and marketing costs are driven primarily by: compensation costs for business development act
advertising-related activities; and certain acquisition-related costs. General and administrative costs primarily include costs for
information systems, office space and certain acquisition-related costs.

Utilization for fiscal 2018 was 91%, flat with fiscal 2017. We continue to hire to meet current and projected future demand. We
the size and composition of our workforce and take actions as needed to address changes in the anticipated demand for our serv
compensation costs are the most significant portion of our operating expenses. Based on current and projected future demand, w
headcount, the majority of which serve our clients, to approximately 459,000 as of August 31, 2018, compared to approximatel
2017. The year-over-year increase in our headcount reflects an overall increase in demand for our services and solutions, as we
connection with acquisitions. Attrition, excluding involuntary terminations, for fiscal 2018 was 15%, up from 14% in fiscal 20
attrition, adjust levels of new hiring and use involuntary terminations as means to keep our supply of skills and resources in bal
demand. In addition, we adjust compensation in certain skill sets and geographies in order to attract and retain appropriate num
For the majority of our personnel, compensation increases become effective December 1st of each fiscal year. We strive to adju
resources to reduce the impact of compensation increases on our gross margin. Our ability to grow our revenues and maintain o
be adversely affected if we are unable to: keep our supply of skills and resources in balance with changes in the types or amoun
clients are demanding; recover increases in compensation; deploy our employees globally on a timely basis; manage attrition; a
and utilize new employees.

Gross margin (Net revenues less Cost of services before reimbursable expenses as a percentage of net revenues) for fiscal 2018
31.7% for fiscal 2017. The decrease in gross margin for fiscal 2018 was principally due to higher labor costs compared to fisca
other cost efficiencies in fiscal 2018.

Sales and marketing and General and administrative costs as a percentage of net revenues were 16.7% for fiscal 2018, compare
We continuously monitor these costs and implement cost-management actions, as appropriate. For fiscal 2018 compared to fisc
costs as a percentage of net revenues decreased 20 basis points and General and administrative costs as a percentage of net reve
During fiscal 2017, we recorded a $510 million pension settlement charge and related $198 million reduction in taxes for the U
For additional information, see Note 10 (Retirement and Profit Sharing Plans) to our Consolidated Financial Statements under I
and Supplementary Data."

Operating margin (Operating income as a percentage of net revenues) for fiscal 2018 was 14.8%, compared with 13.3% for fisc
settlement charge decreased operating margin by 150 basis points for fiscal 2017. Excluding the effect of the pension settlemen
fiscal 2017 would have been flat with fiscal 2018 at 14.8%.

The effective tax rate for fiscal 2018 was 27.4%, compared with 21.3% for fiscal 2017. During fiscal 2018, we recorded a prov
with the enactment of the U.S. Tax Cuts and Jobs Act (the "Tax Act") of $178 million. Absent this charge and $81 million of e
change, our effective tax rate for fiscal 2018 would have been 23.0%. Absent the pension settlement charge and related taxes de
tax rate for fiscal 2017 would have also been 23.0%. For additional information, see Note 9 (Income Taxes) to our Consolidate
Item 8, "Financial Statements and Supplementary Data."

Diluted earnings per share were $6.34 for fiscal 2018, compared with $5.44 for fiscal 2017. The impact of tax law changes decr
share by $0.40 in fiscal 2018. The impact of the pension settlement charge, net of taxes, decreased diluted earnings per share by
Excluding these impacts, diluted earnings per share would have been $6.74 and $5.91 for fiscal 2018 and 2017, respectively.

We have presented effective tax rate and diluted earnings per share excluding the impacts of the tax law changes in fiscal 2018
charge in fiscal 2017 as well as operating income and operating margin

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excluding the impact of the pension settlement charge in fiscal 2017, as we believe doing so facilitates understanding as to both
and our financial performance when comparing these periods.
Our operating income and diluted earnings per share are affected by currency exchange rate fluctuations on revenues and costs.
incurred in the same currency as the related net revenues. Where practical, we seek to manage foreign currency exposure for co
currency as the related net revenues, such as the costs associated with our global delivery model, by using currency protection p
contracts and through our hedging programs. We seek to manage our costs, taking into consideration the residual positive and n
foreign exchange rates on those costs. For more information on our hedging programs, see Note 7 (Derivative Financial Instrum
Financial Statements under Item 8, "Financial Statements and Supplementary Data."
As described further in Note 1 (Summary of Significant Accounting Policies), on March 13, 2018 our subsidiary Accenture Ho
into Accenture plc, with Accenture plc as the surviving entity. As a result, all of the assets and liabilities of Accenture Holdings
Accenture plc, and Accenture Holdings plc ceased to exist. The merger was internal and administrative in nature.
Beginning in fiscal 2019, we are adopting new accounting standards that will affect the accounting for revenue and pension cos
Update ("ASU") No. 2014-09: "Revenue from Contracts with Customers" (Topic 606); and ASU No. 2017-07: "Compensation
In connection with the adoption, we will present total revenues and will no longer report revenues before reimbursements. Also
pension costs will be reclassified from operating expenses to non-operating expenses. In our subsequent periodic reports, prior-
to reflect the fiscal 2019 presentation. Additionally, on September 1, 2018, we will adopt ASU No. 2016-16: "Income Taxes: In
Other Than Inventory", which will require us to record deferred tax assets of up to $2.1 billion and incremental income tax exp
deferred tax assets are utilized. For additional information, see Note 1 (Summary of Significant Accounting Policies) to our Co
Statements under Item 8, "Financial Statements and Supplementary Data."

Bookings and Backlog

New bookings for fiscal 2018 were $42.81 billion, with consulting bookings of $23.63 billion and outsourcing bookings of $19
We provide information regarding our new bookings, which include new contracts, including those acquired through acquisitio
extensions and changes to existing contracts, because we believe doing so provides useful trend information regarding changes
business over time. New bookings can vary significantly quarter to quarter depending in part on the timing of the signing of a s
outsourcing contracts. The types of services and solutions clients are demanding and the pace and level of their spending may i
bookings to revenues. For example, outsourcing bookings, which are typically for multi-year contracts, generally convert to rev
time compared to consulting bookings. Information regarding our new bookings is not comparable to, nor should it be substitut
revenues over time. New bookings involve estimates and judgments. There are no third-party standards or requirements govern
bookings. We do not update our new bookings for material subsequent terminations or reductions related to bookings originally
New bookings are recorded using then-existing foreign currency exchange rates and are not subsequently adjusted for foreign c
fluctuations.
The majority of our contracts are terminable by the client on short notice, and some without notice. Accordingly, we do not bel
characterize bookings attributable to these contracts as backlog. Normally, if a client terminates a project, the client remains ob
commitments we have made to third parties in connection with the project, services performed and reimbursable expenses incu
termination.

Critical Accounting Policies and Estimates

The preparation of our Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles req
and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at th
Financial Statements and the reported amounts of revenues and expenses. We continually evaluate our estimates, judgments an
available information and experience. Because the use of estimates is inherent in the financial reporting process, actual results c
estimates. Certain of our accounting policies require higher degrees of judgment than others in their application. These include
for revenue recognition and income taxes.

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Revenue Recognition

Our contracts have different terms based on the scope, deliverables and complexity of the engagement, the terms of which freq
judgments and estimates in recognizing revenues. We have many types of contracts, including time-and-materials contracts, fix
contracts with features of both of these contract types. In addition, some contracts include incentives related to costs incurred, b
to schedules that may increase the variability in revenues and margins earned on such contracts. We conduct rigorous reviews p
to evaluate whether these incentives are reasonably achievable.

We recognize revenues from technology integration consulting contracts using the percentage-of-completion method of accoun
calculating the percentage of services provided during the reporting period compared with the total estimated services to be pro
contract. Our contracts for technology integration consulting services generally span six months to two years. Estimated revenu
percentage-of-completion method include estimated incentives for which achievement of defined goals is deemed probable. Th
reasonably dependable estimates of revenues and costs can be made. Estimates of total contract revenues and costs are continuo
term of the contract, and recorded revenues and estimated costs are subject to revision as the contract progresses. Such revision
decreases to revenues and income and are reflected in the Consolidated Financial Statements in the periods in which they are fi
indicate that a contract loss will occur, a loss provision is recorded in the period in which the loss first becomes probable and re
losses are determined to be the amount by which the estimated total direct and indirect costs of the contract exceed the estimate
generated by the contract and are included in Cost of services and classified in Other accrued liabilities.

Revenues from contracts for non-technology integration consulting services with fees based on time and materials or cost-plus
are performed and amounts are earned. We consider amounts to be earned once evidence of an arrangement has been obtained,
are fixed or determinable, and collectibility is reasonably assured. In such contracts, our efforts, measured by time incurred, typ
than a year and represent the contractual milestones or output measure, which is the contractual earnings pattern. For non-techn
contracts with fixed fees, we recognize revenues as amounts become billable in accordance with contract terms, provided the bi
contingent, are consistent with the services delivered and are earned. Contingent or incentive revenues relating to non-technolo
contracts are recognized when the contingency is satisfied and we conclude the amounts are earned.

Outsourcing contracts typically span several years and involve complex delivery, often through multiple workforces in differen
these arrangements, we hire client employees and become responsible for certain client obligations. Revenues are recognized o
amounts become billable in accordance with contract terms, unless the amounts are billed in advance of performance of service
recognized when the services are performed and amounts are earned. Revenues from time-and-materials or cost-plus contracts
are performed. In such contracts, our effort, measured by time incurred, represents the contractual milestones or output measure
earnings pattern. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures
fixed-price contracts are recognized on a straight-line basis, unless revenues are earned and obligations are fulfilled in a differe
contracts can also include incentive payments for benefits delivered to clients. Revenues relating to such incentive payments ar
contingency is satisfied and we conclude the amounts are earned. We continuously review and reassess our estimates of contrac
that potentially affect profitability over the life of the contract include decreases in volumes of transactions or other inputs/outp
failure to deliver agreed benefits, variances from planned internal/external costs to deliver our services and other factors affecti
Costs related to delivering outsourcing services are expensed as incurred, with the exception of certain transition costs related t
personnel and systems, which are deferred during the transition period and expensed evenly over the period outsourcing service
costs are specific internal costs or incremental external costs directly related to transition or set-up activities necessary to enabl
Generally, deferred amounts are protected in the event of early termination of the contract and are monitored regularly for impa
recorded when projected remaining undiscounted operating cash flows of the related contract are not sufficient to recover the c
assets. Amounts billable to the client for transition or set-up activities are deferred and recognized as revenue evenly over the p
provided. Contract acquisition and origination costs are expensed as incurred.

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We enter into contracts that may consist of multiple deliverables. These contracts may include any combination of technology i
services, non-technology integration consulting services or outsourcing services described above. Revenues for contracts with r
allocated based on the lesser of the element's relative selling price or the amount that is not contingent on future delivery of and
price of each deliverable is determined by obtaining third party evidence of the selling price for the deliverable and is based on
largely similar services are sold on a standalone basis to similarly situated customers. If the amount of non-contingent revenues
accounted for under the percentage-of-completion method of accounting is less than the costs to deliver such services, then suc
recognized in future periods when the revenues become non-contingent. Revenues are recognized in accordance with our accou
deliverables when the services have value on a stand-alone basis, selling price of the separate deliverables exists and, in arrange
right of refund relative to the completed deliverable, performance of the in-process deliverable is considered probable and subs
determining fair value and identifying separate deliverables require judgment, generally fair value and the separate deliverables
also sell those deliverables unaccompanied by other deliverables.

Revenues recognized in excess of billings are recorded as Unbilled services. Billings in excess of revenues recognized are reco
until revenue recognition criteria are met. Client prepayments (even if nonrefundable) are deferred and recognized over future p
delivered or performed.

Our consulting revenues are affected by the number of work days in a fiscal quarter, which in turn is affected by the level of va
Consequently, since our first and third quarters typically have approximately 5-10% more work days than our second and fourt
revenues are typically higher in our first and third quarters than in our second and fourth quarters.

Net revenues include the margin earned on computer hardware, software and related services resale contracts, as well as revenu
neither of which is material to us. Reimbursements include billings for travel and other out-of-pocket expenses and third-party
hardware, software and related services resales. In addition, Reimbursements include allocations from gross billings to record a
reimbursable costs, where billings do not specifically identify reimbursable expenses. We report revenues net of any revenue-b
governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

Income Taxes

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "Tax Act"), which significantly changed U.S. tax law.
statutory federal income tax rate from 35% to 21%, effective January 1, 2018, resulting in a blended U.S. statutory federal inco
fiscal year ended August 31, 2018. The Tax Act could modestly impact our ongoing effective tax rate by imposing taxes on our
and limiting our ability to deduct certain expenses.

Due to the recent enactment and the complexity involved in applying the provisions of the Tax Act, we had previously recorded
financial statements. In the three months ended February 28, 2018, we recognized a provisional tax expense of $136,724 prima
deferred tax assets at the new, lower rates. In the three months ended May 31, 2018, we recorded an adjustment of $40,927 to d
resulting from our continued analysis of the Tax Act. While we now consider our analysis of these items under the Tax Act to b
made an accounting policy election to consider the taxes on our intercompany transactions in determining the amount of our va
election may materially impact our provision for income taxes and effective tax rate in the period in which the election is made

Determining the consolidated provision for income tax expense, income tax liabilities and deferred tax assets and liabilities inv
assets and liabilities, measured using enacted tax rates, are recognized for the future tax consequences of temporary differences
statement bases of assets and liabilities. As a global company, we calculate and provide for income taxes in each of the tax juris
This involves estimating current tax exposures in each jurisdiction as well as making judgments regarding the recoverability of
exposures can involve complex issues and may require an extended period to resolve. In assessing the realizability of deferred t
whether it is more likely than not that some portion or all of the deferred tax assets will not be realized and adjust the valuation
Factors considered in making this determination include the period of expiration of the tax asset, planned use of the tax asset, ta
historical and projected taxable income as well as tax liabilities for the tax jurisdiction in which the tax asset is located. Valuati
to change in each future reporting period as a result of changes in one or more of these factors. Changes in the geographic mix
income before taxes can affect the overall effective tax rate.

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We apply an estimated annual effective tax rate to our quarterly operating results to determine the interim provision for income
judgment that impacts the measurement of a tax position taken in a prior year is recognized as a discrete item in the interim per
occurs. In the event there is a significant unusual or infrequent item recognized in our quarterly operating results, the tax attribu
in the interim period in which it occurs.

No taxes have been provided on undistributed foreign earnings that are planned to be indefinitely reinvested. If future events, in
estimates of cash, working capital and long-term investment requirements, necessitate that these earnings be distributed, an add
may apply, which could materially affect our future effective tax rate. We currently do not foresee any event that would require
remaining undistributed earnings. For additional information, see Note 9 (Income Taxes) to our Consolidated Financial Statem
Statements and Supplementary Data."

As a matter of course, we are regularly audited by various taxing authorities, and sometimes these audits result in proposed ass
resolution may result in us owing additional taxes. We establish tax liabilities or reduce tax assets when, despite our belief that
appropriate and supportable under local tax law, we believe we may not succeed in realizing the tax benefit of certain positions
tax position, we determine whether it is more likely than not that the position will be sustained upon examination, including res
or litigation processes, based on the technical merits of the position. Our estimate of the ultimate tax liability contains assumpti
judgments about potential actions by taxing jurisdictions as well as judgments about the likely outcome of issues that have been
jurisdictions. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realize
evaluate tax positions each quarter and adjust the related tax liabilities or assets in light of changing facts and circumstances, su
audit or the expiration of a statute of limitations. We believe the estimates and assumptions used to support our evaluation of ta
However, final determinations of prior-year tax liabilities, either by settlement with tax authorities or expiration of statutes of li
different from estimates reflected in assets and liabilities and historical income tax provisions. The outcome of these final deter
material effect on our income tax provision, net income, or cash flows in the period in which that determination is made. We be
comply with applicable tax law and that we have adequately accounted for these positions.

Revenues by Segment/Operating Group

Our five reportable operating segments are our operating groups, which are Communications, Media & Technology; Financial
Service; Products; and Resources. In addition to reporting net revenues by operating group, we also report net revenues by two
outsourcing, which represent the services sold by our operating groups. Consulting net revenues, which include strategy, manag
consulting and systems integration, reflect a finite, distinct project or set of projects with a defined outcome and typically a defi
deliverables. Outsourcing net revenues typically reflect ongoing, repeatable services or capabilities provided to transition, run a
client systems or business functions.

From time to time, our operating groups work together to sell and implement certain contracts. The resulting revenues and cost
apportioned among the participating operating groups. Generally, operating expenses for each operating group have similar cha
the same factors, pressures and challenges. However, the economic environment and its effects on the industries served by our
revenues and operating expenses within our operating groups to differing degrees. The mix between consulting and outsourcing
operating groups. Local currency fluctuations also tend to affect our operating groups differently, depending on the geographic
of their businesses.

While we provide discussion about our results of operations below, we cannot measure how much of our revenue growth in a p
to changes in price or volume. Management does not track standard measures of unit or rate volume. Instead, our measures of v
extremely complex, as each of our services contracts is unique, reflecting a customized mix of specific services that does not fi
measurements. Revenue for our services is a function of the nature of each service to be provided, the skills required and the ou
estimated cost, risk, contract terms and other factors.

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Results of Operations for Fiscal 2018 Compared to Fiscal 2017

Net revenues (by operating group, geographic region and type of work) and reimbursements were as follows:

	Fiscal		Percent Increase U.S. Dollars		Percent Increase Local Currency		Percent of Total Net Revenues for Fiscal			
	2018	2017					2018		2017	
	(in millions of U.S. dollars)									
OPERATING GROUPS										
Communications, Media & Technology	$8,031	$6,885	17	%	14	%	20	%	20	%
Financial Services	8,238	7,394	11		7		21		21	
Health & Public Service	6,688	6,178	8		7		17		18	
Products	10,854	9,500	14		11		28		27	
Resources	5,657	4,847	17		13		14		14	
Other	105	46	n/m		n/m		—		—	
TOTAL NET REVENUES	39,573	34,850	13.5	%	10.5	%	100	%	100	%
Reimbursements	2,030	1,915	6							
TOTAL REVENUES	$41,603	$36,765	13	%						
GEOGRAPHIC REGIONS (1)										
North America	$17,849	$16,291	10	%	9	%	45	%	47	%
Europe	14,112	12,002	18		9		36		34	
Growth Markets	7,613	6,557	16		16		19		19	
TOTAL NET REVENUES	$39,573	$34,850	13.5	%	10.5	%	100	%	100	%
TYPE OF WORK										
Consulting	$21,574	$18,754	15	%	12	%	55	%	54	%
Outsourcing	17,999	16,096	12		9		45		46	
TOTAL NET REVENUES	$39,573	$34,850	13.5	%	10.5	%	100	%	100	%

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n/m = not meaningful

Amounts in table may not total due to rounding.

(1) Effective September 1, 2017, we revised the reporting of our geographic regions as follows: North America (the United Stat Growth Markets (Asia Pacific, Latin America, Africa and the Middle East). Four countries, including Russia, were previous now included in Europe. Prior period amounts have been reclassified to conform to the current period presentation.

Our business in the United States represented 43%, 45% and 46% of our consolidated net revenues during fiscal 2018, 2017 an country individually comprised 10% or more of our consolidated net revenues during these periods.

Net Revenues

The following net revenues commentary discusses local currency net revenue changes for fiscal 2018 compared to fiscal 2017:

Operating Groups

- Communications, Media & Technology net revenues increased 14% in local currency, driven by growth across all geographic Platforms and Communications & Media, led by Software & Platforms in North America.
- Financial Services net revenues increased 7% in local currency, driven by growth across all industry groups and geographic reg Capital Markets in Europe and Growth Markets.
- Health & Public Service net revenues increased 7% in local currency, driven by growth in Public Service across all geographic America.
- Products net revenues increased 11% in local currency, driven by growth across all geographic regions, in Consumer Goods, R Industrial.

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- Resources net revenues increased 13% in local currency, driven by growth across all industry groups and geographic regions le
Resources and Energy.

Geographic Regions

- North America net revenues increased 9% in local currency, driven by the United States.
- Europe net revenues increased 9% in local currency, driven by Germany, Italy, France, Ireland and Spain.
- Growth Markets net revenues increased 16% in local currency, led by Japan, as well as Australia, Brazil, and Singapore.

Operating Expenses

Operating expenses for fiscal 2018 increased $3,630 million, or 11%, over fiscal 2017, and decreased as a percentage of revenu
during this period. Operating expenses before reimbursable expenses for fiscal 2018 increased $3,515 million, or 12%, over fis
percentage of net revenues to 85.2% from 86.7% during this period.

Cost of Services

Cost of services for fiscal 2018 increased $3,426 million, or 13%, over fiscal 2017, and increased as a percentage of revenues t
this period. Cost of services before reimbursable expenses for fiscal 2018 increased $3,311 million, or 14%, over fiscal 2017, a
of net revenues to 68.6% from 68.3% during this period. Gross margin for fiscal 2018 decreased to 31.4% from 31.7% in fiscal
margin for fiscal 2018 was principally due to higher labor costs compared to fiscal 2017, partially offset by other cost efficienc

Sales and Marketing

Sales and marketing expense for fiscal 2018 increased $444 million, or 12%, over fiscal 2017, and decreased as a percentage of
10.8% during this period.

General and Administrative Costs

General and administrative costs for fiscal 2018 increased $270 million, or 13%, over fiscal 2017, and remained flat as a percen
during this period.

Pension Settlement Charge

We recorded a pension settlement charge of $510 million during fiscal 2017 as a result of the termination of our U.S. pension p
information, see Note 10 (Retirement and Profit Sharing Plans) to our Consolidated Financial Statements under Item 8, “Financ
Supplementary Data.”

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Operating Income and Operating Margin

Operating income for fiscal 2018 increased $1,208 million, or 26%, over fiscal 2017. The pension settlement charge decreased
2017 by 150 basis points. Excluding the effect of this charge, operating margin for fiscal 2018 was 14.8%, flat with fiscal 2017
Operating income and operating margin for each of the operating groups were as follows:

	Fiscal 2018 Operating Income	Fiscal 2018 Operating Margin	2017 Operating Income	2017 Operating Margin	Increase (Decrease)
	(in millions of U.S. dollars)				
Communications, Media & Technology	$1,368	17 %	$1,049	15 %	$ 319
Financial Services	1,353	16	1,207	16	145
Health & Public Service	756	11	773	13	(17)
Products	1,650	15	1,559	16	91
Resources	715	13	555	11	160
Pension Settlement Charge (1)	—	—	(510)	—	510
Operating Income (GAAP)	$5,841	14.8 %	$4,633	13.3 %	$ 1,208
Pension Settlement Charge (1)	—		510		(510)
Adjusted Operating Income (non-GAAP)	$5,841	14.8 %	$5,142	14.8 %	$ 699

Amounts in table may not total due to rounding.

(1) Represents the pension settlement charge related to the termination of our U.S. pension plan.

We estimate that the aggregate percentage impact of foreign currency exchange rates on our operating income during fiscal 201
disclosed for net revenue. The commentary below provides insight into other factors affecting operating group performance an
2018 compared with fiscal 2017:

- Communications, Media & Technology operating income increased primarily due to revenue growth and higher contract profit
- Financial Services operating income increased primarily due to consulting revenue growth.
- Health & Public Service operating income decreased primarily due to lower consulting contract profitability.
- Products operating income increased primarily due to revenue growth, partially offset by lower consulting contract profitabilit
- Resources operating income increased primarily due to revenue growth.

Other Income (Expense), net

Other income (expense), net primarily consists of foreign currency gains and losses as well as gains and losses associated with
held companies. During fiscal 2018, other expense increased $31 million over fiscal 2017, primarily due to higher net foreign e

Provision for Income Taxes

The effective tax rate for fiscal 2018 was 27.4%, compared with 21.3% for fiscal 2017. In fiscal 2018, we recorded a $258 mill
law changes. Absent this charge, our effective tax rate for fiscal 2018 would have been 23.0%. Absent the pension settlement c
related tax impact of $198 million, the effective tax rate for fiscal 2017 would have been 23.0%. For additional information, se
our Consolidated Financial Statements under Item 8, “Financial Statements and Supplementary Data.”

In addition, as described in Note 1 (Summary of Significant Accounting Policies), beginning in fiscal 2019 we will recognize i
expense as a result of adoption of ASU 2016-16.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests reflects the income earned or expense incurred attributable to the equity inte
former members of Accenture Leadership and their permitted transferees have in our Accenture Holdings plc and Accenture C
subsidiaries. See “Business—Organizational

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Structure.” Noncontrolling interests also includes amounts primarily attributable to noncontrolling shareholders in our Avanade
attributable to Accenture plc represents the income attributable to the shareholders of Accenture plc.
Net income attributable to noncontrolling interests for fiscal 2018 decreased $35 million, or 18%, from fiscal 2017, primarily d
plc merger with and into Accenture plc on March 13, 2018, which decreased the non-controlling ownership percentage from 4%
plc and Accenture Canada Holdings Inc. to less than 1% held by only Accenture Canada Holdings Inc. For additional informati
(Summary of Significant Accounting Policies) to our Consolidated Financial Statements under Item 8,“Financial Statements an
Earnings Per Share
Diluted earnings per share were $6.34 for fiscal 2018, compared with $5.44 for fiscal 2017. The $0.90 increase in our diluted e
impact of the tax law changes, which decreased diluted earnings per share for fiscal 2018 by $0.40. The impact of the pension s
decreased diluted earnings per share for fiscal 2017 by $0.47. Excluding these impacts, diluted earnings per share would have b
2018 and 2017, respectively, an increase of $0.83. This increase was due to increases of $0.82 from higher revenues and operat
lower weighted average shares outstanding, partially offset by decreases of $0.02 from lower non-operating income and $0.02 f
attributable to non-controlling interest. For information regarding our earnings per share calculations, see Note 2 (Earnings Per
Financial Statements under Item 8, “Financial Statements and Supplementary Data.”

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Results of Operations for Fiscal 2017 Compared to Fiscal 2016

Net revenues (by operating group, geographic region and type of work) and reimbursements were as follows:

	Fiscal		Percent Increase U.S. Dollars	Percent Increase Local Currency	Percent of Total Net Revenues for Fiscal	
	2017	2016			2017	2016
	(in millions of U.S. dollars)					
OPERATING GROUPS						
Communications, Media & Technology	$6,885	$6,616	4 %	4 %	20 %	20 %
Financial Services	7,394	7,031	5	7	21	21
Health & Public Service	6,178	5,987	3	3	18	18
Products	9,500	8,395	13	14	27	26
Resources	4,847	4,839	—	1	14	15
Other	46	15	n/m	n/m	—	—
TOTAL NET REVENUES	34,850	32,883	6 %	7 %	100 %	100 %
Reimbursements	1,915	1,915	—			
TOTAL REVENUES	$36,765	$34,798	6 %			
GEOGRAPHIC REGIONS (1)						
North America	$16,291	$15,653	4 %	4 %	47 %	48 %
Europe	12,002	11,512	4	8	34	35
Growth Markets	6,557	5,717	15	12	19	17
TOTAL NET REVENUES	$34,850	$32,883	6 %	7 %	100 %	100 %
TYPE OF WORK						
Consulting	$18,754	$17,868	5 %	6 %	54 %	54 %
Outsourcing	16,096	15,015	7	8	46	46
TOTAL NET REVENUES	$34,850	$32,883	6 %	7 %	100 %	100 %

n/m = not meaningful

Amounts in table may not total due to rounding.

(1) Effective September 1, 2017, we revised the reporting of our geographic regions as follows: North America (the United Stat Growth Markets (Asia Pacific, Latin America, Africa and the Middle East). Four countries, including Russia, were previous now included in Europe. Prior period amounts have been reclassified to conform to the current period presentation.

Net Revenues

The following net revenues commentary discusses local currency net revenue changes for fiscal 2017 compared to fiscal 2016:

Operating Groups

- Communications, Media & Technology net revenues increased 4% in local currency, led by Software & Platforms in North Ar across all industry groups in Growth Markets. This growth was partially offset by a decline in Communications & Media in Eu market continue to impact demand.
- Financial Services net revenues increased 7% in local currency, led by Banking & Capital Markets in Europe and Growth Marl
- Health & Public Service net revenues increased 3% in local currency, driven by Public Service in Growth Markets and Europe
- Products net revenues increased 14% in local currency, driven by very strong growth across all industry groups and geographic Goods, Retail & Travel Services, as well as Life Sciences in North America and Industrial in Europe.

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- Resources net revenues increased 1% in local currency, led by Utilities in Europe, partially offset by declines in Energy across

Geographic Regions

- North America net revenues increased 4% in local currency, driven by the United States.
- Europe net revenues increased 8% in local currency, led by the United Kingdom and Germany, as well as France, Spain and Sv
- Growth Markets net revenues increased 12% in local currency, led by Japan, as well as Australia, Singapore and China.

Operating Expenses

Operating expenses for fiscal 2017 increased $2,146 million, or 7%, over fiscal 2016, and increased as a percentage of revenue this period. Operating expenses before reimbursable expenses for fiscal 2017 increased $2,145 million, or 8%, over fiscal 2016 percentage of net revenues to 86.7% from 85.4% during this period.

Cost of Services

Cost of services for fiscal 2017 increased $1,215 million, or 5%, over fiscal 2016, and decreased as a percentage of revenues to this period. Cost of services before reimbursable expenses for fiscal 2017 increased $1,214 million, or 5%, over fiscal 2016, an net revenues to 68.3% from 68.7% during this period. Gross margin for fiscal 2017 increased to 31.7% from 31.3% in fiscal 20 margin for fiscal 2017 was principally due to lower labor costs as a percentage of net revenues, compared to fiscal 2016.

Sales and Marketing

Sales and marketing expense for fiscal 2017 increased $174 million, or 5%, over fiscal 2016, and decreased as a percentage of to 10.8% from 10.9% during this period.

General and Administrative Costs

General and administrative costs for fiscal 2017 increased $247 million, or 13%, over fiscal 2016, and increased as a percentag to 6.1% from 5.7% during this period. The increase as a percentage of net revenues was principally due to higher technology ar higher acquisition-related costs.

Pension Settlement Charge

We recorded a pension settlement charge of $510 million during fiscal 2017 as a result of the termination of our U.S. pension p information, see Note 10 (Retirement and Profit Sharing Plans) to our Consolidated Financial Statements under Item 8, “Financ Supplementary Data.”

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Operating Income and Operating Margin

Operating income for fiscal 2017 decreased $178 million, or 4%, from fiscal 2016. The pension settlement charge decreased op
points. Excluding the effect of this charge, operating margin for fiscal 2017 increased 20 basis points compared with fiscal 201
Operating income and operating margin for each of the operating groups were as follows:

	Fiscal 2017 Operating Income	2017 Operating Margin	2016 Operating Income	2016 Operating Margin	Increase (Decrease)
	(in millions of U.S. dollars)				
Communications, Media & Technology	$1,049	15 %	$966	15 %	$ 83
Financial Services	1,207	16	1,128	16	80
Health & Public Service	773	13	807	13	(34)
Products	1,559	16	1,282	15	276
Resources	555	11	628	13	(73)
Pension Settlement Charge (1)	(510)	—	—	—	(510)
Operating Income (GAAP)	$4,633	13.3 %	$4,810	14.6 %	$ (178)
Pension Settlement Charge (1)	510		—		510
Adjusted Operating Income (non-GAAP)	$5,142	14.8 %	$4,810	14.6 %	$ 332

Amounts in table may not total due to rounding.

(1) Represents pension settlement charge related to the termination of our U.S. pension plan.

We estimate that the aggregate percentage impact of foreign currency exchange rates on our operating income during fiscal 201
disclosed for net revenue. In addition, during fiscal 2017, each operating group experienced higher costs associated with acquis
commentary below provides insight into other factors affecting operating group performance and operating margin for fiscal 20
2016:

- Communications, Media & Technology operating income increased primarily due to revenue growth.
- Financial Services operating income increased primarily due to revenue growth.
- Health & Public Service operating income decreased primarily due to lower outsourcing contract profitability and a decline in
- Products operating income increased principally due to very strong revenue growth, as well as higher consulting contract profit
- Resources operating income decreased due to lower consulting contract profitability and a decline in consulting revenue.

Other Income (Expense), net

Other income (expense), net primarily consists of foreign currency gains and losses as well as gains and losses associated with
held companies. During fiscal 2017, other expense decreased $31 million from fiscal 2016, primarily due to lower net foreign e

Gain (Loss) on Sale of Businesses

We recorded a gain from the Navitaire divestiture of $548 million and a gain from the Duck Creek partial divestiture of $301 m
additional information, see Note 5 (Business Combinations and Divestitures) to our Consolidated Financial Statements under It
and Supplementary Data.”

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Provision for Income Taxes
The effective tax rate for fiscal 2017 was 21.3%, compared with 22.4% for fiscal 2016. Absent the pension settlement charge o
impact of $198 million, the effective tax rate for fiscal 2017 would have been 23.0%. Absent the gain on sale of businesses of $
impact of $104 million, the effective tax rate for fiscal 2016 would have been 24.2%. The effective tax rate for fiscal 2017 bene
determination of prior-year U.S. taxes, other adjustments to prior year tax liabilities, and the recognition of excess tax benefits
a result of our adoption of ASU No. 2016-09. This was partially offset by a net increase to prior-year non-U.S. tax liabilities, pr
assessment of prior-year taxes in Switzerland. The fiscal 2016 effective tax rate also benefited from the final determination of p
Net Income Attributable to Noncontrolling Interests
Net income attributable to noncontrolling interests reflects the income earned or expense incurred attributable to the equity inte
former members of Accenture Leadership and their permitted transferees have in Accenture Canada Holdings Inc., and prior to
Holdings plc. See “Business—Organizational Structure and History.” Net income attributable to Accenture plc represents the i
shareholders of Accenture plc. Noncontrolling interests also includes amounts primarily attributable to noncontrolling sharehol
subsidiary.
Net income attributable to noncontrolling interests for fiscal 2017 decreased $48 million, or 20%, from fiscal 2016. The decrea
income of $715 million, primarily driven by the pension settlement charge recorded during fiscal 2017 as well as the gain on sa
during fiscal 2016.
Earnings Per Share
Diluted earnings per share were $5.44 for fiscal 2017, compared with $6.45 for fiscal 2016. The $1.01 decrease in our diluted e
both the impact of the pension settlement charge, net of taxes, which decreased diluted earnings per share for fiscal 2017 by $0
on sale of businesses, net of taxes, which increased diluted earnings per share for fiscal 2016 by $1.11. Excluding these impact
would have been $5.91 and $5.34 for fiscal 2017 and 2016, respectively, an increase of $0.57 due to increases of $0.38 from hi
results, $0.09 from a lower effective tax rate, $0.06 from lower weighted average shares outstanding and $0.04 from lower non
information regarding our earnings per share calculations, see Note 2 (Earnings Per Share) to our Consolidated Financial State
Statements and Supplementary Data.”

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Liquidity and Capital Resources

Our primary sources of liquidity are cash flows from operations, available cash reserves and debt capacity available under vari
fourth quarter of fiscal 2017, we entered into agreements that will allow us to establish a commercial paper program for short-t
billion, backed by our syndicated loan facility. In addition, we could raise additional funds through other public or private debt
use our available or additional funds to, among other things:

- facilitate purchases, redemptions and exchanges of shares and pay dividends;
- acquire complementary businesses or technologies;
- take advantage of opportunities, including more rapid expansion; or
- develop new services and solutions.

As of August 31, 2018, Cash and cash equivalents were $5.1 billion, compared with $4.1 billion as of August 31, 2017.

Cash flows from operating, investing and financing activities, as reflected in our Consolidated Cash Flows Statements, are sum
table:

	Fiscal			
	2018	2017	2016	2018 to 2017 Change
	(in millions of U.S. dollars)			
Net cash provided by (used in):				
Operating activities	$6,027	$4,973	$4,667	$1,054
Investing activities	(1,250)	(2,234)	(610)	984
Financing activities	(3,709)	(3,560)	(3,489)	(149)
Effect of exchange rate changes on cash and cash equivalents	(134)	42	(23)	(176)
Net increase (decrease) in cash and cash equivalents	$934	$(779)	$545	$1,713

Operating activities: The $1,054 million year-over-year increase in operating cash flow was due to higher net income and lowe
changes in operating assets and liabilities, including lower spending on certain compensation payments.

Investing activities: Cash used in investing activities decreased $984 million due to lower spending on business acquisitions an
by higher spending on property and equipment. For additional information, see Note 5 (Business Combinations and Divestiture
Financial Statements under Item 8, “Financial Statements and Supplementary Data.”

Financing activities: The $149 million increase in cash used was primarily due to an increase in cash dividends paid as well as
interests in consolidated subsidiaries. For additional information, see Note 13 (Material Transactions Affecting Shareholders’ E
Financial Statements under Item 8, “Financial Statements and Supplementary Data.”

We believe that our current and longer-term working capital, investments and other general corporate funding requirements wi
twelve months and thereafter through cash flows from operations and, to the extent necessary, from our borrowing facilities an
activities.

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

Borrowing Facilities

See Note 8 (Borrowings and Indebtedness) to our Consolidated Financial Statements under Item 8, “Financial Statements and S

Share Purchases and Redemptions

We intend to continue to use a significant portion of cash generated from operations for share repurchases during fiscal 2019. T
ultimately repurchased under our open-market share purchase program may vary depending on numerous factors, including, wi
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 ec
conditions, and board and management discretion. Additionally, as these factors may change over the course of the year, the an
activity during any particular period cannot be predicted and may fluctuate from time to time. Share repurchases may be made
open-market purchases, in respect of purchases and redemptions of Accenture Canada Holdings Inc. exchangeable shares, throu
plans and/or by other means. The repurchase program may be accelerated, suspended, delayed or discontinued at any time, witl
information, see Note 13 (Material Transactions Affecting Shareholders' Equity) to our Consolidated Financial Statements und
and Supplementary Data."

Subsequent Events

See Note 13 (Material Transactions Affecting Shareholders' Equity) to our Consolidated Financial Statements under Item 8, "F
Supplementary Data."

Obligations and Commitments

As of August 31, 2018, we had the following obligations and commitments to make future payments under contracts, contractu
commitments:

Contractual Cash Obligations (1)	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in millions of U.S. dollars)				
Long-term debt	$25	$ 5	$ 9	$ 11	$ —
Operating leases	3,651	598	1,018	750	1,286
Retirement obligations (2)	100	11	22	20	47
Purchase obligations and other commitments (3)	184	64	97	23	—
Total	$3,960	$ 678	$ 1,146	$ 804	$ 1,333

Amounts in table may not total due to rounding.

(1) The liability related to unrecognized tax benefits has been excluded from the contractual obligations table because a
timing and amount of cash outflows from future tax settlements cannot be determined. For additional information, s
our Consolidated Financial Statements under Item 8, "Financial Statements and Supplementary Data."

(2) Amounts represent projected payments under certain unfunded retirement plans for former pre-incorporation partners. Giver
pay these benefits directly. These plans were eliminated for active partners after May 15, 2001.

(3) Other commitments include, among other things, information technology, software support and maintenance obligations, as
the ordinary course of business that we cannot cancel or where we would be required to pay a termination fee in the event o
shown do not include recourse that we may have to recover termination fees or penalties from clients.

Off-Balance Sheet Arrangements

In the normal course of business and in conjunction with some client engagements, we have entered into contractual arrangeme
obligated to indemnify clients with respect to certain matters. To date, we have not been required to make any significant paym
arrangements. For further discussion of these transactions, see Note 15 (Commitments and Contingencies) to our Consolidated
Item 8, "Financial Statements and Supplementary Data."

New Accounting Pronouncements

See Note 1 (Summary of Significant Accounting Policies) to our Consolidated Financial Statements under Item 8, "Financial S
Data."

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
All of our market risk sensitive instruments were entered into for purposes other than trading.
Foreign Currency Risk
We are exposed to foreign currency risk in the ordinary course of business. We hedge material cash flow exposures when feasil
These instruments are subject to fluctuations in foreign currency exchange rates and credit risk. Credit risk is managed through
evaluation of the financial institutions utilized as counterparties.
Certain of these hedge positions are undesignated hedges of balance sheet exposures such as intercompany loans and typically l
one year. These hedges—primarily U.S. dollar/U.K. pound, U.S. dollar/Japanese yen, U.S. dollar/Euro, U.S. dollar/Indian rupe
dollar/Australian dollar, U.S. dollar/Philippine peso and U.S. dollar/Swedish krona—are intended to offset remeasurement of th
liabilities. Changes in the fair value of these derivatives are recorded in Other expense, net in the Consolidated Income Stateme
hedge positions that are designated cash flow hedges of certain intercompany charges relating to our global delivery model. Th
rupee, U.S. dollar/Philippine peso, U.K. pound/Indian rupee, Euro/Indian rupee, Australian dollar/Indian rupee and Japanese ye
typically have maturities not exceeding three years—are intended to partially offset the impact of foreign currency movements
global delivery resources. For additional information, see Note 7 (Derivative Financial Instruments) to our Consolidated Financ
"Financial Statements and Supplementary Data."
For designated cash flow hedges, gains and losses currently recorded in Accumulated other comprehensive loss are expected to
at the time when certain anticipated intercompany charges are accrued as Cost of services. As of August 31, 2018, it was antici
million of net losses, net of tax, currently recorded in Accumulated other comprehensive loss will be reclassified into Cost of se
months.
We use sensitivity analysis to determine the effects that market foreign currency exchange rate fluctuations may have on the fa
The sensitivity of the hedge portfolio is computed based on the market value of future cash flows as affected by changes in exc
analysis represents the hypothetical changes in value of the hedge position and does not reflect the offsetting gain or loss on the
change in the levels of foreign currency exchange rates against the U.S. dollar (or other base currency of the hedge if not a U.S
variables held constant would have resulted in a change in the fair value of our hedge instruments of approximately $483 millio
August 31, 2018 and 2017, respectively.
Interest Rate Risk
The interest rate risk associated with our borrowing and investing activities as of August 31, 2018 is not material in relation to o
position, results of operations or cash flows. While we may do so in the future, we have not used derivative financial instrumen
characteristics of our investment holdings or debt instruments.
Other Market Risk
The privately held companies in which we invest are often in a start-up or development stage, which is inherently risky. The tec
companies have under development are typically in the early stages and may never materialize, which could result in a loss of a
investment in these companies. The evaluation of privately held companies is based on information that we request from these
subject to the same disclosure regulations as U.S. publicly traded companies, and as such, the basis for these evaluations is subj
of the data received from these companies. We have minimal exposure on our long-term investments in privately held compani
not material in relation to our consolidated financial position, results of operations or cash flows as of August 31, 2018.
Equity Price Risk
The equity price risk associated with our marketable equity securities that are subject to market price volatility is not material i
financial position, results of operations or cash flows.
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
See the Index to Consolidated Financial Statements and financial statements commencing on page F-1, which are incorporated

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCL

None.

ITEM 9A. 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 controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this repo procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control evaluation, the principal executive officer and the principal financial officer of Accenture plc have concluded that, as of the enc report, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide re the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with ger principles. Internal control over financial reporting includes those policies and procedures that:

i. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of
ii. provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in a accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations Board of Directors; and
iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our material effect on our financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projectio effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our principal executive officer and principal fin an evaluation of the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee o the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on its evaluation, our manageme control over financial reporting was effective as of the end of the fiscal year covered by this Annual Report on Form 10-K.

KPMG LLP, an independent registered public accounting firm, has audited the Consolidated Financial Statements included in t Form 10-K and, as part of their audit, has issued its attestation report, included herein, on the effectiveness of our internal contr See "Report of Independent Registered Public Accounting Firm" on page F-2.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the fourth quarter of fiscal 2018 t is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

There have been no material changes to the procedures by which security holders may recommend nominees to our Board of D
in the proxy statement for our Annual General Meeting of Shareholders filed with the SEC on December 15, 2017.
Information about our executive officers is contained in the discussion entitled "Executive Officers of the Registrant" in Part I
remaining information called for by Item 10 will be included in the sections captioned "Re-Appointment of Directors," "Corpo
Ownership" included in the definitive proxy statement relating to the 2019 Annual General Meeting of Shareholders of Accent
1, 2019 and is incorporated herein by reference. Accenture plc will file such definitive proxy statement with the SEC pursuant
than 120 days after the end of our 2018 fiscal year covered by this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information called for by Item 11 will be included in the sections captioned "Executive Compensation" and "Director Com
definitive proxy statement relating to the 2019 Annual General Meeting of Shareholders of Accenture plc to be held on Februar
herein by reference. Accenture plc will file such definitive proxy statement with the SEC pursuant to Regulation 14A not later
our 2018 fiscal year covered by this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHA

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth, as of August 31, 2018, certain information related to our compensation plans under which Acce
shares may be issued.

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights		Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in 1st Column)
Equity compensation plans approved by shareholders:				
2001 Share Incentive Plan	89,613	(1)	$ 35.6484	—
Amended and Restated 2010 Share Incentive Plan	19,599,715	(2)	48.1050	24,266,070
Amended and Restated 2010 Employee Share Purchase Plan	—		N/A	35,888,092
Equity compensation plans not approved by shareholders	—		N/A	—
Total	19,689,328			60,154,162

(1) Consists of 81,090 restricted share units and 8,523 stock options.
(2) Consists of 19,595,964 restricted share units and 3,751 stock options.

The remaining information called for by Item 12 will be included in the section captioned "Beneficial Ownership" included in
relating to the 2019 Annual General Meeting of Shareholders of Accenture plc to be held on February 1, 2019 and is incorporat
Accenture plc will file such definitive proxy statement with the SEC pursuant to Regulation 14A not later than 120 days after t
covered by this Form 10-K.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information called for by Item 13 will be included in the section captioned "Corporate Governance" included in the definit
the 2019 Annual General Meeting of Shareholders of Accenture plc to be held on February 1, 2019 and is incorporated herein b
will file such definitive proxy statement with the SEC pursuant to Regulation 14A not later than 120 days after the end of our 2
this Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information called for by Item 14 will be included in the section captioned "Audit" included in the definitive proxy statem
General Meeting of Shareholders of Accenture plc to be held on February 1, 2019 and is incorporated herein by reference. Acc
definitive proxy statement with the SEC pursuant to Regulation 14A not later than 120 days after the end of our 2018 fiscal yea

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) List of documents filed as part of this report:

1. Financial Statements as of August 31, 2018 and August 31, 2017 and for the three years ended August 31, 2018—Included

Consolidated Balance Sheets
Consolidated Income Statements
Consolidated Statements of Comprehensive Income
Consolidated Shareholders' Equity Statements
Consolidated Cash Flows Statements
Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

None

3. Exhibit Index:

Exhibit Number	Exhibit
3.1	Amended and Restated Memorandum and Articles of Association of Accenture plc (incorporated by reference to Exh filed on February 7, 2018)
3.2	Certificate of Incorporation of Accenture plc (incorporated by reference to Exhibit 3.2 to Accenture plc's 8-K12B file "8-K12B"))
10.1	Form of Voting Agreement, dated as of April 18, 2001, among Accenture Ltd and the covered persons party thereto a February 3, 2005 (incorporated by reference to Exhibit 9.1 to the Accenture Ltd February 28, 2005 10-Q (File No. 00
10.2	Assumption Agreement of the Amended and Restated Voting Agreement, dated September 1, 2009 (incorporated by the 8-K12B)
10.3*	Form of Non-Competition Agreement, dated as of April 18, 2001, among Accenture Ltd and certain employees (inco to Exhibit 10.2 to the Accenture Ltd Registration Statement on Form S-1 (File No. 333-59194) filed on April 19, 200 S-1"))
10.4	Assumption and General Amendment Agreement between Accenture plc and Accenture Ltd, dated September 1, 200 to Exhibit 10.1 to the 8-K12B)
10.5*	2001 Share Incentive Plan (incorporated by reference to Exhibit 10.3 to the Accenture Ltd Registration Statement on 333-59194) filed on July 12, 2001)
10.6*	Amended and Restated 2010 Share Incentive Plan (incorporated by reference to Exhibit 10.1 to Accenture plc's 8-K
10.7*	Amended and Restated 2010 Employee Share Purchase Plan (incorporated by reference to Exhibit 10.2 to Accenture 2016)
10.8	Form of Support Agreement, dated as of May 23, 2001, between Accenture Ltd and Accenture Canada Holdings Inc. Exhibit 10.9 to the Accenture Ltd Registration Statement on Form S-1/A (the "July 2, 2001 Form S-1/A"))
10.9	First Supplemental Agreement to Support Agreement among Accenture plc, Accenture Ltd and Accenture Canada H September 1, 2009 (incorporated by reference to Exhibit 10.2 to the 8-K12B)
10.10*	Employment Agreement between Accenture SAS and Pierre Nanterme dated as of June 20, 2013 (incorporated by re May 31, 2013 10-Q)
10.11*	Form of Employment Agreement of executive officers in the United States (incorporated by reference to Exhibit 10.3 10-Q)
10.12*	Form of Employment Agreement of executive officers in the United Kingdom (incorporated by reference to Exhibit 10-K)
10.13*	Form of Employment Agreement of executive officers in Singapore (incorporated by reference to Exhibit 10.17 to th
10.14	Form of Articles of Association of Accenture Canada Holdings Inc. (incorporated by reference to Exhibit 10.11 to th
10.15	Articles of Amendment to Articles of Association of Accenture Canada Holdings Inc. (incorporated by reference to E 2013 10-K)

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10.16	Form of Exchange Trust Agreement by and between Accenture Ltd and Accenture Canada Holdings Inc. and CIBC M of May 23, 2001 (incorporated by reference to Exhibit 10.12 to the July 2, 2001 Form S-1/A)
10.17	First Supplemental Agreement to Exchange Trust Agreement among Accenture plc, Accenture Ltd, Accenture Canada Inc., dated September 1, 2009 (incorporated by reference to Exhibit 10.3 to the 8-K12B)
10.18*	Form of Key Executive Performance-Based Award Restricted Share Unit Agreement pursuant to the Amended and Re Share Incentive Plan (incorporated by reference to Exhibit 10.2 to the February 28, 2017 10-Q)
10.19*	Form of Key Executive Performance-Based Award Restricted Share Unit Agreement pursuant to the Amended and Re Share Incentive Plan (incorporated by reference to Exhibit 10.3 to the February 28, 2018 10-Q)
10.20*	Form of Accenture Leadership Performance Equity Award Restricted Share Unit Agreement pursuant to the Amended 2010 Share Incentive Plan (incorporated by reference to Exhibit 10.3 to the February 28, 2017 10-Q)
10.21*	Form of Accenture Leadership Performance Equity Award Restricted Share Unit Agreement pursuant to the Amended 2010 Share Incentive Plan (incorporated by reference to Exhibit 10.4 to the February 28, 2018 10-Q)
10.22*	Form of Voluntary Equity Investment Program Matching Grant Restricted Share Unit Agreement pursuant to the Ame plc 2010 Share Incentive Plan (incorporated by reference to Exhibit 10.4 to the February 28, 2017 10-Q)
10.23*	Form of Voluntary Equity Investment Program Matching Grant Restricted Share Unit Agreement pursuant to the Ame plc 2010 Share Incentive Plan (incorporated by reference to Exhibit 10.5 to the February 28, 2018 10-Q)
10.24*	Form of CEO Discretionary Grant Restricted Share Unit Agreement pursuant to the Amended and Restated Accenture (incorporated by reference to Exhibit 10.6 to the February 28, 2018 10-Q)
10.25*	Form of Director Restricted Share Unit Agreement pursuant to the Amended and Restated Accenture plc 2010 Share I reference to Exhibit 10.7 to the February 28, 2018 10-Q)
10.26*	Accenture LLP Leadership Separation Benefits Plan (incorporated by reference to Exhibit 10.30 to the August 31, 201
10.27*	Description of Global Annual Bonus Plan (incorporated by reference to Exhibit 10.31 to the August 31, 2017 10-K)
10.28*	Form of Indemnification Agreement, between Accenture Inc. and the indemnitee party thereto (filed herewith)
21.1	Subsidiaries of the Registrant (filed herewith)
23.1	Consent of KPMG LLP (filed herewith)
23.2	Consent of KPMG LLP related to the Accenture plc 2010 Employee Share Purchase Plan (filed herewith)
24.1	Power of Attorney (included on the signature page hereto)
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 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 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 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 2002 (furnished herewith)
99.1	Amended and Restated Accenture plc 2010 Employee Share Purchase Plan Financial Statements (filed herewith)
101	The following financial information from Accenture plc's Annual Report on Form 10-K for the fiscal year ended Augu XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of August 31, 2018 and August Income Statements for the years ended August 31, 2018, 2017 and 2016, (iii) Consolidated Statements of Comprehens ended August 31, 2018, 2017 and 2016, (iv) Consolidated Shareholders' Equity Statement for the years ended August Consolidated Cash Flows Statements for the years ended August 31, 2018, 2017 and 2016, and (vi) the Notes to Conso

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(*) Indicates management contract or compensatory plan or arrangement.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disc
to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, a
warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agre
not describe the actual state of affairs as of the date they were made or at any other time.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

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SIGNATURES
Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this
behalf on October 24, 2018 by the undersigned, thereunto duly authorized.

ACCENTURE PLC

By: /s/ PIERRE NANTERME
Name: Pierre Nanterme
Title: Chief Executive Officer

POWER OF ATTORNEY
KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and app
P. Rowland and Joel Unruch, and each of them, as his or her true and lawful attorneys-in-fact and agents, with power to act wit
with full power of substitution and resubstitution, to do any and all acts and things and to execute any and all instruments whic
and each of them may deem necessary or desirable to enable the registrant to comply with the U.S. Securities Exchange Act of
rules, regulations and requirements of the U.S. Securities and Exchange Commission thereunder in connection with the registra
Form 10-K for the fiscal year ended August 31, 2018 (the “Annual Report”), including specifically, but without limiting the ge
and authority to sign the name of the registrant and the name of the undersigned, individually and in his or her capacity as a dir
registrant, to the Annual Report as filed with the U.S. Securities and Exchange Commission, to any and all amendments theret
instruments or documents filed as part thereof or in connection therewith; and each of the undersigned hereby ratifies and confi
agents and each of them shall do or cause to be done by virtue hereof.
Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on October 24, 2018 b
behalf of the registrant and in the capacities indicated.

Signature	Title
/s/ PIERRE NANTERME Pierre Nanterme	Chief Executive Officer, Chairman of the Board and Director (principal executive officer)
/s/ DAVID P. ROWLAND David P. Rowland	Chief Financial Officer (principal financial officer)
/s/ RICHARD P. CLARK Richard P. Clark	Chief Accounting Officer (principal accounting officer)
/s/ JAIME ARDILA Jaime Ardila	Director
/s/ CHARLES GIANCARLO Charles Giancarlo	Director

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/s/ HERBERT HAINER Herbert Hainer	Director
/s/ MARJORIE MAGNER Marjorie Magner	Director
/s/ NANCY MCKINSTRY Nancy McKinstry	Director
/s/ GILLES C. PÉLISSON Gilles C. Pélisson	Director
/s/ PAULA A. PRICE Paula A. Price	Director
/s/ VENKATA S.M. RENDUCHINTALA Venkata S.M. Renduchintala	Director
/s/ ARUN SARIN Arun Sarin	Director
/s/ FRANK K. TANG Frank K. Tang	Director
/s/ TRACEY T. TRAVIS Tracey T. Travis	Director

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ACCENTURE PLC
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm
Consolidated Financial Statements as of August 31, 2018 and 2017 and for the years ended August 31, 2018, 2017 and 2016:
Consolidated Balance Sheets
Consolidated Income Statements
Consolidated Statements of Comprehensive Income
Consolidated Shareholders' Equity Statements
Consolidated Cash Flows Statements
Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm
To the Shareholders and Board of Directors
Accenture plc:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting
We have audited the accompanying consolidated balance sheets of Accenture plc and its subsidiaries (the Company) as of Aug
related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in
August 31, 2018, and the related notes (collectively, the consolidated financial statements). We also have audited the Company
financial reporting as of August 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issue
Sponsoring Organizations of the Treadway Commission.
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial posit
August 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period end
conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material re
control over financial reporting as of August 31, 2018, based on criteria established in Internal Control - Integrated Framework
Committee of Sponsoring Organizations of the Treadway Commission.
Basis for Opinions
The Company's management is responsible for these consolidated financial statements, for maintaining effective internal contr
for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's
Control over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on the Company's cons
and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm
Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Compa
U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAO
We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform th
assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud,
control over financial reporting was maintained in all material respects.
Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement
statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included exa
evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating th
and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial state
control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the r
exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audi
such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis f
Definition and Limitations of Internal Control Over Financial Reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the relia
the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A co
financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable deta
the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded a
preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditu
made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assuran
timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, proj
effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or
with the policies or procedures may deteriorate.

We have served as the Company's auditor since 2002.
/s/ KPMG LLP
Chicago, Illinois
October 24, 2018

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ACCENTURE PLC
CONSOLIDATED BALANCE SHEETS
August 31, 2018 and 2017
(In thousands of U.S. dollars, except share and per share amounts)

ASSETS
CURRENT ASSETS:
Cash and cash equivalents
Short-term investments
Receivables from clients, net
Unbilled services, net
Other current assets
Total current assets
NON-CURRENT ASSETS:
Unbilled services, net
Investments
Property and equipment, net
Goodwill
Deferred contract costs
Deferred income taxes, net
Other non-current assets
Total non-current assets
TOTAL ASSETS
LIABILITIES AND SHAREHOLDERS' EQUITY
CURRENT LIABILITIES:
Current portion of long-term debt and bank borrowings
Accounts payable
Deferred revenues
Accrued payroll and related benefits
Income taxes payable
Other accrued liabilities
Total current liabilities
NON-CURRENT LIABILITIES:
Long-term debt
Deferred revenues
Retirement obligation
Deferred income taxes, net
Income taxes payable
Other non-current liabilities
Total non-current liabilities
COMMITMENTS AND CONTINGENCIES
SHAREHOLDERS' EQUITY:
Ordinary shares, par value 1.00 euros per share, 40,000 shares authorized and issued as of August 31, 2018 and August 31, 201
Class A ordinary shares, par value $0.0000225 per share, 20,000,000,000 shares authorized, 663,327,677 and 638,965,789 shares issued as of August 31, 2018 and August 31, 2017, respectively
Class X ordinary shares, par value $0.0000225 per share, 1,000,000,000 shares authorized, 655,521 and 20,531,383 shares issued and outstanding as of August 31, 2018 and August 31, 2017, respectively

Restricted share units
Additional paid-in capital
Treasury shares, at cost: Ordinary, 40,000 shares as of August 31, 2018 and August 31, 2017; Class A ordinary, 24,293,199 and 23,408,811 shares as of August 31, 2018 and August 31, 2017, respectively
Retained earnings
Accumulated other comprehensive loss
Total Accenture plc shareholders' equity
Noncontrolling interests
Total shareholders' equity
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY
The accompanying Notes are an integral part of these Consolidated Financial Statements.

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ACCENTURE PLC
CONSOLIDATED INCOME STATEMENTS
For the Years Ended August 31, 2018, 2017 and 2016
(In thousands of U.S. dollars, except share and per share amounts)

	2018	2017	2016
REVENUES:			
Revenues before reimbursements (“Net revenues”)	$39,573,450	$34,850,182	$32,882,723
Reimbursements	2,029,978	1,915,296	1,914,938
Revenues	41,603,428	36,765,478	34,797,661
OPERATING EXPENSES:			
Cost of services:			
Cost of services before reimbursable expenses	27,130,537	23,819,690	22,605,296
Reimbursable expenses	2,029,978	1,915,296	1,914,938
Cost of services	29,160,515	25,734,986	24,520,234
Sales and marketing	4,198,557	3,754,313	3,580,439
General and administrative costs	2,403,315	2,133,777	1,886,543
Pension settlement charge	—	509,793	—
Total operating expenses	35,762,387	32,132,869	29,987,216
OPERATING INCOME	5,841,041	4,632,609	4,810,445
Interest income	56,337	37,940	30,484
Interest expense	(19,539)	(15,545)	(16,258)
Other income (expense), net	(69,746)	(38,720)	(69,922)
Gain (loss) on sale of businesses	—	(252)	848,823
INCOME BEFORE INCOME TAXES	5,808,093	4,616,032	5,603,572
Provision for income taxes	1,593,499	981,100	1,253,969
NET INCOME	4,214,594	3,634,932	4,349,603
Net income attributable to noncontrolling interests in Accenture Holdings plc and Accenture Canada Holdings Inc.	(95,063)	(149,131)	(195,560)
Net income attributable to noncontrolling interests – other	(59,624)	(40,652)	(42,151)
NET INCOME ATTRIBUTABLE TO ACCENTURE PLC	$4,059,907	$3,445,149	$4,111,892
Weighted average Class A ordinary shares:			
Basic	628,451,742	620,104,250	624,797,820
Diluted	655,296,150	660,463,227	667,770,274
Earnings per Class A ordinary share:			
Basic	$6.46	$5.56	$6.58
Diluted	$6.34	$5.44	$6.45
Cash dividends per share	$2.66	$2.42	$2.20

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 Years Ended August 31, 2018, 2017 and 2016
(In thousands of U.S. dollars)

	2018	2017	2016
NET INCOME	$4,214,594	$3,634,932	$4,34
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:			
Foreign currency translation	(305,225)	149,920	(66,45
Defined benefit plans	21,335	368,885	(285,8
Cash flow hedges	(198,645)	46,624	101,29
Investments	1,148	1,507	1,297
OTHER COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO ACCENTURE PLC	(481,387)	566,936	(249,7
Other comprehensive income (loss) attributable to noncontrolling interests	(2,233)	31,724	(7,881
COMPREHENSIVE INCOME	$3,730,974	$4,233,592	$4,09
COMPREHENSIVE INCOME ATTRIBUTABLE TO ACCENTURE PLC	$3,578,520	$4,012,085	$3,86
Comprehensive income attributable to noncontrolling interests	152,454	221,507	229,83
COMPREHENSIVE INCOME	$3,730,974	$4,233,592	$4,09

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

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ACCENTURE PLC
CONSOLIDATED SHAREHOLDERS' EQUITY STATEMENTS
For the Years Ended August 31, 2018, 2017 and 2016
(In thousands of U.S. dollars and share amounts)

	Ordinary Shares		Class A Ordinary Shares		Class X Ordinary Shares		Restricted Share Units	Additional Paid-in Capital	Treasury Shares		Retained Earnings
	$	No. Shares	$	No. Shares	$	No. Shares			$	No. 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)	$13,470,0
Net income											4,111,892
Other comprehensive income (loss)											
Income tax benefit on share-based compensation plans								112,562			
Purchases of Class A ordinary shares								103,760	(2,532,796)	(23,848)	
Cancellation of treasury shares			(4)	(163,016)				(2,923,579)	11,199,016	163,016	(8,275,433
Share-based compensation expense							701,923	56,253			
Purchases/redemptions of Accenture Holdings plc ordinary shares, Accenture Canada Holdings Inc. exchangeable shares and Class X ordinary shares					(1)	(1,418)		(68,481)			
Issuances of Class A ordinary shares:											
Employee share programs			1	11,686			(785,141)	1,138,304	214,273	5,358	
Upon redemption of Accenture Holdings plc ordinary shares				775				3,541			
Dividends							51,137				(1,423,316
Other, net							5,006	(14,441)			(3,191
Balance as of August 31, 2016	$57	40	$15	654,203	$—	21,917	$1,004,128	$2,924,729	$(2,591,907)	(33,570)	$7,879,96

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ACCENTURE PLC
CONSOLIDATED SHAREHOLDERS' EQUITY STATEMENTS — (continued)
For the Years Ended August 31, 2018, 2017, and 2016
(In thousands of U.S. dollars and share amounts)

	Ordinary Shares		Class A Ordinary Shares		Class X Ordinary Shares		Restricted Share Units	Additional Paid-in Capital	Treasury Shares		Retained Earnings	Ac Ot Co Lo
	$	No. Shares	$	No. Shares	$	No. Shares			$	No. Shares		
Net income											3,445,149	
Other comprehensive income (loss)												56
Purchases of Class A ordinary shares								98,039	(2,552,880)	(21,258)		
Cancellation of treasury shares			(1)	(26,858)				(413,509)	3,014,356	26,858	(2,600,846)	
Share-based compensation expense							755,011	40,224				
Purchases/redemptions of Accenture Holdings plc ordinary shares, Accenture Canada Holdings Inc. exchangeable shares and Class X ordinary shares						(1,386)		(92,160)				
Issuances of Class A ordinary shares:												
Employee share programs				10,861			(715,790)	975,322	481,341	4,521	(90,612)	
Upon redemption of Accenture Holdings plc ordinary shares				760				5,595				
Dividends							51,677				(1,550,411)	
Other, net								(21,841)			(1,385)	
Balance as of August 31, 2017	$57	40	$14	638,966	$—	20,531	$1,095,026	$3,516,399	$(1,649,090)	(23,449)	$7,081,855	$(

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ACCENTURE PLC
CONSOLIDATED SHAREHOLDERS' EQUITY STATEMENTS — (continued)
For the Years Ended August 31, 2018, 2017, and 2016
(In thousands of U.S. dollars and share amounts)

	Ordinary Shares		Class A Ordinary Shares		Class X Ordinary Shares		Restricted Share Units	Additional Paid-in Capital	Treasury Shares		Retained Earnings	Ac Ot Co Lo
	$	No. Shares	$	No. Shares	$	No. Shares			$	No. Shares		
Net income											4,059,907	
Other comprehensive income (loss)												(48
Purchases of Class A ordinary shares								49,766	(2,554,084)	(16,706)		
Cancellation of treasury shares				(11,621)				(206,782)	1,582,067	11,621	(1,375,285)	
Share-based compensation expense							913,801	63,107				
Purchases/redemptions of Accenture Holdings plc ordinary shares, Accenture Canada Holdings Inc. exchangeable shares and Class X ordinary shares						(821)		(80,169)				
Issuances of Class A ordinary shares:												
Employee share programs				10,077			(829,085)	1,132,024	504,159	4,201	(68,656)	
Upon redemption of Accenture Holdings plc ordinary shares			1	25,906		(19,054)		408,652				
Dividends							54,881				(1,725,953)	
Other, net								(12,233)			(19,455)	
Balance as of August 31, 2018	$57	40	$15	663,328	$—	656	$1,234,623	$4,870,764	$(2,116,948)	(24,333)	$7,952,413	$(

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

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ACCENTURE PLC
CONSOLIDATED CASH FLOWS STATEMENTS
For the Years Ended August 31, 2018, 2017 and 2016
(In thousands of U.S. dollars)

	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$4,214,594	$3,634,932	$4,34
Adjustments to reconcile Net income to Net cash provided by (used in) operating activities—			
Depreciation, amortization and asset impairments	926,776	801,789	729,0
Share-based compensation expense	976,908	795,235	758,1
Pension settlement charge	—	460,908	—
(Gain) loss on sale of businesses	—	252	(848,8
Deferred income taxes, net	94,000	(364,133)	65,94
Other, net	7,609	88,123	(53,70
Change in assets and liabilities, net of acquisitions—			
Receivables from clients, net	(476,041)	(169,714)	(177,1
Unbilled services, current and non-current, net	(234,763)	96,392	(192,9
Other current and non-current assets	(510,102)	(415,568)	(655,8
Accounts payable	(167,971)	173,712	72,62
Deferred revenues, current and non-current	176,853	(38,954)	302,7
Accrued payroll and related benefits	646,416	(117,725)	386,0
Income taxes payable, current and non-current	183,933	15,721	(158,9
Other current and non-current liabilities	188,479	12,069	90,69
Net cash provided by (used in) operating activities	6,026,691	4,973,039	4,667
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(619,187)	(515,919)	(496,5
Purchases of businesses and investments, net of cash acquired	(657,546)	(1,704,188)	(932,5
Proceeds from the sale of businesses and investments, net of cash transferred	20,197	(24,035)	814,5
Proceeds from sales of property and equipment	6,932	10,263	4,220
Net cash provided by (used in) investing activities	(1,249,604)	(2,233,879)	(610,3
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of ordinary shares	753,146	676,045	591,3
Purchases of shares	(2,639,094)	(2,649,051)	(2,60
Proceeds from (repayments of) long-term debt, net	(4,195)	(2,120)	(1,05
Cash dividends paid	(1,708,724)	(1,567,578)	(1,43
Other, net	(110,161)	(17,531)	(36,3
Net cash provided by (used in) financing activities	(3,709,028)	(3,560,235)	(3,48
Effect of exchange rate changes on cash and cash equivalents	(133,559)	42,326	(22,98
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	934,500	(778,749)	544,8
CASH AND CASH EQUIVALENTS, beginning of period	4,126,860	4,905,609	4,360
CASH AND CASH EQUIVALENTS, end of period	$5,061,360	$4,126,860	$4,90
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$19,673	$15,751	$16,2
Income taxes paid, net	$1,373,244	$1,288,788	$1,42

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)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Accenture plc is one of the world's leading organizations providing consulting, technology and outsourcing services and operat
brand and business model designed to enable it to provide clients around the world with the same high level of service. Drawin
and functional expertise, technology capabilities and alliances, and global delivery resources, Accenture plc seeks to provide di
clients measurably improve their business performance and create sustainable value for their customers and stakeholders. Acce
model enables it to provide high-quality, cost-effective solutions to clients.

Basis of Presentation

The Consolidated Financial Statements include the accounts of Accenture plc, an Irish company, and our controlled subsidiary
an Irish public limited company, which operates its business through its subsidiaries. Prior to March 13, 2018, Accenture plc's
ordinary and deferred shares in, and to act as the controlling shareholder of, its subsidiary, Accenture Holdings plc, an Irish pub
operated our business through Accenture Holdings plc and subsidiaries of Accenture Holdings plc. Accenture plc controlled Ac
management and operations and consolidated Accenture Holdings plc's results in our Consolidated Financial Statements.

On March 13, 2018, Accenture Holdings plc merged with and into Accenture plc, with Accenture plc as the surviving entity. A
liabilities of Accenture Holdings plc were acquired by Accenture plc, and Accenture Holdings plc ceased to exist. In connectio
shareholders of Accenture Holdings plc (other than Accenture entities that held shares of Accenture Holdings plc), who primar
former members of Accenture Leadership and their permitted transferees, received one Class A ordinary share of Accenture plc
Holdings plc that they owned, and Accenture plc redeemed all Class X ordinary shares of Accenture plc owned by such shareh

All references to Accenture Holdings plc included in this report with respect to periods prior to August 26, 2015 reflect the acti
Accenture SCA (the predecessor of Accenture Holdings plc). The shares of Accenture Holdings plc (for applicable periods) an
Inc. held by persons other than us are treated as a noncontrolling interest in the Consolidated Financial Statements. The noncon
were less than 1% and 4% as of August 31, 2018 and 2017, respectively.

All references to years, unless otherwise noted, refer to our fiscal year, which ends on August 31. For example, a reference to "
12-month period that ended on August 31, 2018. All references to quarters, unless otherwise noted, refer to the quarters of our

The preparation of the Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles req
estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying disclosure
are based on management's best knowledge of current events and actions that we may undertake in the future, actual results ma
estimates.

Revenue Recognition

Revenues from contracts for technology integration consulting services where we design/redesign, build and implement new o
applications and related processes for our clients are recognized on the percentage-of-completion method, which involves calc
services provided during the reporting period compared to the total estimated services to be provided over the duration of the c
technology integration consulting services generally span six months to two years. Estimated revenues used in applying the per
method include estimated incentives for which achievement of defined goals is deemed probable. This method is followed whe
estimates of revenues and costs can be made. Estimates of total contract revenues and costs are continuously monitored during
recorded revenues and estimated costs are subject to revision as the contract progresses. Such revisions may result in increases
income and are reflected in the Consolidated Financial Statements in the periods in which they are first identified. If our estima
loss will occur, a loss provision is recorded in the period in which the loss first becomes probable and reasonably estimable. Co
be the

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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)

amount by which the estimated total direct and indirect costs of the contract exceed the estimated total revenues that will be ge
included in Cost of services and classified in Other accrued liabilities.
Revenues from contracts for non-technology integration consulting services with fees based on time and materials or cost-plus
are performed and amounts are earned. We consider amounts to be earned once evidence of an arrangement has been obtained,
are fixed or determinable, and collectibility is reasonably assured. In such contracts, our efforts, measured by time incurred, ty
than a year and represent the contractual milestones or output measure, which is the contractual earnings pattern. For non-tech
contracts with fixed fees, we recognize revenues as amounts become billable in accordance with contract terms, provided the b
contingent, are consistent with the services delivered and are earned. Contingent or incentive revenues relating to non-technolo
contracts are recognized when the contingency is satisfied and we conclude the amounts are earned.
Outsourcing contracts typically span several years and involve complex delivery, often through multiple workforces in differe
these arrangements, we hire client employees and become responsible for certain client obligations. Revenues are recognized o
amounts become billable in accordance with contract terms, unless the amounts are billed in advance of performance of service
recognized when the services are performed and amounts are earned. Revenues from time-and-materials or cost-plus contracts
are performed. In such contracts, our effort, measured by time incurred, represents the contractual milestones or output measur
earnings pattern. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measure
fixed-price contracts are recognized on a straight-line basis, unless revenues are earned and obligations are fulfilled in a differe
contracts can also include incentive payments for benefits delivered to clients. Revenues relating to such incentive payments a
contingency is satisfied and we conclude the amounts are earned.
Costs related to delivering outsourcing services are expensed as incurred with the exception of certain transition costs related t
personnel and systems, which are deferred during the transition period and expensed evenly over the period outsourcing servic
costs are specific internal costs or incremental external costs directly related to transition or set-up activities necessary to enabl
Generally, deferred amounts are protected in the event of early termination of the contract and are monitored regularly for imp
recorded when projected remaining undiscounted operating cash flows of the related contract are not sufficient to recover the c
assets. Deferred transition costs were $690,868 and $739,212 as of August 31, 2018 and 2017, respectively, and are included i
Deferred transition amortization expense for fiscal 2018, 2017 and 2016 was $333,118, $289,555, and $283,434, respectively.
for transition or set-up activities are deferred and recognized as revenue evenly over the period outsourcing services are provid
revenues were $581,395 and $606,095 as of August 31, 2018 and 2017, respectively, and are included in non-current Deferred
and origination costs are expensed as incurred.
We enter into contracts that may consist of multiple deliverables. These contracts may include any combination of technology
services, non-technology integration consulting services or outsourcing services described above. Revenues for contracts with
allocated based on the lesser of the element's relative selling price or the amount that is not contingent on future delivery of an
price of each deliverable is determined by obtaining third party evidence of the selling price for the deliverable and is based on
largely similar services are sold on a standalone basis by us to similarly situated customers. If the amount of non-contingent re
deliverable accounted for under the percentage-of-completion method of accounting is less than the costs to deliver such servic
deferred and recognized in future periods when the revenues become non-contingent. Revenues are recognized in accordance
for the separate deliverables when the services have value on a stand-alone basis, selling price of the separate deliverables exis
include a general right of refund relative to the completed deliverable, performance of the in-process deliverable is considered
our control. While determining fair value and identifying separate deliverables require judgment, generally fair value and the s
identifiable as we also sell those deliverables unaccompanied by other deliverables.
Revenues recognized in excess of billings are recorded as Unbilled services. Billings in excess of revenues recognized are reco
until revenue recognition criteria are met. Client prepayments (even if nonrefundable) are deferred and recognized over future
delivered or performed.

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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)

Revenues before reimbursements ("net revenues") include the margin earned on computer hardware, software and related servi
from alliance agreements. Reimbursements include billings for travel and other out-of-pocket expenses and third-party costs, su
software and related services resale. In addition, Reimbursements include allocations from gross billings to record an amount e
costs, where billings do not specifically identify reimbursable expenses. We report revenues net of any revenue-based taxes ass
authorities that are imposed on and concurrent with specific revenue-producing transactions.

Employee Share-Based Compensation Arrangements

Share-based compensation expense is recognized over the requisite service period for awards of equity instruments to employee
value of those awards expected to ultimately vest. Forfeitures are estimated on the date of grant and revised if actual or expecte
materially from original estimates.

Income Taxes

We calculate and provide for income taxes in each of the tax jurisdictions in which we operate. Deferred tax assets and liabilitie
rates, are recognized for the future tax consequences of temporary differences between the tax and financial statement bases of
valuation allowance reduces the deferred tax assets to the amount that is more likely than not to be realized. We establish liabil
believe tax positions are not more likely than not of being sustained if challenged. Recognized tax positions are measured at the
greater than 50 percent likely of being realized. Each fiscal quarter, we evaluate tax positions and adjust the related tax assets a
changing facts and circumstances.

Translation of Non-U.S. Currency Amounts

Assets and liabilities of non-U.S. subsidiaries whose functional currency is not the U.S. dollar are translated into U.S. dollars at
rates. Revenue and expense items are translated at average foreign currency exchange rates prevailing during the fiscal year. Tr
included in Accumulated other comprehensive income (loss). Gains and losses arising from intercompany foreign currency tran
long-term investment nature are reported in the same manner as translation adjustments.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and liquid investments with original maturities of three months or less, in
and time deposits. Cash and cash equivalents also include restricted cash of $45,658 and $45,547 as of August 31, 2018 and 20
primarily relates to cash held to meet certain insurance requirements. As a result of certain subsidiaries' cash management syste
presented to the banks for payment may create negative book cash balances. Such negative balances are classified as Current po
bank borrowings.

Client Receivables, Unbilled Services and Allowances

We record our client receivables and unbilled services at their face amounts less allowances. On a periodic basis, we evaluate o
services and establish allowances based on historical experience and other currently available information. As of August 31, 20
recorded for client receivables and unbilled services were $49,913 and $74,450, respectively. The allowance reflects our best es
on outstanding receivables and unbilled services. In limited circumstances, we agree to extend financing to certain clients. The
generally payment for services is contractually linked to the achievement of specified performance milestones.

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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)

Concentrations of Credit Risk
Our financial instruments, consisting primarily of cash and cash equivalents, foreign currency exchange rate instruments, client
services, are exposed to concentrations of credit risk. We place our cash and cash equivalents and foreign exchange instrument
institutions, limit the amount of credit exposure with any one financial institution and conduct ongoing evaluations of the credi
institutions with which we do business. Client receivables are dispersed across many different industries and countries; therefo
risk are limited.
Investments
All liquid investments with an original maturity greater than three months but less than one year are considered to be short-tern
investments are primarily non-marketable equity securities of privately held companies and are accounted for using either the e
accounting, in accordance with the requirements of Accounting Standards Codification ("ASC") 323, Investments—Equity Me
and amortization of premiums and discounts for debt securities are included in Interest income.
Cost method investments are periodically assessed for other-than-temporary impairment. For investments in privately held com
identified events or circumstances that would have a significant adverse effect on the fair value of the investment, the fair value
investment is deemed to have experienced an other-than-temporary decline below its cost basis, we reduce the carrying amount
quoted or estimated fair value, as applicable, and establish a new cost basis for the investment.
Property and Equipment
Property and equipment is stated at cost, net of accumulated depreciation. Depreciation of property and equipment is computed
the following estimated useful lives:

Computers, related equipment and software	2 to 7 years
Furniture and fixtures	5 to 10 years
Leasehold improvements	Lesser of lease term or 15 years

Goodwill
Goodwill represents the excess of the purchase price of an acquired entity over the fair value of net assets acquired. We review
by reportable operating segment annually, or more frequently when indicators of impairment exist. Based on the results of our
we determined that no impairment existed as of August 31, 2018 or 2017, as each reportable operating segment's estimated fai
its carrying value.
Long-Lived Assets
Long-lived assets, including deferred contract costs and identifiable intangible assets, are reviewed for impairment whenever e
circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. Recoverability of long-l
is assessed based on a comparison of the carrying amount to the estimated future net cash flows. If estimated future undiscount
the carrying amount, the asset is considered impaired and a loss is recorded equal to the amount required to reduce the carrying
Intangible assets with finite lives are generally amortized using the straight-line method over their estimated economic useful l
fifteen years.

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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)

Operating Expenses
Selected components of operating expenses were as follows:

	Fiscal		
	2018	2017	2016
Research and development costs	$790,779	$704,317	$643,407
Advertising costs	78,464	79,883	80,601
Provision for (release of) doubtful accounts (1)	(1,060)	10,117	15,312

(1) For additional information, see "Client Receivables, Unbilled Services and Allowances".

New Accounting Pronouncements
The following standards, issued by the Financial Accounting Standards Board ("FASB"), will, or are expected to, result in a ch
financial impact to our Consolidated Financial Statements:

Standard	Description	Accenture Adoption Date	Impact on the Financial Statements or (
2016-16: Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory	The guidance requires an entity to recognize the income tax consequences of intra-entity transfers, other than inventory, when the transfer occurs. Under current guidance in U.S. GAAP, in the case of depreciable or amortizable assets, the income tax consequences are deferred at the time of the intra-entity transfer and recognized as the assets are depreciated or amortized. The guidance requires modified retrospective transition with a cumulative catch-up adjustment to opening retained earnings in the period of adoption.	September 1, 2018	The adoption of this ASU will require t assets on our Consolidated Balance Sh 2019. The deferred tax assets, which w billion, represent income tax consequen transfers of assets, which are currently life of the assets. Beginning in fiscal 2 incremental income tax expense as thes utilized. This could represent approxim increase in the annual effective tax rate actual impact of adoption will depend o management's expectations regarding r deferred taxes. Adoption will not have
2014-09: (Accounting Standard Codification 606), Revenue from Contracts with Customers and related updates	The guidance replaces 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 guidance allows for both retrospective and modified retrospective methods of adoption.	September 1, 2018	We expect revenue recognition across remain largely unchanged. However, th timing of revenue recognition in certai recognition for certain variable fees an recognition for reimbursable expenses will be recognized with other revenues are incurred. These impacts are not exp We adopted the ASU on September 1, retrospective method. The estimated cu retained earnings is not material to our 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)

2016-02: Leases and related updates	The guidance amends existing guidance to require lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by leases and to disclose additional quantitative and qualitative information about leasing arrangements. The guidance requires either a modified retrospective transition method or a cumulative effect adjustment to opening retained earnings in the period of adoption.	September 1, 2019	While we are continuing of this ASU, we currentl impact relates to our acc operating leases. We ant material impact on our C but will not have a mater Consolidated Financial S will apply the cumulativ
2017-07:Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost	The guidance amends certain presentation and disclosure requirements for employers that sponsor defined benefit pension and post-retirement medical plans. The new standard requires the service cost component of the net benefit cost to be in the same line item as other compensation in operating income and the other components of net benefit cost to be presented outside of operating income on a retrospective basis.	September 1, 2018	The adoption of this ASU $58 million of operating expense for fiscal 2018 t treatment of these expen

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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)

2. EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows:

	Fiscal 2018
Basic Earnings per share	
Net income attributable to Accenture plc	$4,059,9
Basic weighted average Class A ordinary shares	628,451
Basic earnings per share	$6.46
Diluted Earnings per share	
Net income attributable to Accenture plc	$4,059,9
Net income attributable to noncontrolling interests in Accenture Holdings plc and Accenture Canada Holdings Inc. (1)	95,063
Net income for diluted earnings per share calculation	$4,154,9
Basic weighted average Class A ordinary shares	628,451
Class A ordinary shares issuable upon redemption/exchange of noncontrolling interests (1)	14,716,8
Diluted effect of employee compensation related to Class A ordinary shares	11,948,0
Diluted effect of share purchase plans related to Class A ordinary shares	179,449
Diluted weighted average Class A ordinary shares	655,296
Diluted earnings per share	$6.34

(1) Diluted earnings per share assumes the exchange of all Accenture Canada Holdings Inc. exchangeable shares for Accenture on a one-for-one basis and the redemption of all Accenture Holdings plc ordinary shares owned by holders of noncontrollin 2018, when these were redeemed for Accenture plc Class A ordinary shares. The income effect does not take into account " noncontrolling interests - other," since those shares are not redeemable or exchangeable for Accenture plc Class A ordinary

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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)

3. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehen
Accenture plc:

	Fiscal 2018	2017	2016
Foreign currency translation			
Beginning balance	$(770,043)	$(919,963)	$(853,504)
Foreign currency translation	(310,548)	164,073	(67,884)
Income tax benefit (expense)	3,354	(988)	2,120
Portion attributable to noncontrolling interests	1,969	(13,165)	(695)
Foreign currency translation, net of tax	(305,225)	149,920	(66,459)
Ending balance	(1,075,268)	(770,043)	(919,963)
Defined benefit plans			
Beginning balance	(440,619)	(809,504)	(523,619)
Actuarial gains (losses)	19,862	49,565	(481,331)
Pension settlement	3,030	509,793	—
Prior service costs arising during the period	(28,696)	847	1,561
Reclassifications into net periodic pension and post-retirement expense (1)	34,972	44,913	26,639
Income tax benefit (expense)	(7,799)	(219,817)	153,869
Portion attributable to noncontrolling interests	(34)	(16,416)	13,377
Defined benefit plans, net of tax	21,335	368,885	(285,885)
Ending balance	(419,284)	(440,619)	(809,504)
Cash flow hedges			
Beginning balance	114,635	68,011	(33,288)
Unrealized gain (loss)	(169,958)	195,848	180,196
Reclassification adjustments into Cost of services	(93,105)	(118,840)	(23,004)
Income tax benefit (expense)	64,118	(28,309)	(51,153)
Portion attributable to noncontrolling interests	300	(2,075)	(4,740)
Cash flow hedges, net of tax	(198,645)	46,624	101,299
Ending balance (2)	(84,010)	114,635	68,011
Investments			
Beginning balance	1,243	(264)	(1,561)
Unrealized gain (loss)	1,455	1,758	2,231
Income tax benefit (expense)	(305)	(183)	(873)
Portion attributable to noncontrolling interests	(2)	(68)	(61)
Investments, net of tax	1,148	1,507	1,297
Ending balance	2,391	1,243	(264)
Accumulated other comprehensive loss	$(1,576,171)	$(1,094,784)	$(1,661,720)

(1) As of August 31, 2018, $6,313 of net losses is expected to be reclassified into net periodic pension expense recognized in co
marketing and general and administrative costs in the next twelve months and $27,316 of net losses is expected to be reclass

expenses in the next 12 months.

(2) As of August 31, 2018, $21,490 of net unrealized losses related to derivatives designated as cash flow hedges is expected to services in the next twelve 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)

4. PROPERTY AND EQUIPMENT

The components of Property and equipment, net were as follows:

	August 31, 2018	August 31, 2017
Buildings and land	$60	$3,162
Computers, related equipment and software	1,625,950	1,611,641
Furniture and fixtures	374,294	393,351
Leasehold improvements	1,125,814	1,044,590
Property and equipment, gross	3,126,118	3,052,744
Total accumulated depreciation	(1,862,098)	(1,912,146)
Property and equipment, net	$1,264,020	$1,140,598

Depreciation expense for fiscal 2018, 2017 and 2016 was $423,471, $362,817 and $327,736, respectively.

5. BUSINESS COMBINATIONS AND DIVESTITURES

Business Combinations

Fiscal 2018

During fiscal 2018, we completed a number of individually immaterial acquisitions for total consideration of $596,148, net of c
acquisitions were completed primarily to expand our services and solutions offerings. In connection with these acquisitions, we
$431,087 and intangible assets of $140,403. The intangible assets primarily consist of customer-related and contract-in-progres
amortized over one to twelve years. The goodwill was allocated among the reportable operating segments and is partially deduc
tax purposes.

Fiscal 2017

During fiscal 2017, we completed a number of individually immaterial acquisitions for total consideration of $1,643,205, net of
acquisitions were completed primarily to expand our services and solutions offerings. In connection with these acquisitions, we
$1,350,969 and intangible assets of $328,776. The intangible assets primarily consist of customer-related and contract-in-progr
being amortized over one to twelve years. The goodwill was allocated among the reportable operating segments and is partially
income tax purposes.

Fiscal 2016

On October 20, 2015, we acquired Cloud Sherpas (through its holding company, Declarative Holdings, Inc.), a leader in cloud
services, for approximately $409,424, net of cash acquired. This acquisition enhances our ability to provide clients with cloud s
consulting, as well as cloud application implementation, integration and management services, and resulted in approximately 1
connection with this acquisition, we recorded goodwill of $385,337, which was allocated to all five reportable operating segme
$66,522, primarily related to customer-related intangibles. The goodwill is non-deductible for U.S. federal income tax purposes
being amortized over one to seven years. The pro forma effects of this acquisition on our operations were not material.

During fiscal 2016, we also completed other individually immaterial acquisitions for total consideration of $458,892, net of cas
were completed primarily to expand our services and solutions offerings. In connection with these acquisitions, we recorded go
intangible assets of $109,981. The intangible assets primarily consist of customer-related and technology intangibles, which are
ten years. The goodwill was allocated among the reportable operating segments and is partially deductible for U.S. federal inco

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Divestitures
Fiscal 2016
On January 26, 2016, we completed the sale of Navitaire LLC (“Navitaire”), a wholly owned subsidiary that provides technolo
airline industry, to Amadeus IT Group, S.A. (“Amadeus”). Concurrent with the sale, we also entered into several arrangements
principally infrastructure outsourcing, over five years. We received a total of $825,644, net of transaction costs and cash divest
recorded as deferred revenue attributable to arrangements to provide services to Amadeus. In connection with the sale of Navit
$547,584 (reported in “Gain on sale of businesses” in the Consolidated Income Statements) and recorded related income taxes
Navitaire employees transferred to Amadeus as a part of this sale.
On August 1, 2016, we completed the transfer of our Duck Creek business to Apax Partners LLP in exchange for $196,198, ne
divested, and a 40% non-controlling interest in the newly formed joint venture, Duck Creek Technologies LLC (“Duck Creek”)
accelerate the innovation of claims, billing and policy administration software for the insurance industry. In connection with th
in the recording of the retained non-controlling interest at fair value, we recorded a gain of $301,239 (reported in “Gain on sale
Consolidated Income Statements) and related income tax expense of $48,286. The fair value of our retained interest in Duck C
the terms of the transfer and other factors related to the valuation of the non-controlling interest. Approximately 1,000 employe
part of this transaction.

6. GOODWILL AND INTANGIBLE ASSETS

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

	August 31, 2016	Additions/ Adjustments	Foreign Currency Translation	August 31, 2017	Additions/ Adjustments	Foreign Currency Translation	August 31, 2018
Communications, Media & Technology	$546,566	$220,406	$ 8,830	$775,802	$ 98,223	$ (8,516)	$865,509
Financial Services	854,376	280,569	16,079	1,151,024	32,390	(21,348)	1,162,066
Health & Public Service	715,849	214,316	4,209	934,374	27,816	(3,142)	959,048
Products	1,112,991	564,519	20,630	1,698,140	270,701	(20,440)	1,948,401
Resources	379,655	56,447	6,910	443,012	13,163	(8,187)	447,988
Total	$3,609,437	$1,336,257	$ 56,658	$5,002,352	$ 442,293	$ (61,633)	$5,383,012

Goodwill includes immaterial adjustments related to prior period acquisitions.
Intangible Assets
Our definite-lived intangible assets by major asset class were as follows:

	August 31, 2017			August 31, 2018		
Intangible Asset Class	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer-related	$809,683	$ (235,315)	$574,368	$862,418	$ (299,702)	$562,716
Technology	108,929	(65,453)	43,476	94,844	(55,690)	39,154
Patents	124,669	(62,543)	62,126	128,179	(66,659)	61,520
Other	52,342	(21,930)	30,412	50,490	(26,770)	23,720
Total	$1,095,623	$ (385,241)	$710,382	$1,135,931	$ (448,821)	$687,110

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Total amortization related to our intangible assets was $170,187, $149,417 and $117,882 for fiscal 2018, 2017 and 2016, respe
amortization related to intangible assets held at August 31, 2018 is as follows:

Fiscal Year	Estimated Amortization
2019	$ 142,050
2020	120,026
2021	107,162
2022	90,993
2023	77,285
Thereafter	149,594
Total	$ 687,110

7. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, we use derivative financial instruments to manage foreign currency exchange rate risk. Deriva
by a uniform set of policies and procedures covering areas such as authorization, counterparty exposure and hedging practices.
techniques such as market value and sensitivity analyses. We do not enter into derivative transactions for trading purposes. We
derivative programs as cash flows from operating activities in the Consolidated Cash Flows Statements.

Certain derivatives give rise to credit risks from the possible non-performance by counterparties. Credit risk is generally limite
contracts that are favorable to us, and the maximum amount of loss due to credit risk, based on the gross fair value of our deriv
are in an asset position, was $59,145 as of August 31, 2018.

We utilize standard counterparty master agreements containing provisions for the netting of certain foreign currency transactio
certain obligations in the event of an insolvency of one of the parties to the transaction. These provisions may reduce our poten
the insolvency of a counterparty and reduce a counterparty's potential overall loss resulting from our insolvency. Additionally,
termination provisions triggered by adverse changes in a counterparty's credit rating, thereby enabling us to accelerate settleme
contractual maturity and potentially decrease our realized loss on an open transaction. Similarly, a decrement in our credit ratin
counterparty's early termination rights, thereby enabling a counterparty to accelerate settlement of a transaction prior to its con
potentially increase our realized loss on an open transaction. The aggregate fair value of our derivative instruments with credit-
features that were in a liability position as of August 31, 2018 was $140,690.

Our derivative financial instruments consist of deliverable and non-deliverable foreign currency forward contracts. Fair values
instruments are based on prices computed using third-party valuation models and are classified as Level 2 in accordance with t
value measurements. All of the significant inputs to the third-party valuation models are observable in active markets. Inputs in
parameters such as forward rates, yield curves and credit default swap pricing. For additional information related to the three-le
measurements, see Note 10 (Retirement and Profit Sharing Plans) to these Consolidated Financial Statements.

Cash Flow Hedges

Certain of our subsidiaries are exposed to currency risk through their use of our global delivery resources. To mitigate this risk,
forward contracts to hedge the foreign exchange risk of the forecasted intercompany expenses denominated in foreign currenci
future. We have designated these derivatives as cash flow hedges. As of August 31, 2018 and 2017, we held no derivatives that
or net investment hedges.

In order for a derivative to qualify for hedge accounting, the derivative must be formally designated as a fair value, cash flow o
documenting the relationship between the derivative and the hedged item. The documentation includes a description of the hed
item, the risk being hedged, our risk management objective and strategy for undertaking the hedge, the method for assessing th
and the method for measuring hedge ineffectiveness. Additionally, the hedge relationship must be expected to be highly

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effective at offsetting changes in either the fair value or cash flows of the hedged item at both inception of the hedge and on an
ongoing effectiveness of our hedges using the Hypothetical Derivative Method, which measures hedge ineffectiveness based o
in fair value of the actual derivative designated as the hedging instrument and the change in fair value of a hypothetical derivati
derivative would have terms that identically match the critical terms of the hedged item. We measure and record hedge ineffect
fiscal quarter.

For a cash flow hedge, the effective portion of the change in estimated fair value of a hedging instrument is recorded in Accum
loss as a separate component of Shareholders' Equity and is reclassified into Cost of services in the Consolidated Income State
which the hedged transaction is recognized. The amounts related to derivatives designated as cash flow hedges that were reclas
were a net gain of $93,105, $118,840 and $23,004 during fiscal 2018, 2017 and 2016, respectively. The ineffective portion of t
cash flow hedge is recognized immediately in Other income (expense), net in the Consolidated Income Statement and for fiscal
not material. In addition, we did not discontinue any cash flow hedges during fiscal 2018, 2017 or 2016.

Other Derivatives

We also use foreign currency forward contracts, which have not been designated as hedges, to hedge balance sheet exposures, s
These instruments are generally short-term in nature, with typical maturities of less than one year, and are subject to fluctuation
Realized gains or losses and changes in the estimated fair value of these derivatives were a net loss of $114,076 for fiscal 2018
fiscal 2017, and a net loss of $84,293 for fiscal 2016. Gains and losses on these contracts are recorded in Other income (expens
Income Statement 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:

	August 31, 2018	August 31, 2017
Assets		
Cash Flow Hedges		
Other current assets	$29,380	$133,935
Other non-current assets	1,065	82,770
Other Derivatives		
Other current assets	28,700	11,470
Total assets	$59,145	$228,175
Liabilities		
Cash Flow Hedges		
Other accrued liabilities	$50,870	$21,632
Other non-current liabilities	64,365	17,244
Other Derivatives		
Other accrued liabilities	25,455	12,242
Total liabilities	$140,690	$51,118
Total fair value	$(81,545)	$177,057
Total notional value	$8,783,014	$9,290,345

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

	August 31, 2018	August 31, 2017
Net derivative assets	$ 23,599	$ 189,066
Net derivative liabilities	105,144	12,009
Total fair value	$ (81,545)	$ 177,057

8. BORROWINGS AND INDEBTEDNESS

As of August 31, 2018, we had the following borrowing facilities, including the issuance of letters of credit, to support general

	Facility Amount	Borrowings Under Facilities
Syndicated loan facility (1)	$ 1,000,000	$ —
Separate, uncommitted, unsecured multicurrency revolving credit facilities (2)	657,033	—
Local guaranteed and non-guaranteed lines of credit (3)	230,165	—
Total	$ 1,887,198	$ —

(1) This facility, which matures on December 22, 2020, provides unsecured, revolving borrowing capacity for general working issuance of letters of credit. Financing is provided under this facility at the prime rate or at the London Interbank Offered Ra to be in compliance with relevant covenant terms. The facility is subject to annual commitment fees. As of August 31, 2018 borrowings under the facility.

(2) We maintain separate, uncommitted and unsecured multicurrency revolving credit facilities. These facilities provide local cu majority of our operations. Interest rate terms on the revolving facilities are at market rates prevailing in the relevant local m and 2017, we had no borrowings under these facilities.

(3) We also maintain local guaranteed and non-guaranteed lines of credit for those locations that cannot access our global facili and 2017, we had no borrowings under these various facilities.

Under the borrowing facilities described above, we had an aggregate of $324,602 and $195,998 of letters of credit outstanding 2017, respectively. In addition, we had total outstanding debt of $25,013 and $25,070 as of August 31, 2018 and 2017, respecti fiscal 2017, we entered into agreements that will allow us to establish a commercial paper program for short-term borrowings o our syndicated loan facility.

9. INCOME TAXES

	Fiscal 2018	2017	2016
Current taxes			
U.S. federal	$70,050	$152,002	$314,121
U.S. state and local	3,574	17,269	38,255
Non-U.S.	1,425,875	1,175,962	835,653
Total current tax expense	1,499,499	1,345,233	1,188,029
Deferred taxes			
U.S. federal	219,034	(200,483)	8,588
U.S. state and local	57,044	(26,069)	1,056
Non-U.S.	(182,078)	(137,581)	56,296
Total deferred tax (benefit) expense	94,000	(364,133)	65,940
Total	$1,593,499	$981,100	$1,253,969

The components of Income before income taxes were as follows:

	Fiscal 2018	2017	2016
U.S. sources (1)	$645,943	$251,456	$1,047,909
Non-U.S. sources	5,162,150	4,364,576	4,555,663
Total	$5,808,093	$4,616,032	$5,603,572

(1) Includes U.S. pension settlement charge of $509,793 for fiscal 2017.

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the “Tax Act”), which significantly changed U.S. tax law. statutory federal income tax rate from 35% to 21%, effective January 1, 2018, resulting in a blended U.S. statutory federal inco fiscal year ended August 31, 2018. Due to the recent enactment and the complexity involved in applying the provisions of the T recorded provisional amounts in our financial statements. In the three months ended February 28, 2018, we recognized a provis primarily to remeasure our net deferred tax assets at the new, lower rates. In the three months ended May 31, 2018, we recorde our provisional tax expense resulting from our continued analysis of the Tax Act. While we now consider our analysis of these complete, we have not yet made an accounting policy election to consider the taxes on our intercompany transactions in determ valuation allowance.

The reconciliation of the U.S. federal statutory income tax rate to our effective income tax rate was as follows:

	Fiscal		
	2018	2017	2016
U.S. federal statutory income tax rate	25.7 %	35.0 %	35.0 %
U.S. state and local taxes, net	1.1	1.3	1.1
Non-U.S. operations taxed at lower rates	(6.1)	(16.3)	(12.6)
Final determinations (1)	(1.9)	(3.6)	(2.1)
Other net activity in unrecognized tax benefits	5.8	8.4	2.7
Divestitures	—	—	(3.4)
Excess tax benefits from share based payments	(2.3)	(2.7)	—
Changes in tax laws and rates	4.4	(1.5)	—
Other, net	0.7	0.7	1.7
Effective income tax rate	27.4 %	21.3 %	22.4 %

(1) Final determinations include final agreements with tax authorities and expirations of statutes of limitations.

As of August 31, 2018, we had not recognized a deferred tax liability on $1,082,198 of undistributed earnings for certain foreig
earnings are intended to be indefinitely reinvested. If such earnings were distributed, some countries may impose additional tax
tax liability (the amount payable if distributed) is approximately $131,000.

Portions of our operations are subject to reduced tax rates or are free of tax under various tax holidays which expire between fis
the holidays are renewable at reduced levels, under certain conditions, with possible renewal periods through 2032. The income
the tax status of these subsidiaries were estimated to be approximately $103,000, $95,000 and $100,000 in fiscal 2018, 2017 an

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Changes in tax laws and tax rates decreased our net deferred tax assets by $247,216 in fiscal 2018 and increased our net deferre
fiscal 2017.

The components of our deferred tax assets and liabilities included the following:

	August 31, 2018	August 31, 2017
Deferred tax assets		
Pensions	$254,268	$294,850
Revenue recognition	110,424	163,393
Compensation and benefits	517,850	734,373
Share-based compensation	259,276	293,546
Tax credit carryforwards	400,253	1,419,506
Net operating loss carryforwards	119,130	204,803
Depreciation and amortization	97,459	97,076
Deferred amortization deductions	728,564	705,495
Indirect effects of unrecognized tax benefits	355,152	343,832
Other	150,740	122,590
	2,993,116	4,379,464
Valuation allowance	(451,775)	(1,564,554)
Total deferred tax assets	2,541,341	2,814,910
Deferred tax liabilities		
Revenue recognition	(66,128)	(80,683)
Depreciation and amortization	(214,396)	(228,166)
Investments in subsidiaries	(138,417)	(202,359)
Other	(161,322)	(225,899)
Total deferred tax liabilities	(580,263)	(737,107)
Net deferred tax assets	$1,961,078	$2,077,803

We recorded valuation allowances of $451,775 and $1,564,554 as of August 31, 2018 and 2017, respectively, against deferred
associated with certain tax credit and tax net operating loss carryforwards, as we believe it is more likely than not that these ass
other deferred tax assets, we believe it is more likely than not that the results of future operations will generate sufficient taxabl
deferred tax assets. During fiscal 2018, we recorded a net decrease of $1,112,779 in the valuation allowance. Substantially all o
write-off of certain tax credit carryforwards for which we had a full valuation allowance. During fiscal 2017, we recorded a net
valuation allowance. The majority of this change related to valuation allowances on certain tax credit carryforwards, as we beli
not that these assets would not be realized.

We had tax credit carryforwards as of August 31, 2018 of $400,253, of which $19,976 will expire between 2019 and 2028, $1,8
and 2038, and $378,439 has an indefinite carryforward period. We had net operating loss carryforwards as of August 31, 2018
$216,476 expires between 2019 and 2028, $11,080 expires between 2029 and 2038, and $250,718 has an indefinite carryforwa

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As of August 31, 2018, we had $1,210,520 of unrecognized tax benefits, of which $818,638, if recognized, would favorably af
of August 31, 2017, we had $945,850 of unrecognized tax benefits, of which $609,555, if recognized, would favorably affect o
remaining unrecognized tax benefits as of August 31, 2018 and 2017 of $391,882 and $336,295, respectively, represent items r
benefits associated with the correlative effects of potential transfer pricing adjustments, state income taxes and timing adjustme
A reconciliation of the beginning and ending amounts of unrecognized tax benefits was as follows:

	Fiscal	
	2018	2017
Balance, beginning of year	$945,850	$985,755
Additions for tax positions related to the current year	349,343	204,321
Additions for tax positions related to prior years	317,215	254,274
Reductions for tax positions related to prior years	(284,711)	(250,135)
Statute of limitations expirations	(37,050)	(41,544)
Settlements with tax authorities	(68,605)	(221,999)
Foreign currency translation	(11,522)	15,178
Balance, end of year	$1,210,520	$945,850

We recognize interest and penalties related to unrecognized tax benefits in the Provision for income taxes. During fiscal 2018,
expense of $37,230, $37,350 and $8,681 in interest and penalties, respectively. Accrued interest and penalties related to unreco
$125,886 ($114,631, net of tax benefits) and $98,204 ($87,417, net of tax benefits) were reflected on our Consolidated Balance
and 2017, respectively.
We are currently under audit by the U.S. Internal Revenue Service for fiscal 2016. We are also currently under audit in numero
jurisdictions. Although the outcome of tax audits is always uncertain and could result in significant cash tax payments, we do n
these audits will have a material adverse effect on our consolidated financial position or results of operations. With limited exce
subject to income tax audits by taxing authorities for the years before 2009. We believe that it is reasonably possible that our ur
decrease by approximately $486,000 or increase by approximately $219,000 in the next 12 months as a result of settlements, la
tax audit activity and other adjustments. The majority of these amounts relate to transfer pricing matters in both U.S. and non-U

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10. RETIREMENT AND PROFIT SHARING PLANS

Defined Benefit Pension and Postretirement Plans

In the United States and certain other countries, we maintain and administer defined benefit retirement plans and postretiremen
current, retired and resigned employees. In addition, our U.S. defined benefit pension plans include a frozen plan for former pr
which is unfunded. Benefits under the employee retirement plans are primarily based on years of service and compensation du
preceding retirement or termination of participation in the plan. The defined benefit pension disclosures include our U.S. and n
benefit pension plans.

Assumptions

The weighted-average assumptions used to determine the defined benefit pension obligations as of August 31 and the net perio
follows:

	Pension Plans					
	August 31, 2018		August 31, 2017		August 31, 2016	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S Plans
Discount rate for determining projected benefit obligation	4.00%	3.29 %	3.75%	2.83 %	3.50%	2.40 %
Discount rate for determining net periodic pension expense	3.75%	2.83 %	3.50%	2.40 %	4.50%	3.47 %
Long term rate of return on plan assets	4.25%	3.56 %	4.25%	3.52 %	4.75%	3.99 %
Rate of increase in future compensation for determining projected benefit obligation	2.23%	3.67 %	2.25%	3.63 %	2.57%	3.47 %
Rate of increase in future compensation for determining net periodic pension expense	2.25%	3.63 %	2.57%	3.47 %	3.60%	3.56 %

We utilize a full yield curve approach to estimate the service and interest cost components by applying specific spot rates along
determination of the benefit obligation to the relevant projected cash flows. This approach provides a correlation between proje
the corresponding yield curve spot rates and provides a precise measurement of service and interest costs. The discount rate ass
expected duration of the benefit payments for each of our defined benefit pension and postretirement plans as of the annual mea
to change each year.

The expected long-term rate of return on plan assets should, over time, approximate the actual long-term returns on defined be
postretirement plan assets and is based on historical returns and the future expectations for returns for each asset class, as well
the asset portfolio.

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Assumed U.S. Health Care Cost Trend
Our U.S. postretirement plan assumed annual rate of increase in the per capita cost of health care benefits is 6.9% for the plan y
rate is assumed to decrease on a straight-line basis to 4.5% for the plan year ending June 30, 2038 and remain at that level there
increase in the assumed health care cost trend rates would increase the benefit obligation by $79,766, while a one percentage po
benefit obligation by $62,785.
U.S. Defined Benefit Pension Plan Settlement Charges
In May 2017, we settled our U.S. pension plan obligations. Plan participants elected to receive either a lump-sum distribution o
third-party annuity provider. As a result of the settlement, we were relieved of any further obligation under our U.S. pension pl
recorded a pension settlement charge of $509,793, and related income tax benefits of $198,219. The charge primarily consisted
losses of $460,908 previously included in Accumulated other comprehensive loss. In connection with the settlement, we made
($48,885 related to additional actuarial losses and $69,615 to fund previously recorded pension liabilities). In connection with t
created a separate defined benefit plan, with substantially the same terms as the terminated plan, for approximately 600 active e
eligible to accrue benefits.
Pension and Postretirement Expense
Pension expense for fiscal 2018, 2017 and 2016 was $125,320, $622,302(including the above noted settlement charge) and $94
Postretirement expense for fiscal 2018, 2017 and 2016 was not material to our Consolidated Financial Statements.

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Benefit Obligation, Plan Assets and Funded Status
The changes in the benefit obligations, plan assets and funded status of our pension and postretirement benefit plans for fiscal 2
follows:

	Pension Plans				Postretire
	August 31, 2018		August 31, 2017		August 3 2018
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. and Non-U.S. Plans
Reconciliation of benefit obligation					
Benefit obligation, beginning of year	$342,863	$ 1,816,462	$2,030,006	$ 1,758,110	$529,680
Service cost	4,233	81,840	7,380	82,727	20,929
Interest cost	10,626	46,993	48,354	36,906	17,537
Participant contributions	—	12,189	—	11,832	—
Acquisitions/divestitures/transfers	—	(121)	—	15,664	—
Amendments	—	28,696	—	(847)	—
Curtailment	—	(4,946)	—	—	(2,782
Pension settlement	4,289	(70,124)	(1,612,824)	—	—
Actuarial (gain) loss	(16,149)	(25,942)	(80,507)	(76,066)	(18,001
Benefits paid	(13,946)	(69,841)	(49,546)	(47,233)	(10,499
Exchange rate impact	—	(42,494)	—	35,369	(1,232
Benefit obligation, end of year	$331,916	$ 1,772,712	$342,863	$ 1,816,462	$535,632
Reconciliation of fair value of plan assets					
Fair value of plan assets, beginning of year	$204,629	$ 1,154,128	$1,801,435	$ 1,081,154	$26,541
Actual return on plan assets	(5,278)	6,792	(63,919)	42,417	(505
Acquisitions/divestitures/transfers	—	—	—	818	—
Employer contributions	20,882	109,292	129,483	67,300	13,176
Participant contributions	—	12,189	—	11,832	—
Pension settlement	4,289	(71,562)	(1,612,824)	—	—
Benefits paid	(13,946)	(69,841)	(49,546)	(47,233)	(10,499
Exchange rate impact	—	(13,622)	—	(2,160)	—
Fair value of plan assets, end of year	$210,576	$ 1,127,376	$204,629	$ 1,154,128	$28,713
Funded status, end of year	$(121,340)	$ (645,336)	$(138,234)	$ (662,334)	$(506,91
Amounts recognized in the Consolidated Balance Sheets					
Non-current assets	$6,757	$ 106,621	$2,127	$ 64,461	$—
Current liabilities	(10,854)	(27,306)	(11,047)	(21,015)	(1,856
Non-current liabilities	(117,243)	(724,651)	(129,314)	(705,780)	(505,063
Funded status, end of year	$(121,340)	$ (645,336)	$(138,234)	$ (662,334)	$(506,91

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Accumulated Other Comprehensive Loss
The pre-tax accumulated net loss and prior service (credit) cost recognized in Accumulated other comprehensive loss as of Aug
follows:

	Pension Plans				Postretirement Plans	
	August 31, 2018		August 31, 2017		August 31, 2018	August 31, 2017
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. and Non-U.S. Plans	U.S. and Non-U.S. Plans
Net loss	$105,580	$357,250	$112,015	$386,428	$114,827	$142,197
Prior service (credit) cost	—	22,293	—	(5,222)	23,671	27,656
Accumulated other comprehensive loss, pre-tax	$105,580	$379,543	$112,015	$381,206	$138,498	$169,853

Funded Status for Defined Benefit Plans
The accumulated benefit obligation for defined benefit pension plans as of August 31, 2018 and 2017 was as follows:

	August 31, 2018		August 31, 2017	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Accumulated benefit obligation	$325,152	$1,614,649	$333,588	$1,651,869

The following information is provided for defined benefit pension plans and postretirement plans with projected benefit obligat
and for defined benefit pension plans with accumulated benefit obligations in excess of plan assets as of August 31, 2018 and 2

	Pension Plans				Postretirement Plans	
	August 31, 2018		August 31, 2017		August 31, 2018	August 31, 2017
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. and Non-U.S. Plans	U.S. and Non-U.S. Plans
Projected benefit obligation in excess of plan assets						
Projected benefit obligation	$128,097	$1,009,762	$342,863	$1,037,634	$535,632	$529,680
Fair value of plan assets	—	257,805	202,502	310,839	28,713	26,541

	August 31, 2018		August 31, 2017	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Accumulated benefit obligation in excess of plan assets				
Accumulated benefit obligation	$128,097	$848,217	$138,476	$810,330
Fair value of plan assets	—	220,220	—	208,559

Investment Strategies

U.S. Pension Plans

The overall investment objective of the defined benefit pension plans is to match the duration of the plans' assets to the plans' l
in order to meet current defined benefit pension obligations. The plans' future prospects, their current financial conditions, our
other relevant factors suggest that the plans can tolerate some interim fluctuations in market value and rates of return in order to
without undue risk to the plans' ability to meet their current benefit obligations. We recognize that asset allocation of the define
is an important factor in determining long-term performance. Actual asset allocations at any point in time may vary from the ta
be dictated by current and anticipated market conditions, required cash flows and investment decisions of the investment comm
investment funds and managers. Ranges are established to provide flexibility for the asset allocation to vary around the targets
immediate rebalancing.

Non-U.S. Pension Plans

Plan assets in non-U.S. defined benefit pension plans conform to the investment policies and procedures of each plan and to rel
committee or trustee of each plan regularly, but at least annually, reviews the investment policy and the performance of the inve
countries, the trustee is also required to consult with us. Asset allocation decisions are made to provide risk adjusted returns tha
investment strategy for each plan. Generally, the investment return objective of each plan is to achieve a total annualized rate o
over the long term by an amount based on the target asset allocation mix of that plan. In certain countries, plan assets are invest
to hold a majority of assets in bonds, with a smaller proportion in equities. Also, certain plan assets are entirely invested in con
insurer, which determines the strategy. Defined benefit pension plans in certain countries are unfunded.

Risk Management

Plan investments are exposed to risks including market, interest rate and operating risk. In order to mitigate significant concent
assets are invested in a diversified portfolio primarily consisting of fixed income instruments and equities. To minimize asset v
liabilities, plan assets allocated to debt securities appropriately match the duration of individual plan liabilities. Equities are div
non-U.S. index funds and are intended to achieve long term capital appreciation. Plan asset allocation and investment managers
regular basis.

Plan Assets

Our target allocation for fiscal 2019 and weighted-average plan assets allocations as of August 31, 2018 and 2017 by asset cate
pension plans were as follows:

	2019 Target Allocation		2018		2017	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Asset Category						
Equity securities	— %	26 %	— %	20 %	— %	30 %
Debt securities	100	52	94	57	94	58
Cash and short-term investments	—	2	6	2	6	2
Insurance contracts	—	17	—	17	—	6
Other	—	3	—	4	—	4
Total	100%	100 %	100%	100 %	100%	100 %

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Fair Value Measurements
Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction b
the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calcu
that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.
The three-level hierarchy of fair value measurements is based on whether the inputs to those measurements are observable or u
inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. The fa
the use of observable market data when available and consists of the following levels:

- Level 1—Quoted prices for identical instruments in active markets;
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets model-derived valuations in which all significant inputs are observable in active markets; and
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The fair values of defined benefit pension and postretirement plan assets as of August 31, 2018 were as follows:
Non-U.S. Plans

	Level 1	Level 2	Level 3	Total
Equity				
Mutual fund equity securities	$—	$222,061	$—	$222,061
Fixed Income				
Non-U.S. government debt securities	117,389	—	—	117,389
Mutual fund debt securities	4	535,092	—	535,096
Cash and short-term investments	17,687	5,502	—	23,189
Insurance contracts	—	72,820	114,960	187,780
Other	—	41,861	—	41,861
Total	$135,080	$877,336	$114,960	$1,127,376

There were no transfers between Levels 1 and 2 during fiscal 2018. The level 3 assets are invested in an insurance buy-in contr
fair value of the assets is set to an actuarially calculated present value of the underlying liabilities.
The U.S. Plans have $239,289 in Level 2 assets, primarily made up of U.S. corporate debt securities of $136,814 and U.S. gove
securities of $58,239.
The following table provides a reconciliation of the beginning and ending balances of Level 3 assets for fiscal 2018:

Level 3 Assets	Fiscal 2018
Beginning balance	$—
Purchases, sales and settlements	130,543
Changes in fair value	(15,583)
Ending Balance	$114,960

Expected Contributions
Generally, annual contributions are made at such times and in amounts as required by law and may, from time to time, exceed r
requirements. We estimate we will pay approximately $93,973 in fiscal 2019 related to contributions to our U.S. and non-U.S.
and benefit payments related to the unfunded frozen plan for former pre-incorporation partners. We have not determined wheth
voluntary

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contributions for our defined benefit pension plans. Our postretirement plan contributions in fiscal 2019 are not expected to be
Financial Statements.

Estimated Future Benefit Payments

Benefit payments for defined benefit pension plans and postretirement plans, which reflect expected future service, as appropri
follows:

	Pension Plans		Postretirement Plans
	U.S. Plans	Non-U.S. Plans	U.S. and Non-U.S. Plans
2019	$14,168	$61,593	$ 14,052
2020	15,013	72,592	15,879
2021	15,795	82,049	17,811
2022	16,621	88,100	19,823
2023	17,317	103,213	22,458
2024-2028	96,921	522,427	150,083

Defined Contribution Plans

In the United States and certain other countries, we maintain and administer defined contribution plans for certain current, retir
Total expenses recorded for defined contribution plans were $485,736, $454,124 and $419,932 in fiscal 2018, 2017 and 2016, r

11. SHARE-BASED COMPENSATION

Share Incentive Plans

The Amended and Restated Accenture plc 2010 Share Incentive Plan, as amended and approved by our shareholders in 2018 (t
administered by the Compensation Committee of the Board of Directors of Accenture and provides for the grant of nonqualifie
stock options, restricted share units and other share-based awards. A maximum of 99,000,000 Accenture plc Class A ordinary s
for awards under the Amended 2010 SIP. As of August 31, 2018, there were 24,266,070 shares available for future grants. Acc
shares covered by awards that terminate, lapse or are cancelled may again be used to satisfy awards under the Amended 2010 S
plc Class A ordinary shares and shares from treasury for shares delivered under the Amended 2010 SIP.

A summary of information with respect to share-based compensation is as follows:

	Fiscal		
	2018	2017	2016
Total share-based compensation expense included in Net income	$976,908	$795,235	$758,176
Income tax benefit related to share-based compensation included in Net income (1)	404,124	349,114	236,423

(1) Prior to the adoption of ASU 2016-09 excess tax benefits for share-based compensation were not recognized in the provisio
fiscal 2016 excludes $92,285 of excess tax benefits from the income tax provision.

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Restricted Share Units
Under the Amended 2010 SIP, participants may be, and previously under the predecessor 2001 Share Incentive Plan were, gran
of which represent an unfunded, unsecured right to receive an Accenture plc Class A ordinary share on the date specified in the
agreement. The fair value of the awards is based on our stock price on the date of grant. The restricted share units granted unde
cliff or graded vesting, generally ranging from two to seven years. For awards with graded vesting, compensation expense is re
term of each separately vesting portion. Compensation expense is recognized on a straight-line basis for awards with cliff vesti
activity during fiscal 2018 was as follows:

	Number of Restricted Share Units	Weighted Average Grant-Date Fair Value
Nonvested balance as of August 31, 2017	21,029,042	$ 101.88
Granted (1)	8,166,416	153.33
Vested (2)	(8,692,766)	96.86
Forfeited	(1,424,085)	109.83
Nonvested balance as of August 31, 2018	19,078,607	$ 125.59

(1) The weighted average grant-date fair value for restricted share units granted for fiscal 2018, 2017 and 2016 was $153.33, $1
respectively.
(2) The total grant-date fair value of restricted share units vested for fiscal 2018, 2017 and 2016 was $842,002, $726,324 and $
As of August 31, 2018, there was $924,824 of total unrecognized restricted share unit compensation expense related to nonvest
to be recognized over a weighted average period of 1.2 years. As of August 31, 2018, there were 598,447 restricted share units
Accenture plc Class A ordinary shares.
Stock Options
There were no stock options granted during fiscal 2018, 2017 or 2016. As of August 31, 2018 we had 12,274 stock options out
weighted average exercise price of $39.46 and a weighted average remaining contractual term of 1.2 years.
Employee Share Purchase Plan
2010 ESPP
The Amended and Restated Accenture plc 2010 Employee Share Purchase Plan (the “2010 ESPP”) is a nonqualified plan that p
Accenture plc and its designated affiliates with an opportunity to purchase Accenture plc Class A ordinary shares through payr
ESPP, eligible employees may purchase Accenture plc Class A ordinary shares through the Employee Share Purchase Plan (the
Equity Investment Program (the “VEIP”). Under the ESPP, eligible employees may elect to contribute 1% to 10% of their eligi
semi-annual offering period (up to $7.5 per offering period) to purchase Accenture plc Class A ordinary shares at a discount. U
members of Accenture Leadership may elect to contribute up to 30% of their eligible compensation towards the monthly purch
ordinary shares at fair market value. At the end of the VEIP program year, Accenture Leadership participants who did not with
granted restricted share units under the Amended 2010 SIP equal to 50% of the number of shares purchased during that year an
the grant date.
A maximum of 90,000,000 Accenture plc Class A ordinary shares may be issued under the 2010 ESPP. As of August 31, 2018
Accenture plc Class A ordinary shares under the 2010 ESPP. We issued 5,428,356, 6,103,977 and 5,850,113 shares to employe
2016, respectively, under the 2010 ESPP.

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12. SHAREHOLDERS' EQUITY
Accenture plc
Ordinary Shares
We have 40,000 authorized ordinary shares, par value €1 per share. Each ordinary share of Accenture plc entitles its holder to r
liquidation of Accenture plc; however a holder of an ordinary share is not entitled to vote on matters submitted to a vote of shar
to receive dividends.
Class A Ordinary Shares
An Accenture plc Class A ordinary share entitles its holder to one vote per share, and holders of those shares do not have cumu
Class A ordinary share entitles its holder to a pro rata part of any dividend at the times and in the amounts, if any, which Accen
from time to time determines to declare, subject to any preferred dividend rights attaching to any preferred shares. Each Class A
a winding-up of Accenture plc to be paid a pro rata part of the value of the assets of Accenture plc remaining after payment of i
preferred rights on liquidation attaching to any preferred shares.
Class X Ordinary Shares
Most of our partners who received Accenture Canada Holdings Inc. exchangeable shares in connection with our transition to a
corresponding number of Accenture plc Class X ordinary shares. An Accenture plc Class X ordinary share entitles its holder to
holders of those shares do not have cumulative voting rights. A Class X ordinary share does not entitle its holder to receive div
shares are not entitled to be paid any amount upon a winding-up of Accenture plc. Accenture plc may redeem, at its option, any
redemption price equal to the par value of the Class X ordinary share. Accenture plc has separately agreed with the original hol
Holdings Inc. exchangeable shares not to redeem any Class X ordinary share of such holder if the redemption would reduce the
shares held by that holder to a number that is less than the number of Accenture Canada Holdings Inc. exchangeable shares ow
may be. Accenture plc will redeem Class X ordinary shares upon the redemption or exchange of Accenture Canada Holdings In
the aggregate number of Class X ordinary shares outstanding at any time does not exceed the aggregate number of Accenture C
exchangeable shares outstanding. Class X ordinary shares are not transferable without the consent of Accenture plc.
Equity of Subsidiaries Redeemable or Exchangeable for Accenture plc Class A Ordinary Shares
Accenture Canada Holdings Inc. Exchangeable Shares
Partners resident in Canada and New Zealand received Accenture Canada Holdings Inc. exchangeable shares in connection wit
structure. Holders of Accenture Canada Holdings Inc. exchangeable shares may exchange their shares for Accenture plc Class A
on a one-for-one basis. We may, at our option, satisfy this exchange with cash at a price per share generally equal to the market
Class A ordinary share at the time of the exchange. Each exchangeable share of Accenture Canada Holdings Inc. entitles its hol
equal to any distributions to which an Accenture plc Class A ordinary share entitles its holder.

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13. MATERIAL TRANSACTIONS AFFECTING SHAREHOLDERS' EQUITY

Share Purchases and Redemptions

The Board of Directors of Accenture plc has authorized funding for our publicly announced open-market share purchase progra
Class A ordinary shares and for purchases and redemptions of Accenture plc Class A ordinary shares and Accenture Canada Ho
shares, and prior to March 13, 2018, Accenture Holdings plc ordinary shares, held by current and former members of Accentur
permitted transferees. As of August 31, 2018, our aggregate available authorization was $950,443 for our publicly announced o
and these other share purchase programs.

Our share purchase activity during fiscal 2018 was as follows:

	Accenture plc Class A Ordinary Shares		Accenture Holdings plc Ordinary Shares and Accenture Canada Holdings Inc. Exchangeable Shares (3)	
	Shares	Amount	Shares	Amount
Open-market share purchases (1)	13,618,163	$2,083,762	—	$ —
Other share purchase programs	—	—	571,134	85,010
Other purchases (2)	3,088,027	470,322	—	—
Total	16,706,190	$2,554,084	571,134	$ 85,010

(1) We conduct a publicly announced open-market share purchase program for Accenture plc Class A ordinary shares. These sh
shares by Accenture plc and may be utilized to provide for select employee benefits, such as equity awards to our employee

(2) During fiscal 2018, as authorized under our various employee equity share plans, we acquired Accenture plc Class A ordina
withholding for payroll tax obligations due from employees and former employees in connection with the delivery of Accen
shares under those plans. These purchases of shares in connection with employee share plans do not affect our aggregate ava
publicly announced open-market share purchase and the other share purchase programs.

(3) In connection with the internal merger described in Note 1 (Summary of Significant Accounting Policies) in which Accentu
and into Accenture plc, shareholders of Accenture Holdings plc received one Class A ordinary share of Accenture plc for ea
Holdings plc that they owned, after which Accenture Holdings plc ceased to exist. Accordingly, as of March 13, 2018, there
shares of Accenture Holdings plc outstanding.

Other Share Redemptions

During fiscal 2018, we issued 25,906,176 Accenture plc Class A ordinary shares. The merger, described in Note 1 (Summary o
Policies) resulted in 25,554,372 Accenture plc Class A ordinary shares being issued in exchange for Accenture Holdings plc sh
Additionally, prior to the merger, we issued 351,804 Accenture plc Class A ordinary shares upon redemptions of an equivalent
Holdings plc ordinary shares pursuant to a registration statement on Form S-3 (the "registration statement"). Under the registra
could issue freely tradable Accenture plc Class A ordinary shares in lieu of cash upon redemptions of Accenture Holdings plc o
and former members of Accenture Leadership and their permitted transferees. In connection with the merger of Accenture Hold
Accenture plc, we have terminated the registration statement.

Cancellation of Treasury Shares

During fiscal 2018, we cancelled 11,620,621 Accenture plc Class A ordinary shares that were held as treasury shares and had a
$1,582,067. The effect of the cancellation of these treasury shares was recognized in Class A ordinary shares and Additional pa
recorded in Retained earnings. There was no effect on total shareholders' equity as a result of this cancellation.

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Dividends
Our dividend activity during fiscal 2018 was as follows:

	Dividend Per Share	Accenture plc Class A Ordinary Shares		Accenture Holdings plc Ordinary Shares and Accenture Canada Holdings Inc. Exchangeable Shares (1)		Total Cash Outlay
Dividend Payment Date		Record Date	Cash Outlay	Record Date	Cash Outlay	
November 15, 2017	$ 1.33	October 19, 2017	$817,241	October 17, 2017	$ 36,373	$853,614
May 15, 2018	1.33	April 12, 2018	853,831	April 10, 2018	1,279	855,110
Total Dividends			$1,671,072		$ 37,652	$1,708,724

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(1) The dividend for the three months ended May 31, 2018 included payments made to holders of Accenture Canada Holdings I
the dividend for the three months ended November 30, 2017 included payments made to holders of both Accenture Holding
Accenture Canada Holdings Inc. exchangeable shares. See Note 1 (Summary of Significant Accounting Policies) for additio
Holdings plc.

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

Subsequent Events

On September 26, 2018, the Board of Directors of Accenture plc declared a semi-annual cash dividend of $1.46 per share on its
shareholders of record at the close of business on October 18, 2018 payable on November 15, 2018. The payment of the cash d
issuance of an immaterial number of additional restricted share units to holders of restricted share units. In addition, on Septem
that we are changing the frequency of any cash dividend payments to shareholders during fiscal 2020 from semi-annual to quar
On September 26, 2018, the Board of Directors of Accenture plc approved $5,000,000 in additional share repurchase authority
outstanding authority to $5,950,443.

14. LEASE COMMITMENTS

We have operating leases, principally for office space, with various renewal options. Substantially all operating leases are non-c
by the payment of penalties. Rental expense in agreements with rent holidays and scheduled rent increases is recorded on a stra
term. Rental expense, including operating costs and taxes, and sublease income from third parties during fiscal 2018, 2017 and

	Fiscal		
	2018	2017	2016
Rental expense	$653,531	$617,014	$578,149
Sublease income from third parties	(28,219)	(28,992)	(26,403)

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Future minimum rental commitments under non-cancelable operating leases as of August 31, 2018 were as follows:

	Operating Lease Payments	Operating Sublease Income
2019	$598,483	$(28,083)
2020	543,125	(24,115)
2021	474,478	(17,221)
2022	411,002	(7,932)
2023	338,630	(7,661)
Thereafter	1,285,763	(40,286)
	$3,651,481	$(125,298)

15. COMMITMENTS AND CONTINGENCIES

Commitments

We have the right to purchase at fair value, or if certain events occur may be required to purchase at fair value, the outstanding
AG subsidiary. As of August 31, 2018, the fair value of the redeemable common stock of SinnerSchrader AG of $46,703 was i
liabilities in the Consolidated Balance Sheets.

During fiscal 2018, we purchased shares related to the remaining outstanding redeemable common stock and options on redeem
Avanade Inc. subsidiary and eliminated the liability, which was $52,996 as of August 31, 2017 and was included in Other accru
Consolidated Balance Sheets.

Indemnifications and Guarantees

In the normal course of business and in conjunction with certain client engagements, we have entered into contractual arrangem
be obligated to indemnify clients with respect to certain matters. These arrangements with clients can include provisions where
liability in relation to the performance of certain contractual obligations along with third parties also providing services and pro
addition, our consulting arrangements may include warranty provisions that our solutions will substantially operate in accordan
requirements. Indemnification provisions are also included in arrangements under which we agree to hold the indemnified party
third-party claims related to such matters as title to assets sold or licensed or certain intellectual property rights.

Typically, we have contractual recourse against third parties for certain payments we made in connection with arrangements w
nonperformance has given rise to the client's claim. Payments we made under any of the arrangements described above are gen
making a claim, which may be disputed by us typically under dispute resolution procedures specified in the particular arrangem
liability under these arrangements may be expressly limited or may not be expressly specified in terms of time and/or amount.

As of August 31, 2018 and 2017, our aggregate potential liability to our clients for expressly limited guarantees involving the p
was approximately $782,000 and $697,000, respectively, of which all but approximately $130,000 and $149,000, respectively,
other third parties if we are obligated to make payments to the indemnified parties as a consequence of a performance default b
arrangements with unspecified limitations, we cannot reasonably estimate the aggregate maximum potential liability, as it is inh
maximum potential amount of such payments, due to the conditional nature and unique facts of each particular arrangement.

To date, we have not been required to make any significant payment under any of the arrangements described above. We have
performance/payment risk related to arrangements with limited guarantees, warranty obligations, unspecified limitations and/or
and believe that any potential payments would be immaterial to the Consolidated Financial Statements, as a whole.

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Legal Contingencies
As of August 31, 2018, we or our present personnel had been named as a defendant in various litigation matters. We and/or our
time are involved in investigations by various regulatory or legal authorities concerning matters arising in the course of our bus
on the present status of these matters, management believes the range of reasonably possible losses in addition to amounts accr
recoveries, will not have a material effect on our results of operations or financial condition.

16. SEGMENT REPORTING

Operating segments are components of an enterprise where separate financial information is available that is evaluated regularl
decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance.
Our chief operating decision makers are our Chief Executive Officer and Chief Financial Officer. Our operating segments are m
each operating segment represents a strategic business unit providing consulting and outsourcing services to clients in different
Our reportable operating segments are the five operating groups, which are Communications, Media & Technology, Financial
Service, Products and Resources. Information regarding our reportable operating segments is as follows:

Fiscal 2018	Communications, Media & Technology	Financial Services	Health & Public Service	Products	Resources	Other (3)	Total
Net revenues	$ 8,030,775	$8,237,982	$6,688,467	$10,854,339	$5,657,178	$104,709	$39,573,4
Depreciation and amortization (1)	176,232	161,451	171,084	271,853	146,156	—	926,776
Operating income	1,368,142	1,352,870	755,559	1,649,785	714,685	—	5,841,041
Net assets as of August 31 (2)	984,345	23,666	989,150	1,571,620	1,046,216	153,725	4,768,722
2017							
Net revenues	$ 6,884,738	$7,393,945	$6,177,846	$9,500,451	$4,847,073	$46,129	$34,850,1
Depreciation and amortization (1)	148,690	147,343	143,659	228,400	133,697	—	801,789
Operating income	1,048,786	1,207,391	772,785	1,558,680	554,760	(509,793)	4,632,609
Net assets as of August 31 (2)	916,325	155,386	911,605	1,299,898	953,820	112,264	4,349,298
2016							
Net revenues	$ 6,615,717	$7,031,053	$5,986,878	$8,395,038	$4,838,963	$15,074	$32,882,7
Depreciation and amortization (1)	141,356	139,518	134,788	206,806	106,584	—	729,052
Operating income	965,574	1,127,750	807,012	1,282,461	627,648	—	4,810,445
Net assets as of August 31 (2)	923,764	123,827	892,569	1,281,551	820,273	(137,761)	3,904,223

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(1) Amounts include depreciation on property and equipment and amortization of intangible assets controlled by each op allocation for amounts they do not directly control.

(2) We do not allocate total assets by operating segment. Operating segment assets directly attributed to an operating segment a operating decision makers include receivables from clients, current and non-current unbilled services, deferred contract cost deferred revenues.

(3) Other operating income for fiscal 2017 represents the pension settlement charge.

The accounting policies of the operating segments are the same as those described in Note 1 (Summary of Significant Accounti
Consolidated Financial Statements.

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Revenues are attributed to geographic regions and countries based on where client services are supervised. Information regardi
countries is as follows:

Fiscal	North America	Europe	Growth Markets	Total
2018				
Net revenues	$17,849,010	$14,111,622	$7,612,818	$39,573,450
Reimbursements	927,266	738,062	364,650	2,029,978
Revenues	18,776,276	14,849,684	7,977,468	41,603,428
Property and equipment, net as of August 31	375,237	319,487	569,296	1,264,020
2017				
Net revenues	$16,290,842	$12,002,025	$6,557,315	$34,850,182
Reimbursements	963,911	625,073	326,312	1,915,296
Revenues	17,254,753	12,627,098	6,883,627	36,765,478
Property and equipment, net as of August 31	274,463	294,154	571,981	1,140,598
2016				
Net revenues	$15,653,290	$11,512,434	$5,716,999	$32,882,723
Reimbursements	970,248	637,212	307,478	1,914,938
Revenues	16,623,538	12,149,646	6,024,477	34,797,661
Property and equipment, net as of August 31	244,351	220,500	491,691	956,542

Our business in the United States represented 43%, 45% and 46% of our consolidated net revenues during fiscal 2018, 2017 an
country individually comprised 10% or more of our consolidated net revenues during these periods. Business in Ireland, our co
approximately 1% of our consolidated net revenues during each of fiscal 2018, 2017 and 2016.
We conduct business in Ireland and in the following countries that hold 10% or more of our total consolidated Property and equ

	August 31, 2018	August 31, 2017	August 31, 2016
United States	27 %	23 %	25 %
India	19	25	25
Ireland	7	5	4

Revenues by type of work were as follows:

	Fiscal 2018	2017	2016
Consulting	$21,573,983	$18,753,796	$17,867,891
Outsourcing	17,999,467	16,096,386	15,014,832
Net revenues	39,573,450	34,850,182	32,882,723
Reimbursements	2,029,978	1,915,296	1,914,938
Revenues	$41,603,428	$36,765,478	$34,797,661

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

17. QUARTERLY DATA (unaudited)

Fiscal 2018	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Net revenues	$ 9,523,222	$ 9,585,442	$ 10,314,999	$ 10,149,787	$ 39,573,450
Reimbursements	531,271	482,390	523,855	492,462	2,029,978
Revenues	10,054,493	10,067,832	10,838,854	10,642,249	41,603,428
Cost of services before reimbursable expenses	6,470,962	6,737,048	6,995,871	6,926,656	27,130,537
Reimbursable expenses	531,271	482,390	523,855	492,462	2,029,978
Cost of services	7,002,233	7,219,438	7,519,726	7,419,118	29,160,515
Operating income	1,485,880	1,282,764	1,619,726	1,452,671	5,841,041
Net income	1,188,542	919,540	1,058,141	1,048,371	4,214,594
Net income attributable to Accenture plc	1,123,660	863,703	1,043,020	1,029,524	4,059,907
Weighted average Class A ordinary shares:					
—Basic	615,835,525	617,854,667	639,217,344	640,575,241	628,451,742
—Diluted	656,672,417	656,118,796	654,600,026	653,960,751	655,296,150
Earnings per Class A ordinary share:					
—Basic	$ 1.82	$ 1.40	$ 1.63	$ 1.61	$ 6.46
—Diluted	1.79	1.37	1.60	1.58	6.34
Ordinary share price per share:					
—High	$ 148.60	$ 165.58	$ 164.30	$ 169.92	$ 169.92
—Low	129.10	145.75	146.05	155.30	129.10

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

Fiscal 2017	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Net revenues	$ 8,515,517	$ 8,317,671	$ 8,867,036	$ 9,149,958	$ 34,850,182
Reimbursements	490,086	444,511	489,751	490,948	1,915,296
Revenues	9,005,603	8,762,182	9,356,787	9,640,906	36,765,478
Cost of services before reimbursable expenses	5,785,485	5,813,515	5,957,405	6,263,285	23,819,690
Reimbursable expenses	490,086	444,511	489,751	490,948	1,915,296
Cost of services	6,275,571	6,258,026	6,447,156	6,754,233	25,734,986
Operating income	1,331,959	1,138,653	865,435	1,296,562	4,632,609
Net income	1,059,749	887,208	704,801	983,174	3,634,932
Net income attributable to Accenture plc	1,004,476	838,752	669,468	932,453	3,445,149
Weighted average Class A ordinary shares:					
—Basic	621,569,764	621,999,948	619,436,804	617,515,125	620,104,250
—Diluted	663,752,830	661,079,375	658,770,425	658,384,196	660,463,227
Earnings per Class A ordinary share:					
—Basic	$ 1.62	$ 1.35	$ 1.08	$ 1.51	$ 5.56
—Diluted	1.58	1.33	1.05	1.48	5.44
Ordinary share price per share:					
—High	$ 124.96	$ 125.72	$ 126.53	$ 130.92	$ 130.92
—Low	108.83	112.31	114.82	119.10	108.83