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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED May 31, 2017

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 001-34448

Accenture plc
(Exact name of registrant as specified in its charter)

Ireland	**98-0627530**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1 Grand Canal Square,
Grand Canal Harbour,
Dublin 2, Ireland
(Address of principal executive offices)

(353) (1) 646-2000
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐
Smaller reporting company ☐	Emerging growth company ☐	(Do not check if a smaller reporting 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 ☑

The number of shares of the registrant's Class A ordinary shares, par value $0.0000225 per share, outstanding as of June 8, 2017 was 664,134,110 (which number includes 46,147,627 issued shares held by the registrant). The number of shares of the registrant's Class X ordinary shares, par value $0.0000225 per share, outstanding as of June 8, 2017 was 20,794,696.

ACCENTURE PLC

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ACCENTURE PLC
CONSOLIDATED BALANCE SHEETS
May 31, 2017 and August 31, 2016
(In thousands of U.S. dollars, except share and per share amounts)

	May 31, 2017 (Unaudited)	August 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,382,208	$ 4,905,609
Short-term investments	2,639	2,875
Receivables from clients, net	4,474,415	4,072,180
Unbilled services, net	2,267,310	2,150,219
Other current assets	1,079,163	845,339
Total current assets	11,205,735	11,976,222
NON-CURRENT ASSETS:		
Unbilled services, net	50,914	68,145
Investments	199,465	198,633
Property and equipment, net	1,041,006	956,542
Goodwill	4,610,996	3,609,437
Deferred contract costs	756,799	733,219
Deferred income taxes, net	2,103,664	2,077,312
Other non-current assets	1,167,013	989,494
Total non-current assets	9,929,857	8,632,782
TOTAL ASSETS	$ 21,135,592	$ 20,609,004
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and bank borrowings	$ 2,942	$ 2,773
Accounts payable	1,291,138	1,280,821
Deferred revenues	2,550,233	2,364,728
Accrued payroll and related benefits	3,613,189	4,040,751
Accrued consumption taxes	383,571	358,359
Income taxes payable	914,058	362,963
Other accrued liabilities	399,194	468,529
Total current liabilities	9,154,325	8,878,924
NON-CURRENT LIABILITIES:		
Long-term debt	24,732	24,457
Deferred revenues	692,621	754,812
Retirement obligation	1,476,430	1,494,789
Deferred income taxes, net	64,976	111,020
Income taxes payable	525,196	850,709
Other non-current liabilities	320,652	304,917
Total non-current liabilities	3,104,607	3,540,704
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Ordinary shares, par value 1.00 euros per share, 40,000 shares authorized and issued as of May 31, 2017 and August 31, 2016	57	57
Class A ordinary shares, par value $0.0000225 per share, 20,000,000,000 shares authorized, 663,944,811 and 654,202,813 shares issued as of May 31, 2017 and August 31, 2016, respectively	15	15
Class X ordinary shares, par value $0.0000225 per share, 1,000,000,000 shares authorized, 20,794,696 and 21,917,155 shares issued and outstanding as of May 31, 2017 and August 31, 2016, respectively	—	—
Restricted share units	1,085,272	1,004,128
Additional paid-in capital	3,682,138	2,924,729
Treasury shares, at cost: Ordinary, 40,000 shares as of May 31, 2017 and August 31, 2016; Class A ordinary, 46,036,965 and 33,529,739 shares as of May 31, 2017 and August 31, 2016, respectively	(4,109,376)	(2,591,907)
Retained earnings	8,844,773	7,879,960
Accumulated other comprehensive loss	(1,335,523)	(1,661,720)
Total Accenture plc shareholders' equity	8,167,356	7,555,262
Noncontrolling interests	709,304	634,114
Total shareholders' equity	8,876,660	8,189,376
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 21,135,592	$ 20,609,004

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

ACCENTURE PLC
CONSOLIDATED INCOME STATEMENTS
For the Three and Nine Months Ended May 31, 2017 and 2016
(In thousands of U.S. dollars, except share and per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	May 31, 2017	May 31, 2016	May 31, 2017	May 31, 2016
REVENUES:				
Revenues before reimbursements (“Net revenues”)	$ 8,867,036	$ 8,434,757	$ 25,700,224	$ 24,393,485
Reimbursements	489,751	534,287	1,424,348	1,438,596
Revenues	9,356,787	8,969,044	27,124,572	25,832,081
OPERATING EXPENSES:				
Cost of services:				
Cost of services before reimbursable expenses	5,957,405	5,745,205	17,556,405	16,771,598
Reimbursable expenses	489,751	534,287	1,424,348	1,438,596
Cost of services	6,447,156	6,279,492	18,980,753	18,210,194
Sales and marketing	986,228	933,770	2,746,544	2,639,895
General and administrative costs	548,175	449,839	1,551,435	1,366,745
Pension settlement charge	509,793	—	509,793	—
Total operating expenses	8,491,352	7,663,101	23,788,525	22,216,834
OPERATING INCOME	865,435	1,305,943	3,336,047	3,615,247
Interest income	8,549	7,679	25,574	21,532
Interest expense	(3,613)	(3,711)	(10,637)	(12,306)
Other income (expense), net	(4,213)	(16,207)	(22,846)	(33,391)
Gain (loss) on sale of businesses	8,242	—	(4,107)	553,577
INCOME BEFORE INCOME TAXES	874,400	1,293,704	3,324,031	4,144,659
Provision for income taxes	169,599	343,421	672,273	925,837
NET INCOME	704,801	950,283	2,651,758	3,218,822
Net income attributable to noncontrolling interests in Accenture Holdings plc and Accenture Canada Holdings Inc.	(23,024)	(42,574)	(107,437)	(145,529)
Net income attributable to noncontrolling interests – other	(12,309)	(10,462)	(31,625)	(30,627)
NET INCOME ATTRIBUTABLE TO ACCENTURE PLC	$ 669,468	$ 897,247	$ 2,512,696	$ 3,042,666
Weighted average Class A ordinary shares:				
Basic	619,436,804	623,725,913	621,025,256	625,563,431
Diluted	658,770,425	666,403,323	661,130,306	668,525,906
Earnings per Class A ordinary share:				
Basic	$ 1.08	$ 1.44	$ 4.05	$ 4.86
Diluted	$ 1.05	$ 1.41	$ 3.96	$ 4.77
Cash dividends per share	$ 1.21	$ 1.10	$ 2.42	$ 2.20

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

ACCENTURE PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three and Nine Months Ended May 31, 2017 and 2016
(In thousands of U.S. dollars)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	May 31, 2017	May 31, 2016	May 31, 2017	May 31, 2016
NET INCOME	$ 704,801	$ 950,283	$ 2,651,758	$ 3,218,822
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:				
Foreign currency translation	93,168	86,022	(14,751)	(52,989)
Defined benefit plans	277,764	5,557	282,299	13,203
Cash flow hedges	32,896	36,710	58,385	58,512
Marketable securities	—	738	264	640
OTHER COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO ACCENTURE PLC	403,828	129,027	326,197	19,366
Other comprehensive income (loss) attributable to noncontrolling interests	22,955	2,846	12,374	2,079
COMPREHENSIVE INCOME	$ 1,131,584	$ 1,082,156	$ 2,990,329	$ 3,240,267
COMPREHENSIVE INCOME ATTRIBUTABLE TO ACCENTURE PLC	$ 1,073,296	$ 1,026,274	$ 2,838,893	$ 3,062,032
Comprehensive income attributable to noncontrolling interests	58,288	55,882	151,436	178,235
COMPREHENSIVE INCOME	$ 1,131,584	$ 1,082,156	$ 2,990,329	$ 3,240,267

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

ACCENTURE PLC
CONSOLIDATED SHAREHOLDERS' EQUITY STATEMENT
For the Nine Months Ended May 31, 2017
(In thousands of U.S. dollars and share amounts)
(Unaudited)

	Ordinary Shares		Class A Ordinary Shares		Class X Ordinary Shares		Restricted Share Units	Additional Paid-in Capital	Treasury Shares		Retained Earnings	Accumulated Other Comprehensive Loss	Total Accenture plc Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
	$	No. Shares	$	No. Shares	$	No. Shares			$	No. Shares					
Balance as of August 31, 2016	$ 57	40	$ 15	654,203	$ —	21,917	$ 1,004,128	$ 2,924,729	$ (2,591,907)	(33,570)	$ 7,879,960	$ (1,661,720)	$ 7,555,262	$ 634,114	$ 8,189,376
Net income											2,512,696		2,512,696	139,062	2,651,758
Other comprehensive income (loss)												326,197	326,197	12,374	338,571
Purchases of Class A ordinary shares								74,078	(1,922,500)	(16,298)			(1,848,422)	(74,078)	(1,922,500)
Share-based compensation expense							566,347	45,590					611,937		611,937
Purchases/redemptions of Accenture Holdings plc ordinary shares, Accenture Canada Holdings Inc. exchangeable shares and Class X ordinary shares						(1,122)		(67,421)					(67,421)	(2,284)	(69,705)
Issuances of Class A ordinary shares:															
Employee share programs				9,113			(537,626)	710,588	405,031	3,791			577,993	22,927	600,920
Upon redemption of Accenture Holdings plc ordinary shares				629				4,389					4,389	(4,389)	—
Dividends							52,423				(1,551,157)		(1,498,734)	(68,844)	(1,567,578)
Other, net								(9,815)			3,274		(6,541)	50,422	43,881
Balance as of May 31, 2017	$ 57	40	$ 15	663,945	$ —	20,795	$ 1,085,272	$ 3,682,138	$ (4,109,376)	(46,077)	$ 8,844,773	$ (1,335,523)	$ 8,167,356	$ 709,304	$ 8,876,660

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

ACCENTURE PLC
CONSOLIDATED CASH FLOWS STATEMENTS
For the Nine Months Ended May 31, 2017 and 2016
(In thousands of U.S. dollars)
(Unaudited)

	May 31, 2017	May 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,651,758	$ 3,218,822
Adjustments to reconcile Net income to Net cash provided by operating activities —		
Depreciation, amortization and asset impairments	569,720	535,637
Share-based compensation expense	611,937	584,644
Pension settlement charge	460,908	—
(Gain) loss on sale of business	4,107	(553,577)
Deferred income taxes, net	(328,015)	(35,620)
Other, net	(29,752)	(45,985)
Change in assets and liabilities, net of acquisitions —		
Receivables from clients, net	(240,703)	(429,085)
Unbilled services, current and non-current, net	2,489	(166,228)
Other current and non-current assets	(374,306)	(449,271)
Accounts payable	(29,697)	(61,342)
Deferred revenues, current and non-current	39,607	273,399
Accrued payroll and related benefits	(458,456)	(254,433)
Income taxes payable, current and non-current	217,034	(81,205)
Other current and non-current liabilities	(65,474)	65,685
Net cash provided by (used in) operating activities	3,031,157	2,601,441
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(324,773)	(336,500)
Purchases of businesses and investments, net of cash acquired	(1,241,500)	(832,548)
Proceeds from the sale of businesses and investments, net of cash transferred	(24,189)	618,310
Proceeds from sales of property and equipment	8,977	2,860
Net cash provided by (used in) investing activities	(1,581,485)	(547,878)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of ordinary shares	600,920	525,992
Purchases of shares	(1,992,205)	(1,965,050)
Proceeds from (repayments of) long-term debt, net	515	586
Cash dividends paid	(1,567,578)	(1,438,138)
Other, net	(9,323)	(13,950)
Net cash provided by (used in) financing activities	(2,967,671)	(2,890,560)
Effect of exchange rate changes on cash and cash equivalents	(5,402)	(25,891)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,523,401)	(862,888)
CASH AND CASH EQUIVALENTS, beginning of period	4,905,609	4,360,766
CASH AND CASH EQUIVALENTS, end of period	$ 3,382,208	$ 3,497,878

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

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

1. BASIS OF PRESENTATION

The accompanying unaudited interim Consolidated Financial Statements of Accenture plc and its controlled subsidiary companies have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by U.S. generally accepted accounting principles ("U.S. GAAP") for complete financial statements. We use the terms "Accenture," "we," the "Company" and "our" in the Notes to Consolidated Financial Statements to refer to Accenture plc and its subsidiaries. These Consolidated Financial Statements should therefore be read in conjunction with the Consolidated Financial Statements and Notes thereto for the fiscal year ended August 31, 2016 included in the Company's Annual Report on Form 10-K filed with the SEC on October 28, 2016.

The accompanying unaudited interim Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, which requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from those estimates. The Consolidated Financial Statements reflect all adjustments of a normal, recurring nature that are, in the opinion of management, necessary for a fair presentation of results for these interim periods. The results of operations for the three and nine months ended May 31, 2017 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 2017.

Allowances for Client Receivables and Unbilled Services

As of May 31, 2017 and August 31, 2016, total allowances recorded for client receivables and unbilled services were $73,903 and $79,440, respectively.

Accumulated Depreciation

As of May 31, 2017 and August 31, 2016, total accumulated depreciation was $1,915,058 and $1,730,025, respectively.

Recently Adopted Accounting Pronouncement

On September 1, 2016, the Company early adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which simplifies the accounting for share-based payment transactions. The new guidance requires excess tax benefits and tax deficiencies to be recorded in the income statement when the awards vest or are settled. The standard clarifies that all cash payments made on an employee's behalf for withheld shares should be presented as a financing activity on the Company's cash flows statement and provides an accounting policy election to account for forfeitures as they occur. In addition, cash flows related to excess tax benefits will no longer be separately classified as a financing activity apart from other income tax cash flows.

The primary impact of the adoption of the ASU on the Company's Consolidated Financial Statements was the recognition of excess tax benefits in the provision for income taxes rather than Additional paid-in capital, which increased income tax expense by $2,574 and reduced income tax expense by $85,513 for the three and nine months ended May 31, 2017, respectively. The Company elected to continue to estimate forfeitures expected to occur to determine the amount of compensation cost to be recognized in each period. The Company also elected to retrospectively apply the presentation requirements for cash flows related to excess tax benefits for all periods presented, which resulted in an increase to both net cash provided by operating activities and net cash used in financing activities of $81,765 for the nine months ended May 31, 2016. The presentation requirement for cash flows related to employee taxes paid for withheld shares had no impact to any of the periods presented in the Company's consolidated cash flows statements since these cash flows have historically been presented as a financing activity.

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

New Accounting Pronouncements

The following standards, issued by the FASB, will, or are expected to, result in a change in practice and/or have a financial impact to the Company's Consolidated Financial Statements:

Standard	Description	Accenture Adoption Date	Impact on the Financial Statements or Other Significant Matters
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 Company is assessing the impact of this ASU on its Consolidated Financial Statements.
2016-02: Leases	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 a modified retrospective method upon adoption.	September 1, 2019	While the Company is continuing to assess the potential impact of this ASU, it currently believes the most significant impact relates to its accounting for office space operating leases. The Company anticipates this ASU will have a material impact on its Consolidated Balance Sheets but will not have a material impact on its other Consolidated Financial Statements or footnotes.
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	The Company performed an initial assessment of the impact of the ASU and developed a transition plan, including necessary changes to policies, processes, and internal controls as well as system enhancements to generate the information necessary for the new disclosures. The project is on schedule for adoption on September 1, 2018 and the Company will apply the modified retrospective method. The Company expects revenue recognition across its portfolio of services to remain largely unchanged. However, the Company expects to recognize revenue earlier than it does under current guidance in a few areas, including accounting for variable fees and for certain consulting services, which will be recognized over time rather than at a point in time. While the Company has not finalized its assessment of the impact of the ASU, based on the analysis completed to date, the Company does not currently anticipate that the ASU will have a material impact on its Consolidated Financial Statements.

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

2. EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows:

	Three Months Ended		Nine Months Ended	
	May 31, 2017	May 31, 2016	May 31, 2017	May 31, 2016
Basic Earnings per share				
Net income attributable to Accenture plc	$ 669,468	$ 897,247	$ 2,512,696	$ 3,042,666
Basic weighted average Class A ordinary shares	619,436,804	623,725,913	621,025,256	625,563,431
Basic earnings per share	$ 1.08	$ 1.44	$ 4.05	$ 4.86
Diluted Earnings per share				
Net income attributable to Accenture plc	$ 669,468	$ 897,247	$ 2,512,696	$ 3,042,666
Net income attributable to noncontrolling interests in Accenture Holdings plc and Accenture Canada Holdings Inc. (1)	23,024	42,574	107,437	145,529
Net income for diluted earnings per share calculation	$ 692,492	$ 939,821	$ 2,620,133	$ 3,188,195
Basic weighted average Class A ordinary shares	619,436,804	623,725,913	621,025,256	625,563,431
Class A ordinary shares issuable upon redemption/ exchange of noncontrolling interests (1)	27,926,781	29,561,512	28,274,559	29,908,025
Diluted effect of employee compensation related to Class A ordinary shares	11,329,345	13,053,727	11,721,416	12,970,542
Diluted effect of share purchase plans related to Class A ordinary shares	77,495	62,171	109,075	83,908
Diluted weighted average Class A ordinary shares	658,770,425	666,403,323	661,130,306	668,525,906
Diluted earnings per share	$ 1.05	$ 1.41	$ 3.96	$ 4.77

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

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

3. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	Three Months Ended		Nine Months Ended	
	May 31, 2017	May 31, 2016	May 31, 2017	May 31, 2016
Foreign currency translation				
Beginning balance	$ (1,027,882)	$ (992,515)	$ (919,963)	$ (853,504)
Foreign currency translation	102,087	92,038	(17,389)	(50,635)
Income tax benefit (expense)	102	(5,170)	(293)	(3,677)
Portion attributable to noncontrolling interests	(9,021)	(846)	2,931	1,323
Foreign currency translation, net of tax	93,168	86,022	(14,751)	(52,989)
Ending balance	(934,714)	(906,493)	(934,714)	(906,493)
Defined benefit plans				
Beginning balance	(804,969)	(515,973)	(809,504)	(523,619)
Actuarial losses	(48,885)	—	(48,885)	—
Pension settlement	509,793	—	509,793	—
Reclassifications into net periodic pension and post-retirement expense (1)	12,407	6,633	23,437	19,838
Income tax benefit (expense)	(183,086)	(820)	(189,376)	(6,014)
Portion attributable to noncontrolling interests	(12,465)	(256)	(12,670)	(621)
Defined benefit plans, net of tax	277,764	5,557	282,299	13,203
Ending balance	(527,205)	(510,416)	(527,205)	(510,416)
Cash flow hedges				
Beginning balance	93,500	(11,486)	68,011	(33,288)
Unrealized gain (loss)	96,111	74,580	179,891	99,328
Reclassification adjustments into Cost of services	(38,446)	(9,607)	(85,914)	(5,628)
Income tax benefit (expense)	(23,300)	(26,554)	(32,972)	(32,437)
Portion attributable to noncontrolling interests	(1,469)	(1,709)	(2,620)	(2,751)
Cash flow hedges, net of tax	32,896	36,710	58,385	58,512
Ending balance (2)	126,396	25,224	126,396	25,224
Marketable securities				
Beginning balance	—	(1,659)	(264)	(1,561)
Unrealized gain (loss)	—	1,264	462	1,094
Income tax benefit (expense)	—	(491)	(183)	(424)
Portion attributable to noncontrolling interests	—	(35)	(15)	(30)
Marketable securities, net of tax	—	738	264	640
Ending balance	—	(921)	—	(921)
Accumulated other comprehensive loss	$ (1,335,523)	$ (1,392,606)	$ (1,335,523)	$ (1,392,606)

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

(2) As of May 31, 2017, $116,176 of net unrealized gains related to derivatives designated as cash flow hedges is expected to be reclassified into Cost of services in the next 12 months.

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

4. BUSINESS COMBINATIONS

During the nine months ended May 31, 2017, the Company completed several individually immaterial acquisitions for total consideration of $1,192,165, net of cash acquired. The pro forma effects of these acquisitions on the Company's operations were not material.

5. 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	May 31, 2017
Communications, Media & Technology	$ 546,566	$ 142,895	$ (1,350)	$ 688,111
Financial Services	854,376	231,305	2,941	1,088,622
Health & Public Service	715,849	113,476	(19)	829,306
Products	1,112,991	466,103	(6,138)	1,572,956
Resources	379,655	53,351	(1,005)	432,001
Total	$ 3,609,437	$ 1,007,130	$ (5,571)	$ 4,610,996

Goodwill includes immaterial adjustments related to prior period acquisitions.

Intangible Assets

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

	May 31, 2017			August 31, 2016		
Intangible Asset Class	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer-related	$ 719,108	$ (212,053)	$ 507,055	$ 532,753	$ (159,774)	$ 372,979
Technology	107,320	(60,612)	46,708	100,363	(48,270)	52,093
Patents	122,868	(61,212)	61,656	118,906	(57,951)	60,955
Other	47,115	(19,782)	27,333	43,804	(19,680)	24,124
Total	$ 996,411	$ (353,659)	$ 642,752	$ 795,826	$ (285,675)	$ 510,151

Total amortization related to the Company's intangible assets was $41,698 and $108,150 for the three and nine months ended May 31, 2017, respectively. Total amortization related to the Company's intangible assets was $30,335 and $87,699 for the three and nine months ended May 31, 2016, respectively. Estimated future amortization related to intangible assets held as of May 31, 2017 is as follows:

Fiscal Year	Estimated Amortization
Remainder of 2017	$ 45,361
2018	129,543
2019	100,322
2020	87,324
2021	78,433
Thereafter	201,769
Total	$ 642,752

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

6. MATERIAL TRANSACTIONS AFFECTING SHAREHOLDERS' EQUITY

Dividends

The Company's dividend activity during the nine months ended May 31, 2017 was as follows:

Dividend Payment Date	Dividend Per Share	Accenture plc Class A Ordinary Shares		Accenture Holdings plc Ordinary Shares and Accenture Canada Holdings Inc. Exchangeable Shares		Total Cash Outlay
		Record Date	Cash Outlay	Record Date	Cash Outlay	
November 15, 2016	$ 1.21	October 21, 2016	$ 750,137	October 18, 2016	$ 34,990	$ 785,127
May 15, 2017	$ 1.21	April 13, 2017	$ 748,597	April 10, 2017	$ 33,854	$ 782,451
Total Dividends			$ 1,498,734		$ 68,844	$ 1,567,578

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

7. DERIVATIVE FINANCIAL INSTRUMENTS

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

Cash Flow Hedges

For a cash flow hedge, the effective portion of the change in estimated fair value of a hedging instrument is recorded in Accumulated other comprehensive loss as a separate component of Shareholders' Equity and is reclassified into Cost of services in the Consolidated Income Statements during the period in which the hedged transaction is recognized. For information related to derivatives designated as cash flow hedges that were reclassified into Cost of services during the three and nine months ended May 31, 2017 and 2016, as well as those expected to be reclassified into Cost of services in the next 12 months, see Note 3 (Accumulated Other Comprehensive Loss) to these Consolidated Financial Statements.

Other Derivatives

Realized gains or losses and changes in the estimated fair value of foreign currency forward contracts that have not been designated as hedges were a net gain of $89,035 and a net loss of $29,279 for the three and nine months ended May 31, 2017, respectively, and a net gain of $16,242 and a net loss of $41,156 for the three and nine months ended May 31, 2016, respectively. Gains and losses on these contracts are recorded in Other income (expense), net in the Consolidated Income Statements and are offset by gains and losses on the related hedged items.

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

Fair Value of Derivative Instruments

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

	May 31, 2017	August 31, 2016
Assets		
Cash Flow Hedges		
Other current assets	$ 131,964	$ 71,955
Other non-current assets	90,280	45,683
Other Derivatives		
Other current assets	29,773	11,965
Total assets	$ 252,017	$ 129,603
Liabilities		
Cash Flow Hedges		
Other accrued liabilities	$ 15,788	$ 10,820
Other non-current liabilities	10,510	5,547
Other Derivatives		
Other accrued liabilities	21,566	17,407
Total liabilities	$ 47,864	$ 33,774
Total fair value	$ 204,153	$ 95,829
Total notional value	$ 8,410,659	$ 7,604,486

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

	May 31, 2017	August 31, 2016
Net derivative assets	$ 216,548	$ 114,785
Net derivative liabilities	12,395	18,956
Total fair value	$ 204,153	$ 95,829

8. RETIREMENT AND PROFIT SHARING PLANS

On March 18, 2016, Accenture plc's Board of Directors approved an amendment to terminate the Company's U.S. pension plan, effective May 30, 2016, for all active and former employees who were no longer accruing benefits in the pension plan (approximately 16,200 people). The amendment also provided for the creation of a separate defined benefit plan with substantially the same terms for approximately 600 active employees who are currently eligible to accrue benefits.

In May 2017, the Company settled its U.S. pension plan obligations. Plan participants elected to receive either a lump-sum distribution or to transfer benefits to a third-party annuity provider. As a result of the settlement, the Company was relieved of any further obligation under its U.S. pension plan. During the three months ended May 31, 2017, the Company recorded a pension settlement charge of $509,793, and related income tax benefits of $198,219. The charge primarily consisted of unrecognized actuarial losses of $460,908 previously included in Accumulated other comprehensive loss. In connection with the settlement, the Company made a $118,500 cash contribution ($48,885 related to additional actuarial losses and $69,615 to fund previously recorded pension liabilities).

9. INCOME TAXES

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

The Company's effective tax rates for the three months ended May 31, 2017 and 2016 were 19.4% and 26.5%, respectively. The Company's effective tax rates for the nine months ended May 31, 2017 and 2016 were 20.2% and 22.3%, respectively. Absent the pension settlement charge (see Note 8 Retirement and Profit Sharing Plans) and related tax impact recorded during the three months ended May 31, 2017, the effective tax rates would have been 26.6% and 22.7% for the three and nine months ended May 31, 2017, respectively. Absent the gain on the Navitaire divestiture and related tax impact recorded during the second quarter of fiscal 2016, the effective tax rate would have been 24.2% for the nine months ended May 31, 2016. The effective tax rate for the nine months ended May 31, 2017 benefited from the final determination of prior year U.S. taxes and the recognition of excess tax benefits from share based payments as a result of the adoption of ASU No. 2016-09. This was partially offset by a net increase to prior year non-U.S. tax liabilities, primarily related to the Swiss tax matter more fully described below. The effective tax rate for the nine months ended May 31, 2016 also benefited from the final determination of prior year U.S. taxes.

As previously disclosed, on December 8, 2016, the Swiss Federal Tax Administration notified a subsidiary of Accenture that it had opened an investigation to examine the tax treatment of an August 2010 intercompany transfer of certain intellectual property. In June 2017, we resolved this matter with the Swiss tax authorities and, in connection with that resolution, agreed to an assessment of back taxes, which were paid in June. During the three and nine months ended May 31, 2017, we recorded income tax reserves with respect to this matter and do not expect additional charges in subsequent periods related to this resolution.

10. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has the right to purchase or may also be required to purchase substantially all of the remaining outstanding shares of its Avanade Inc. subsidiary ("Avanade") not owned by the Company at fair value if certain events occur. As of May 31, 2017 and August 31, 2016, the Company has reflected the fair value of $50,662 and $54,221, respectively, related to Avanade's redeemable common stock and the intrinsic value of the options on redeemable common stock in Other accrued liabilities in the Consolidated Balance Sheets.

Indemnifications and Guarantees

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

As of May 31, 2017 and August 31, 2016, the Company's aggregate potential liability to its clients for expressly limited guarantees involving the performance of third parties was approximately $606,000 and $749,000, respectively, of which all but approximately $96,000 and $113,000, respectively, may be recovered from the other third parties if the Company is obligated to make payments to the indemnified parties as a consequence of a performance default by the other third parties. For arrangements with unspecified limitations, the Company cannot reasonably estimate the aggregate maximum potential liability, as it is inherently difficult to predict the maximum potential amount of such payments, due to the conditional nature and unique facts of each particular arrangement.

To date, the Company has not been required to make any significant payment under any of the arrangements described above. The Company has assessed the current status of performance/payment risk related to arrangements with limited guarantees, warranty obligations, unspecified limitations and/or indemnification provisions and believes that any potential payments would be immaterial to the Consolidated Financial Statements, as a whole.

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

Legal Contingencies

As of May 31, 2017, the Company or its present personnel had been named as a defendant in various litigation matters. The Company and/or its personnel also from time to time are involved in investigations by various regulatory or legal authorities concerning matters arising in the course of its business around the world. Based on the present status of these matters, management believes the range of reasonably possible losses in addition to amounts accrued, net of insurance recoveries, will not have a material effect on the Company's results of operations or financial condition.

See also Note 9 (Income Taxes) to these Consolidated Financial Statements under Item 1, "Financial Statements."

11. SEGMENT REPORTING

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

	Three Months Ended			
	May 31, 2017		May 31, 2016	
	Net Revenues	Operating Income (1)	Net Revenues	Operating Income
Communications, Media & Technology	$ 1,754,657	$ 286,931	$ 1,707,707	$ 259,344
Financial Services	1,865,071	321,052	1,804,876	294,367
Health & Public Service	1,554,424	206,570	1,539,496	243,137
Products	2,429,140	402,558	2,158,070	346,165
Resources	1,245,875	158,117	1,220,809	162,930
Other	17,869	(509,793)	3,799	—
Total	$ 8,867,036	$ 865,435	$ 8,434,757	$ 1,305,943

	Nine Months Ended			
	May 31, 2017		May 31, 2016	
	Net Revenues	Operating Income (1)	Net Revenues	Operating Income
Communications, Media & Technology	$ 5,061,581	$ 759,513	$ 4,919,046	$ 749,729
Financial Services	5,444,451	908,705	5,234,821	847,686
Health & Public Service	4,566,762	594,912	4,445,627	625,510
Products	7,014,137	1,175,019	6,142,723	923,724
Resources	3,585,458	407,691	3,639,890	468,598
Other	27,835	(509,793)	11,378	—
Total	$ 25,700,224	$ 3,336,047	$ 24,393,485	$ 3,615,247

(1) Other Operating Income represents the pension settlement charge related to the termination of the Company's U.S. pension plan.

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

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and related Notes included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended August 31, 2016, and with the information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended August 31, 2016.

We use the terms "Accenture," "we," the "Company," "our" and "us" in this report to refer to Accenture plc and its subsidiaries. All references to years, unless otherwise noted, refer to our fiscal year, which ends on August 31. For example, a reference to "fiscal 2017" means the 12-month period that will end on August 31, 2017. All references to quarters, unless otherwise noted, refer to the quarters of our fiscal year.

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

Disclosure Regarding Forward-Looking Statements

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

- Our results of operations could be adversely affected by volatile, negative or uncertain economic conditions and the effects of these conditions on our clients' businesses and levels of business activity.
- Our business depends on generating and maintaining ongoing, profitable client demand for our services and solutions, including through the adaptation and expansion of our services and solutions in response to ongoing changes in technology and offerings, and a significant reduction in such demand or an inability to respond to the evolving technological environment could materially affect our results of operations.
- If we are unable to keep our supply of skills and resources in balance with client demand around the world and attract and retain professionals with strong leadership skills, our business, the utilization rate of our professionals and our results of operations may be materially adversely affected.
- The markets in which we compete are highly competitive, and we might not be able to compete effectively.
- We could have liability or our reputation could be damaged if we fail to protect client and/or Accenture data from security breaches or cyberattacks.
- Our profitability could materially suffer if we are unable to obtain favorable pricing for our services and solutions, if we are unable to remain competitive, if our cost-management strategies are unsuccessful or if we experience delivery inefficiencies.
- Changes in our level of taxes, as well as audits, investigations and tax proceedings, or changes in tax laws or in their interpretation or enforcement, could have a material adverse effect on our effective tax rate, results of operations, cash flows and financial condition.
- Our results of operations could be materially adversely affected by fluctuations in foreign currency exchange rates.
- Our business could be materially adversely affected if we incur legal liability.

- Our work with government clients exposes us to additional risks inherent in the government contracting environment.
- We might not be successful at identifying, acquiring, investing in or integrating businesses, entering into joint ventures or divesting businesses.
- Our Global Delivery Network is increasingly concentrated in India and the Philippines, which may expose us to operational risks.
- As a result of our geographically diverse operations and our growth strategy to continue geographic expansion, we are more susceptible to certain risks.
- Adverse changes to our relationships with key alliance partners or in the business of our key alliance partners could adversely affect our results of operations.
- Our services or solutions could infringe upon the intellectual property rights of others or we might lose our ability to utilize the intellectual property of others.
- If we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties, our business could be adversely affected.
- Our ability to attract and retain business and employees may depend on our reputation in the marketplace.
- If we are unable to manage the organizational challenges associated with our size, we might be unable to achieve our business objectives.
- We make estimates and assumptions in connection with the preparation of our consolidated financial statements, and any changes to those estimates and assumptions could adversely affect our financial results.
- Many of our contracts include payments that link some of our fees to the attainment of performance or business targets and/or require us to meet specific service levels. This could increase the variability of our revenues and impact our margins.
- Our results of operations and share price could be adversely affected if we are unable to maintain effective internal controls.
- We are incorporated in Ireland and a significant portion of our assets are located outside the United States. As a result, it might not be possible for shareholders to enforce civil liability provisions of the federal or state securities laws of the United States. We may also be subject to criticism and negative publicity related to our incorporation in Ireland.
- Irish law differs from the laws in effect in the United States and might afford less protection to shareholders.
- We might be unable to access additional capital on favorable terms or at all. If we raise equity capital, it may dilute our shareholders' ownership interest in us.

For a more detailed discussion of these factors, see the information under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended August 31, 2016. Our forward-looking statements speak only as of the date of this report or as of the date they are made, and we undertake no obligation to update any forward-looking statements.

Overview

Revenues are driven by the ability of our executives to secure new contracts and to deliver services and solutions that add value relevant to our clients' current needs and challenges. The level of revenues we achieve is based on our ability to deliver market-leading services and solutions and to deploy skilled teams of professionals quickly and on a global basis.

Our results of operations are affected by economic conditions, including macroeconomic conditions and levels of business confidence. There continues to be significant volatility and economic and geopolitical uncertainty in many markets around the world, which may impact our business. We continue to monitor the impact of this volatility and uncertainty and seek to manage our costs in order to respond to changing conditions. There also continues to be significant volatility in foreign currency exchange rates. The majority of our net revenues are denominated in currencies other than the U.S. dollar, including the Euro and the U.K. pound. Unfavorable fluctuations in foreign currency exchange rates have had and could have in the future a material effect on our financial results.

Revenues before reimbursements ("net revenues") for the third quarter of fiscal 2017 increased 5% in U.S. dollars and 7% in local currency compared to the third quarter of fiscal 2016. Net revenues for the nine months ended May 31, 2017 increased 5% in U.S. dollars and 7% in local currency compared to the nine months ended May 31, 2016. Demand for our services and solutions continued to be strong, resulting in growth across most areas of our business. During the third quarter of fiscal 2017, revenue growth in local currency was very strong in Products and strong in Financial Services, while there was modest growth in Resources, Communications, Media & Technology and Health & Public Service. We experienced strong growth in Growth Markets and Europe, while growth in North America continued to moderate. Revenue growth in local currency was strong in both outsourcing and consulting during the third quarter of fiscal 2017. While the business environment remained competitive, we continued to experience pricing improvement in several areas of our business. We use the term "pricing" to mean the contract profitability or margin on the work that we sell.

In our consulting business, net revenues for the third quarter of fiscal 2017 increased 4% in U.S. dollars and 6% in local currency compared to the third quarter of fiscal 2016. Net consulting revenues for the nine months ended May 31, 2017 increased 4% in U.S. dollars and 6% in local currency compared to the nine months ended May 31, 2016. Consulting revenue growth in local currency in the third quarter of fiscal 2017 was led by very strong growth in Products, as well as strong growth in Financial Services and modest growth in Resources and Communications, Media & Technology, while Health & Public Service had a slight decline. Our consulting revenue growth continues to be driven by strong demand for digital-, cloud- and security-related services and assisting clients with the adoption of new technologies. In addition, clients continue to be focused on initiatives designed to deliver cost savings and operational efficiency, as well as projects to integrate their global operations and grow and transform their businesses.

In our outsourcing business, net revenues for the third quarter of fiscal 2017 increased 6% in U.S. dollars and 7% in local currency compared to the third quarter of fiscal 2016. Net outsourcing revenues for the nine months ended May 31, 2017 increased 7% in U.S. dollars and 8% in local currency compared to the nine months ended May 31, 2016. Outsourcing revenue growth in local currency in the third quarter of fiscal 2017 was led by very strong growth in Products, as well as strong growth in Financial Services and solid growth in Communications, Media & Technology, Resources and Health & Public Service. We continue to experience growing demand to assist clients with cloud enablement and the operation and maintenance of digital-related services. In addition, clients continue to be focused on transforming their operations to improve effectiveness and cost efficiency.

As we are a global company, our revenues are denominated in multiple currencies and may be significantly affected by currency exchange rate fluctuations. If the U.S. dollar strengthens against other currencies, resulting in unfavorable currency translation, our revenues, revenue growth and results of operations in U.S. dollars may be lower. If the U.S. dollar weakens against other currencies, resulting in favorable currency translation, our revenues, revenue growth and results of operations in U.S. dollars may be higher. When compared to the same periods in fiscal 2016, the U.S. dollar strengthened against many currencies during the three and nine months ended May 31, 2017, resulting in unfavorable currency translation and U.S. dollar revenue growth that was approximately 2% and 1% lower, respectively, than our revenue growth in local currency. Assuming that exchange rates stay within recent ranges for the remainder of fiscal 2017, we estimate that our full fiscal 2017 revenue growth will be approximately 1% lower in U.S. dollars than in local currency.

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

Utilization for the third quarter of fiscal 2017 was 91%, in line with both the second quarter of fiscal 2017 and third quarter of fiscal 2016. We continue to hire to meet current and projected future demand. We proactively plan and manage the size and composition of our workforce and take actions as needed to address changes in the anticipated demand for our services and solutions, given that compensation costs are the most significant portion of our operating expenses. Based on current and projected future demand, we have increased our headcount, the majority of which serve our clients, to approximately 411,000 as of May 31, 2017, compared to approximately 375,000 as of May 31, 2016. The year-over-year increase in our headcount reflects an overall increase in demand for our services and solutions, as well as headcount added in connection with acquisitions. Annualized attrition, excluding involuntary terminations, for the third quarter of fiscal 2017 was 15%, up from 12% in the second quarter of fiscal 2017 and flat with the third quarter of fiscal 2016. We evaluate voluntary attrition, adjust levels of new hiring and use involuntary terminations as means to keep our supply of skills and resources in balance with changes in client demand. In addition, we adjust compensation in certain skill sets and geographies in order to attract and retain appropriate numbers of qualified employees. For the majority of our personnel, compensation increases become effective December 1st of each fiscal year. We strive to adjust pricing and/or the mix of resources to reduce the impact of compensation increases on our gross margin. Our ability to grow our revenues and maintain or increase our margin could be adversely affected if we are unable to: keep our supply of skills and resources in balance with changes in the types or amounts of services and solutions clients are demanding; recover increases in compensation; deploy our employees globally on a timely basis; manage attrition; and/or effectively assimilate and utilize new employees.

Gross margin (Net revenues less Cost of services before reimbursable expenses as a percentage of net revenues) for the third quarter of fiscal 2017 was 32.8%, compared with 31.9% for the third quarter of fiscal 2016. Gross margin for the nine months ended May 31, 2017 was 31.7%, compared with 31.2% for the nine months ended May 31, 2016. The increase in gross margin for the third quarter and nine months ended May 31, 2017 was principally due to lower payroll costs as a percentage of net revenues compared to the same periods in fiscal 2016.

Sales and marketing and General and administrative costs as a percentage of net revenues were 17.3% for the third quarter of fiscal 2017 and 16.7% for the nine months ended May 31, 2017, compared with 16.4% for both the third quarter and the nine months ended May 31, 2016. We continuously monitor these costs and implement cost-management actions, as appropriate. For the third quarter and nine months ended May 31, 2017 compared to the same periods in fiscal 2016, Sales and marketing costs as a percentage of net revenues were flat and decreased 10 basis points, respectively, and General and administrative costs as a percentage of net revenues increased 90 and 40 basis points, respectively, principally due to higher technology and facilities costs, as well as higher acquisition-related costs.

During the third quarter of fiscal 2017, we recorded a $510 million pension settlement charge and related $198 million reduction in taxes for the U.S. pension plan termination. For additional information, see Note 8 (Retirement and Profit Sharing Plans) to our Consolidated Financial Statements under Item 1, “Financial Statements.”

Operating margin (Operating income as a percentage of Net revenues) for the third quarter of fiscal 2017 was 9.8%, compared with 15.5% in the third quarter of fiscal 2016. Operating margin for the nine months ended May 31, 2017 was 13.0%, compared with 14.8% for the nine months ended May 31, 2016. The pension settlement charge decreased operating margin by 570 and 200 basis points for the third quarter and nine months ended May 31, 2017, respectively. Excluding the effect of the pension settlement charge, operating margin for the third quarter of fiscal 2017 and nine months ended May 31, 2017 would have been 15.5% and 15.0%, respectively.

During the second quarter of fiscal 2016, we recorded a $554 million gain on sale of business and $58 million in taxes related to the divestiture of our Navitaire business.

The effective tax rates for the third quarter of fiscal 2017 and nine months ended May 31, 2017 were 19.4% and 20.2%, respectively. The effective tax rates for the third quarter of fiscal 2016 and nine months ended May 31, 2016 were 26.5% and 22.3%, respectively. Absent the pension settlement charge and related taxes, our effective tax rates for the third quarter of fiscal 2017 and nine months ended May 31, 2017 would have been 26.6% and 22.7%, respectively. Absent the gain on the Navitaire divestiture and related taxes, our effective tax rate for the nine months ended May 31, 2016 would have been 24.2%. For additional information see Note 9 (Income Taxes) to our Consolidated Financial Statements under Item 1, “Financial Statements.”

Diluted earnings per share were $1.05 for the third quarter of fiscal 2017, compared with $1.41 for the third quarter of fiscal 2016. Diluted earnings per share were $3.96 for the nine months ended May 31, 2017, compared with $4.77 for the nine months ended May 31, 2016. The pension settlement charge, net of taxes, decreased diluted earnings per share by $0.47 in both the third quarter of fiscal 2017 and nine months ended May 31, 2017. The gain on sale of business, net of taxes, from the Navitaire divestiture increased diluted earnings per share by $0.74 during the nine months ended May 31, 2016. Excluding these impacts, diluted earnings per share would have been $1.52 for the third quarter of fiscal 2017 and $4.43 and $4.03 for the nine months ended May 31, 2017 and 2016, respectively.

We have presented operating income, operating margin, effective tax rate and diluted earnings per share excluding the impacts of the fiscal 2017 pension settlement charge and the fiscal 2016 gain on sale of business from the Navitaire divestiture, as we believe doing so facilitates understanding as to both the impacts of these items and our operating performance in comparison to the prior period.

New Bookings

New bookings for the third quarter of fiscal 2017 were $9.77 billion, with consulting bookings of $5.19 billion and outsourcing bookings of $4.58 billion. New bookings for the nine months ended May 31, 2017 were $27.28 billion, with consulting bookings of $14.70 billion and outsourcing bookings of $12.58 billion.

Results of Operations for the Three Months Ended May 31, 2017 Compared to the Three Months Ended May 31, 2016

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

	Three Months Ended		Percent Increase (Decrease) U.S. Dollars	Percent Increase (Decrease) Local Currency	Percent of Total Net Revenues for the Three Months Ended	
	May 31, 2017	May 31, 2016			May 31, 2017	May 31, 2016
	(in millions of U.S. dollars)					
OPERATING GROUPS						
Communications, Media & Technology	$ 1,755	$ 1,708	3%	4%	20%	20%
Financial Services	1,865	1,805	3	6	21	21
Health & Public Service	1,554	1,539	1	2	18	18
Products	2,429	2,158	13	15	27	26
Resources	1,246	1,221	2	4	14	15
Other	18	4	n/m	n/m	—	—
TOTAL NET REVENUES	8,867	8,435	5%	7%	100%	100%
Reimbursements	490	534	(8)			
TOTAL REVENUES	$ 9,357	$ 8,969	4%			
GEOGRAPHIC REGIONS						
North America	$ 4,123	$ 4,017	3%	3%	47%	48%
Europe	3,043	2,946	3	9	34	35
Growth Markets	1,701	1,472	16	13	19	17
TOTAL NET REVENUES	$ 8,867	$ 8,435	5%	7%	100%	100%
TYPE OF WORK						
Consulting	$ 4,820	$ 4,621	4%	6%	54%	55%
Outsourcing	4,047	3,813	6	7	46	45
TOTAL NET REVENUES	$ 8,867	$ 8,435	5%	7%	100%	100%

n/m = not meaningful
Amounts in table may not total due to rounding.

Net Revenues

Effective December 1, 2016, we changed the structure of our Communications, Media & Technology operating group to reflect the continued convergence of the communications, media and entertainment industries, as well as the opportunity we are seeing in the software and platform sectors. The new structure includes the following industry groups: Communications & Media (Telecommunications, Cable, Broadcasting and Content & Publishing); Software & Platforms (Internet & Social and Software); and Electronics & High Tech (Network Equipment Providers, Aerospace & Defense, Consumer Technology, Semiconductor, Medical Equipment and Enterprise Markets). The following net revenues commentary discusses local currency net revenue changes for the third quarter of fiscal 2017 compared to the third quarter of fiscal 2016:

Operating Groups

- Communications, Media & Technology net revenues increased 4% in local currency, led by Software & Platforms in North America, as well as growth across all industry groups in Growth Markets. This growth was partially offset by a decline in Communications & Media in Europe, as disruptions in the market continue to impact demand, and we expect this trend to continue.

- Financial Services net revenues increased 6% in local currency, driven by Banking & Capital Markets across all geographic regions.

- Health & Public Service net revenues increased 2% in local currency, driven by Public Service in Europe and Growth Markets, partially offset by declines in Public Service and Health in North America.

- Products net revenues increased 15% in local currency, driven by strong growth across all industry groups and geographic regions, led by Consumer Goods, Retail & Travel Services.
- Resources net revenues increased 4% in local currency, driven by growth in Utilities in Europe and Chemicals & Natural Resources across all geographic regions. This growth was partially offset by declines in Energy across all geographic regions.

Geographic Regions

- North America net revenues increased 3% in local currency, driven by the United States.
- Europe net revenues increased 9% in local currency, driven by the United Kingdom, Germany and France.
- Growth Markets net revenues increased 13% in local currency, led by Japan, as well as Australia and Singapore.

Operating Expenses

Operating expenses for the third quarter of fiscal 2017 increased $828 million, or 11%, over the third quarter of fiscal 2016, and increased as a percentage of revenues to 90.8% from 85.4% during this period. Operating expenses before reimbursable expenses for the third quarter of fiscal 2017 increased $873 million, or 12%, over the third quarter of fiscal 2016, and increased as a percentage of net revenues to 90.2% from 84.5%.

Cost of Services

Cost of services for the third quarter of fiscal 2017 increased $168 million, or 3%, over the third quarter of fiscal 2016, and decreased as a percentage of revenues to 68.9% from 70.0% during this period. Cost of services before reimbursable expenses for the third quarter of fiscal 2017 increased $212 million, or 4%, over the third quarter of fiscal 2016, and decreased as a percentage of net revenues to 67.2% from 68.1% during this period. Gross margin for the third quarter of fiscal 2017 increased to 32.8% from 31.9% during this period. The increase in gross margin for the third quarter of fiscal 2017 was principally due to lower payroll costs as a percentage of net revenues, compared to the third quarter of fiscal 2016.

Sales and Marketing

Sales and marketing expense for the third quarter of fiscal 2017 increased $52 million, or 6%, over the third quarter of fiscal 2016, and remained flat as a percentage of net revenues at 11.1%.

General and Administrative Costs

General and administrative costs for the third quarter of fiscal 2017 increased $98 million, or 22%, over the third quarter of fiscal 2016, and increased as a percentage of net revenues to 6.2% from 5.3% during this period. The increase as a percentage of net revenues was principally due to higher technology and facilities costs, as well as higher acquisition-related costs.

Pension Settlement Charge

We recorded a pension settlement charge of $510 million during the third quarter of fiscal 2017 as a result of the termination of our U.S. pension plan. For additional information, refer to Note 8 (Retirement and Profit Sharing Plans) to our Consolidated Financial Statements above under Item 1,“Financial Statements.”

Operating Income and Operating Margin

Operating income for the third quarter of fiscal 2017 decreased $441 million, or 34%, from the third quarter of fiscal 2016. The pension settlement charge decreased operating margin by 570 basis points. Excluding the effect of this charge, operating margin for the third quarter of fiscal 2017 remained flat compared to the third quarter of fiscal 2016.

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

	Three Months Ended				
	May 31, 2017		May 31, 2016		
	Operating Income	Operating Margin	Operating Income	Operating Margin	Increase (Decrease)
	(in millions of U.S. dollars)				
Communications, Media & Technology	$ 287	16%	$ 259	15%	$ 28
Financial Services	321	17	294	16	27
Health & Public Service	207	13	243	16	(37)
Products	403	17	346	16	56
Resources	158	13	163	13	(5)
Pension Settlement Charge (1)	(510)	—	—	—	(510)
Operating Income (GAAP)	$ 865	9.8%	$ 1,306	15.5%	$ (441)
Pension Settlement Charge (1)	510		—		510
Adjusted Operating Income (non-GAAP)	$ 1,375	15.5%	$ 1,306	15.5%	$ 69

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 the third quarter of fiscal 2017 was similar to that disclosed for net revenue. The commentary below provides insight into other factors affecting operating group performance and operating margin for the third quarter of fiscal 2017 compared with the third quarter of fiscal 2016:

- Communications, Media & Technology operating income increased primarily due to outsourcing revenue growth.
- Financial Services operating income increased primarily due to consulting revenue growth.
- Health & Public Service operating income decreased primarily due to lower outsourcing contract profitability and a decline in consulting revenues.
- Products operating income increased due to strong revenue growth.
- Resources operating income was relatively flat year-over-year.

Provision for Income Taxes

The effective tax rate for the third quarter of fiscal 2017 was 19.4%, compared with 26.5% for the third quarter of fiscal 2016. Absent the pension settlement charge and related tax impact, the tax rate for the third quarter of fiscal 2017 would have been 26.6%. The effective tax rate for the third quarter of fiscal 2017 benefited from adjustments to prior year U.S. tax liabilities. This was offset by a net increase to prior year non-U.S. tax liabilities, primarily related to the Swiss tax matter. For more information, see Note 9 (Income Taxes) to our Consolidated Financial Statements under Item 1, “Financial Statements.” Our provision for income taxes is based on many factors and subject to volatility year to year. The effective tax rate for interim periods can vary because of the timing of when certain events occur during the year.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the third quarter of fiscal 2017 decreased $18 million, or 33%, from the third quarter of fiscal 2016. The decrease was due to lower net income of $245 million, primarily driven by the pension settlement charge recorded during the third quarter of fiscal 2017.

Earnings Per Share

Diluted earnings per share were $1.05 for the third quarter of fiscal 2017, compared with $1.41 for the third quarter of fiscal 2016. The $0.36 decrease in our diluted earnings per share included the impact of the pension settlement charge, net of taxes, which decreased diluted earnings per share for the third quarter of fiscal 2017 by $0.47. Excluding the impact of this charge, diluted earnings per share for the third quarter of fiscal 2017 increased $0.11 compared with the third quarter of fiscal 2016, due to an increase of $0.07 from higher revenues and operating results, $0.02 from higher non-operating income and $0.02 from lower weighted average shares outstanding. For information regarding our earnings per share calculations, see Note 2 (Earnings Per Share) to our Consolidated Financial Statements under Item 1, “Financial Statements.”

Results of Operations for the Nine Months Ended May 31, 2017 Compared to the Nine Months Ended May 31, 2016

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

	Nine Months Ended		Percent Increase (Decrease) U.S. Dollars	Percent Increase (Decrease) Local Currency	Percent of Total Net Revenues for the Nine Months Ended	
	May 31, 2017	May 31, 2016			May 31, 2017	May 31, 2016
	(in millions of U.S. dollars)					
OPERATING GROUPS						
Communications, Media & Technology	$ 5,062	$ 4,919	3%	3%	20%	20%
Financial Services	5,444	5,235	4	7	21	22
Health & Public Service	4,567	4,446	3	3	18	18
Products	7,014	6,143	14	16	27	25
Resources	3,585	3,640	(1)	—	14	15
Other	28	11	n/m	n/m	—	—
TOTAL NET REVENUES	25,700	24,393	5%	7%	100%	100%
Reimbursements	1,424	1,439	(1)			
TOTAL REVENUES	$ 27,125	$ 25,832	5%			
GEOGRAPHIC REGIONS						
North America	$ 12,060	$ 11,571	4%	4%	47%	48%
Europe	8,812	8,616	2	8	34	35
Growth Markets	4,829	4,207	15	11	19	17
TOTAL NET REVENUES	$ 25,700	$ 24,393	5%	7%	100%	100%
TYPE OF WORK						
Consulting	$ 13,819	$ 13,260	4%	6%	54%	54%
Outsourcing	11,881	11,133	7	8	46	46
TOTAL NET REVENUES	$ 25,700	$ 24,393	5%	7%	100%	100%

n/m = not meaningful
Amounts in table may not total due to rounding.

Net Revenues

Effective December 1, 2016, we changed the structure of our Communications, Media & Technology operating group to reflect the continued convergence of the communications, media and entertainment industries, as well as the opportunity we are seeing in the software and platform sectors. The new structure includes the following industry groups: Communications & Media (Telecommunications, Cable, Broadcasting and Content & Publishing); Software & Platforms (Internet & Social and Software); and Electronics & High Tech (Network Equipment Providers, Aerospace & Defense, Consumer Technology, Semiconductor, Medical Equipment and Enterprise Markets). The following net revenues commentary discusses local currency net revenue changes for the nine months ended May 31, 2017 compared to the nine months ended May 31, 2016:

Operating Groups

- Communications, Media & Technology net revenues increased 3% in local currency, led by Software & Platforms in North America, as well as growth across all industry groups in Growth Markets. This growth was partially offset by a decline in Communications & Media in Europe, as disruptions in the market continue to impact demand, and we expect this trend to continue.
- Financial Services net revenues increased 7% in local currency, driven by growth in both industry groups in Europe and Banking & Capital Markets in Growth Markets.
- Health & Public Service net revenues increased 3% in local currency, driven by Public Service in Growth Markets and Europe, partially offset by a decline in Public Service in North America.
- Products net revenues increased 16% in local currency, driven by very strong growth across all industry groups and geographic regions, led by Consumer Goods, Retail & Travel Services, as well as Life Sciences in North America and Industrial in Europe.
- Resources net revenues were flat in local currency, as growth in Utilities in Europe and Growth Markets was offset by declines in Energy across all geographic regions, as well as Chemicals & Natural Resources in North America and Europe.

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 Switzerland, France and Spain.
- Growth Markets net revenues increased 11% in local currency, led by Japan, as well as Australia, China and Singapore.

Operating Expenses

Operating expenses for the nine months ended May 31, 2017 increased $1,572 million, or 7%, over the nine months ended May 31, 2016, and increased as a percentage of revenues to 87.7% from 86.0% during this period. Operating expenses before reimbursable expenses for the nine months ended May 31, 2017 increased $1,586 million, or 8%, over the nine months ended May 31, 2016, and increased as a percentage of net revenues to 87.0% from 85.2% during this period.

Cost of Services

Cost of services for the nine months ended May 31, 2017 increased $771 million, or 4%, over the nine months ended May 31, 2016, and decreased as a percentage of revenues to 70.0% from 70.5% during this period. Cost of services before reimbursable expenses for the nine months ended May 31, 2017 increased $785 million, or 5%, over the nine months ended May 31, 2016, and decreased as a percentage of net revenues to 68.3% from 68.8% during this period. Gross margin for the nine months ended May 31, 2017 increased to 31.7% from 31.2% during this period. The increase in gross margin for the nine months ended May 31, 2017 was principally due to lower payroll costs as a percentage of net revenues, compared to the nine months ended May 31, 2016.

Sales and Marketing

Sales and marketing expense for the nine months ended May 31, 2017 increased $107 million, or 4%, over the nine months ended May 31, 2016, and decreased as a percentage of net revenues to 10.7% from 10.8% during this period.

General and Administrative Costs

General and administrative costs for the nine months ended May 31, 2017 increased $185 million, or 14%, over the nine months ended May 31, 2016, and increased as a percentage of net revenues to 6.0% from 5.6% during this period. The increase as a percentage of net revenues was principally due to higher technology and facilities costs, as well as higher acquisition-related costs.

Pension Settlement Charge

We recorded a pension settlement charge of $510 million during the nine months ended May 31, 2017 as a result of the termination of our U.S. pension plan. For additional information, refer to Note 8 (Retirement and Profit Sharing Plans) to our Consolidated Financial Statements above under Item 1,“Financial Statements.”

Operating Income and Operating Margin

Operating income for the nine months ended May 31, 2017 decreased $279 million, or 8%, from the nine months ended May 31, 2016. The pension settlement charge decreased operating margin by 200 basis points. Excluding the effect of this charge, operating margin for the nine months ended May 31, 2017 increased 20 basis points compared to the nine months ended May 31, 2016.

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

	Nine Months Ended				
	May 31, 2017		May 31, 2016		
	Operating Income	Operating Margin	Operating Income	Operating Margin	Increase (Decrease)
	(in millions of U.S. dollars)				
Communications, Media & Technology	$ 760	15%	$ 750	15%	$ 10
Financial Services	909	17	848	16	61
Health & Public Service	595	13	626	14	(31)
Products	1,175	17	924	15	251
Resources	408	11	469	13	(61)
Pension Settlement Charge (1)	(510)	—	—	—	(510)
Operating Income (GAAP)	$ 3,336	13.0%	$ 3,615	14.8%	$ (279)
Pension Settlement Charge (1)	510		—		510
Adjusted Operating Income (non-GAAP)	$ 3,846	15.0%	$ 3,615	14.8%	$ 231

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 the nine months ended May 31, 2017 was similar to that disclosed for net revenue. The commentary below provides insight into other factors affecting operating group performance and operating margin for the nine months ended May 31, 2017, compared with the nine months ended May 31, 2016:

- Communications, Media & Technology operating income was relatively flat year-over-year.
- 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 consulting revenues.
- Products operating income increased due to very strong revenue growth and higher consulting contract profitability.
- Resources operating income decreased due to a decline in consulting revenue and lower consulting contract profitability.

Gain (Loss) on Sale of Businesses

We recorded a gain from the Navitaire divestiture of $554 million during the nine months ended May 31, 2016.

Provision for Income Taxes

The effective tax rate for the nine months ended May 31, 2017 was 20.2%, compared with 22.3% for the nine months ended May 31, 2016. Absent the pension settlement charge and related tax impact, the tax rate for the nine months ended May 31, 2017 would have been 22.7%. Absent the gain on the Navitaire divestiture and related tax impact, the effective tax rate for the nine months ended May 31, 2016 would have been 24.2%. The effective tax rate for the nine months ended May 31, 2017 benefited from the final determination of prior year U.S. taxes and the recognition of excess tax benefits from share based payments as 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, primarily related to the Swiss tax matter. For more information, see Note 9 (Income Taxes) to our Consolidated Financial Statements under Item 1, "Financial Statements." The effective tax rate for the nine months ended May 31, 2016 also benefited from the final determination of prior year U.S. taxes.

Our provision for income taxes is based on many factors and subject to volatility year to year. The effective tax rate for interim periods can vary because of the timing of when certain events occur during the year.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the nine months ended May 31, 2017 decreased $37 million, or 21%, from the nine months ended May 31, 2016. The decrease was due to lower net income of $567 million during the nine months ended May 31, 2017, primarily driven by the pension settlement charge recorded during the nine months ended May 31, 2017 as well as the gain on sale of business from the Navitaire divestiture recorded during the nine months ended May 31, 2016.

Earnings Per Share

Diluted earnings per share were $3.96 for the nine months ended May 31, 2017, compared with $4.77 for the nine months ended May 31, 2016. The $0.81 decrease in our diluted earnings per share included both the impact of the pension settlement charge, net of taxes, which decreased diluted earnings per share for the nine months ended May 31, 2017 by $0.47 and the impact of the gain on sale of business, net of taxes, from the Navitaire divestiture, which increased diluted earnings per share for the nine months ended May 31, 2016 by $0.74. Excluding these impacts, diluted earnings per share for the nine months ended May 31, 2017 increased $0.40 compared with the nine months ended May 31, 2016, due to increases of $0.26 from higher revenues and operating results, $0.08 from a lower effective tax rate, $0.05 from lower weighted average shares outstanding and $0.01 from higher non-operating income. For information regarding our earnings per share calculations, see Note 2 (Earnings Per Share) to our Consolidated Financial Statements under Item 1, "Financial Statements."

Liquidity and Capital Resources

As of May 31, 2017, Cash and cash equivalents was $3.4 billion, compared with $4.9 billion as of August 31, 2016.

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

	Nine Months Ended		
	May 31, 2017	May 31, 2016	Change
	(in millions of U.S. dollars)		
Net cash provided by (used in):			
Operating activities	$ 3,031	$ 2,601	$ 430
Investing activities	(1,581)	(548)	(1,034)
Financing activities	(2,968)	(2,891)	(77)
Effect of exchange rate changes on cash and cash equivalents	(5)	(26)	20
Net increase (decrease) in cash and cash equivalents	$ (1,523)	$ (863)	$ (661)

Amounts in table may not total due to rounding.

Operating activities: The year-over-year increase in operating cash flow was due to higher net income during the nine months ended May 31, 2017, excluding the impact of the pension settlement charge in fiscal 2017 and the gain on sale of business in fiscal 2016, as well as changes in operating assets and liabilities, including higher collections on net client balances (receivables from clients, current and non-current unbilled services and deferred revenues) during fiscal 2017.

Investing activities: Cash used in investing activities increased $1,034 million due to higher spending on business acquisitions and investments in fiscal 2017. In fiscal 2016, spending on business acquisitions and investments was partially offset by proceeds from the Navitaire divestiture. For additional information, see Note 4 (Business Combinations) to our Consolidated Financial Statements under Item 1, “Financial Statements.”

Financing activities: The $77 million increase in cash used was primarily due to an increase in cash dividends paid, partially offset by a decrease in purchases of common shares (net). For additional information, see Note 6 (Material Transactions Affecting Shareholders’ Equity) to our Consolidated Financial Statements under Item 1, “Financial Statements.”

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

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

Borrowing Facilities

As of May 31, 2017, we had the following borrowing facilities, including the issuance of letters of credit, to support general working capital purposes:

	Facility Amount	Borrowings Under Facilities
	(in millions of U.S. dollars)	
Syndicated loan facility	$ 1,000	$ —
Separate, uncommitted, unsecured multicurrency revolving credit facilities	501	—
Local guaranteed and non-guaranteed lines of credit	221	—
Total	$ 1,722	$ —

Under the borrowing facilities described above, we had an aggregate of $192 million of letters of credit outstanding as of May 31, 2017.

Share Purchases and Redemptions

The Board of Directors of Accenture plc has authorized funding for our publicly announced open-market share purchase program for acquiring Accenture plc Class A ordinary shares and for purchases and redemptions of Accenture plc Class A ordinary shares, Accenture Holdings plc ordinary shares and Accenture Canada Holdings Inc. exchangeable shares held by current and former members of Accenture Leadership and their permitted transferees.

Our share purchase activity during the nine months ended May 31, 2017 was as follows:

	Accenture plc Class A Ordinary Shares		Accenture Holdings plc Ordinary Shares and Accenture Canada Holdings Inc. Exchangeable Shares	
	Shares	Amount	Shares	Amount
	(in millions of U.S. dollars, except share amounts)			
Open-market share purchases (1)	13,680,540	$ 1,616	—	$ —
Other share purchase programs	—	—	590,956	70
Other purchases (2)	2,617,377	306	—	—
Total	16,297,917	$ 1,922	590,956	$ 70

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

(2) During the nine months ended May 31, 2017, as authorized under our various employee equity share plans, we acquired Accenture plc Class A ordinary shares primarily via share withholding for payroll tax obligations due from employees and former employees in connection with the delivery of Accenture plc Class A ordinary shares under those plans. These purchases of shares in connection with employee share plans do not affect our aggregate available authorization for our publicly announced open-market share purchase and the other share purchase programs.

We intend to continue to use a significant portion of cash generated from operations for share repurchases during the remainder of fiscal 2017. The number of shares ultimately repurchased under our open-market share purchase program may vary depending on numerous factors, including, without limitation, share price and other market conditions, our ongoing capital allocation planning, the levels of cash and debt balances, other demands for cash, such as acquisition activity, general economic and/or business conditions, and board and management discretion. Additionally, as these factors may change over the course of the year, the amount of share repurchase activity during any particular period cannot be predicted and may fluctuate from time to time. Share repurchases may be made from time to time through open-market purchases, in respect of purchases and redemptions of Accenture Holdings plc ordinary shares and Accenture Canada Holdings Inc. exchangeable shares, through the use of Rule 10b5-1 plans and/or by other means. The repurchase program may be accelerated, suspended, delayed or discontinued at any time, without notice.

Other Share Redemptions

During the nine months ended May 31, 2017, we issued 628,549 Accenture plc Class A ordinary shares upon redemptions of an equivalent number of Accenture Holdings plc ordinary shares pursuant to our registration statement on Form S-3 (the "registration statement"). The registration statement allows us, at our option, to issue freely tradable Accenture plc Class A ordinary shares in lieu of cash upon redemptions of Accenture Holdings plc ordinary shares held by current and former members of Accenture Leadership and their permitted transferees.

For a complete description of all share purchase and redemption activity for the third quarter of fiscal 2017, see Part II, Item 2, "Unregistered Sales of Equity Securities and Use of Proceeds."

Off-Balance Sheet Arrangements

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

To date, we have not been required to make any significant payment under any of the arrangements described above. For further discussion of these transactions, see Note 10 (Commitments and Contingencies) to our Consolidated Financial Statements under Item 1, "Financial Statements."

Recently Adopted and New Accounting Pronouncements

See Note 1 (Basis of Presentation) to these Consolidated Financial Statements under Item 1, "Financial Statements."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the nine months ended May 31, 2017, there were no material changes to the information on market risk exposure disclosed in our Annual Report on Form 10-K for the year ended August 31, 2016. For a discussion of our market risk associated with foreign currency risk, interest rate risk and equity price risk as of August 31, 2016, see "Quantitative and Qualitative Disclosures About Market Risk" in Part II, Item 7A, of our Annual Report on Form 10-K for the year ended August 31, 2016.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the third quarter of fiscal 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth under "Legal Contingencies" in Note 10 (Commitments and Contingencies) to our Consolidated Financial Statements under Part I, Item 1, "Financial Statements," is incorporated herein by reference.

ITEM 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended August 31, 2016. There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended August 31, 2016.

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

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

The following table provides information relating to our purchases of Accenture plc Class A ordinary shares and redemptions of Accenture plc Class X ordinary shares during the third quarter of fiscal 2017.

Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3)
				(in millions of U.S. dollars)
March 1, 2017 — March 31, 2017				
Class A ordinary shares	1,382,103	$ 122.87	1,371,131	$ 4,101
Class X ordinary shares	31,859	$ 0.0000225	—	—
April 1, 2017 — April 30, 2017				
Class A ordinary shares	1,753,664	$ 117.74	1,744,847	$ 3,892
Class X ordinary shares	47,778	$ 0.0000225	—	—
May 1, 2017 — May 31, 2017				
Class A ordinary shares	1,615,662	$ 121.50	1,493,533	$ 3,700
Class X ordinary shares	124,868	$ 0.0000225	—	—
Total				
Class A ordinary shares (4)	4,751,429	$ 120.51	4,609,511	
Class X ordinary shares (5)	204,505	$ 0.0000225	—	

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

(2) Since August 2001, the Board of Directors of Accenture plc has authorized and periodically confirmed a publicly announced open-market share purchase program for acquiring Accenture plc Class A ordinary shares. During the third quarter of fiscal 2017, we purchased 4,609,511 Accenture plc Class A ordinary shares under this program for an aggregate price of $555 million. The open-market purchase program does not have an expiration date.

(3) As of May 31, 2017, our aggregate available authorization for share purchases and redemptions was $3,700 million, which management has the discretion to use for either our publicly announced open-market share purchase program or the other share purchase programs. Since August 2001 and as of May 31, 2017, the Board of Directors of Accenture plc has authorized an aggregate of $30,100 million for purchases and redemptions of Accenture plc Class A ordinary shares, Accenture Holdings plc ordinary shares or Accenture Canada Holdings Inc. exchangeable shares.

(4) During the third quarter of fiscal 2017, Accenture purchased 141,918 Accenture plc Class A ordinary shares in transactions unrelated to publicly announced share plans or programs. These transactions consisted of acquisitions of Accenture plc Class A ordinary shares primarily via share withholding for payroll tax obligations due from employees and former employees in connection with the delivery of Accenture plc Class A ordinary shares under our various employee equity share plans. These purchases of shares in connection with employee share plans do not affect our aggregate available authorization for our publicly announced open-market share purchase and the other share purchase programs.

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

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

The following table provides additional information relating to our purchases and redemptions of Accenture Holdings plc ordinary shares and Accenture Canada Holdings Inc. exchangeable shares for cash during the third quarter of fiscal 2017. We believe that the following table and footnotes provide useful information regarding the share purchase and redemption activity of Accenture. Generally, purchases and redemptions of Accenture Holdings plc ordinary shares and Accenture Canada Holdings Inc. exchangeable shares for cash and employee forfeitures reduce shares outstanding for purposes of computing diluted earnings per share.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3)
Accenture Holdings plc				
March 1, 2017 — March 31, 2017	16,189	$ 119.28	—	—
April 1, 2017 — April 30, 2017	30,015	$ 118.42	—	—
May 1, 2017 — May 31, 2017	82,204	$ 121.01	—	—
Total	128,408	$ 120.19	—	—
Accenture Canada Holdings Inc.				
March 1, 2017 — March 31, 2017	—	$ —	—	—
April 1, 2017 — April 30, 2017	—	$ —	—	—
May 1, 2017 — May 31, 2017	4,865	$ 120.94	—	—
Total	4,865	$ 120.94	—	—

(1) During the third quarter of fiscal 2017, we acquired a total of 128,408 Accenture Holdings plc ordinary shares and 4,865 Accenture Canada Holdings Inc. exchangeable shares from current and former members of Accenture Leadership and their permitted transferees by means of purchase or redemption for cash, or employee forfeiture, as applicable. In addition, during the third quarter of fiscal 2017, we issued 137,200 Accenture plc Class A ordinary shares upon redemptions of an equivalent number of Accenture Holdings plc ordinary shares pursuant to a registration statement.

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

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) None.

(b) None.

ITEM 6. EXHIBITS

Exhibit Index:

Exhibit Number	Exhibit
3.1	Amended and Restated Memorandum and Articles of Association of Accenture plc (incorporated by reference to Exhibit 3.1 to Accenture plc's 8-K filed on February 3, 2016)
10.1	Memorandum and Articles of Association and Deed Poll of Accenture Holdings plc (incorporated by reference to Exhibit 3.1 to Accenture Holdings plc's 8-K12G3 filed on August 26, 2015)
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	The following financial information from Accenture plc's Quarterly Report on Form 10-Q for the quarterly period ended May 31, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of May 31, 2017 (Unaudited) and August 31, 2016, (ii) Consolidated Income Statements (Unaudited) for the three and nine months ended May 31, 2017 and 2016, (iii) Consolidated Statements of Comprehensive Income (Unaudited) for the three and nine months ended May 31, 2017 and 2016, (iv) Consolidated Shareholders' Equity Statement (Unaudited) for the nine months ended May 31, 2017, (v) Consolidated Cash Flows Statements (Unaudited) for the nine months ended May 31, 2017 and 2016 and (vi) the Notes to Consolidated Financial Statements (Unaudited)

SIGNATURES

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

Date: June 22, 2017

ACCENTURE PLC

By:	/s/ David P. Rowland
Name:	David P. Rowland
Title:	Chief Financial Officer (Principal Financial Officer and Authorized Signatory)