

Accenture plc
Form 10-Q
March 27, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED February 28, 2014

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

(State or other jurisdiction of
incorporation or organization)

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)

98-0627530

(I.R.S. Employer
Identification No.)

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

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

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

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

(Do not check if a smaller reporting company)

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

The number of shares of the registrant's Class A ordinary shares, par value \$0.0000225 per share, outstanding as of March 13, 2014 was 781,442,749 (which number includes 148,373,320 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 March 13, 2014 was 29,079,918.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ACCENTURE PLC

CONSOLIDATED BALANCE SHEETS

February 28, 2014 and August 31, 2013

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

	February 28, 2014 (Unaudited)	August 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$3,680,274	\$5,631,885
Short-term investments	2,706	2,525
Receivables from clients, net	3,588,189	3,333,126
Unbilled services, net	1,730,495	1,513,448
Deferred income taxes, net	835,845	794,917
Other current assets	796,371	568,277
Total current assets	10,633,880	11,844,178
NON-CURRENT ASSETS:		
Unbilled services, net	30,947	18,447
Investments	43,350	43,631
Property and equipment, net	783,961	779,675
Goodwill	2,312,145	1,818,586
Deferred contract costs	599,925	554,747
Deferred income taxes, net	1,051,482	1,018,567
Other non-current assets	901,519	789,218
Total non-current assets	5,723,329	5,022,871
TOTAL ASSETS	\$16,357,209	\$16,867,049
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and bank borrowings	\$167	\$—
Accounts payable	936,315	961,851
Deferred revenues	2,438,786	2,230,615
Accrued payroll and related benefits	2,711,689	3,460,393
Accrued consumption taxes	327,402	308,655
Income taxes payable	294,627	266,593
Deferred income taxes, net	20,031	24,031
Other accrued liabilities	559,341	908,852
Total current liabilities	7,288,358	8,160,990
NON-CURRENT LIABILITIES:		
Long-term debt	26,322	25,600
Deferred revenues relating to contract costs	529,086	517,397
Retirement obligation	906,996	872,761
Deferred income taxes, net	145,635	174,818
Income taxes payable	1,296,201	1,224,251
Other non-current liabilities	377,924	463,403
Total non-current liabilities	3,282,164	3,278,230
COMMITMENTS AND CONTINGENCIES		

SHAREHOLDERS' EQUITY:

Ordinary shares, par value 1.00 euro per share, 40,000 shares authorized and issued as of February 28, 2014 and August 31, 2013	57	57
Class A ordinary shares, par value \$0.0000225 per share, 20,000,000,000 shares authorized, 781,206,652 and 771,301,885 shares issued as of February 28, 2014 and August 31, 2013, respectively	18	17
Class X ordinary shares, par value \$0.0000225 per share, 1,000,000,000 shares authorized, 29,079,918 and 30,312,244 shares issued and outstanding as of February 28, 2014 and August 31, 2013, respectively	1	1
Restricted share units	791,816	875,156
Additional paid-in capital	2,966,125	2,393,936
Treasury shares, at cost: Ordinary, 40,000 shares as of February 28, 2014 and August 31, 2013; Class A ordinary, 147,973,927 and 135,258,733 shares as of February 28, 2014 and August 31, 2013, respectively	(8,490,521)	(7,326,079)
Retained earnings	10,871,320	10,069,844
Accumulated other comprehensive loss	(866,501)	(1,052,746)
Total Accenture plc shareholders' equity	5,272,315	4,960,186
Noncontrolling interests	514,372	467,643
Total shareholders' equity	5,786,687	5,427,829
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$16,357,209	\$16,867,049

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

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ACCENTURE PLC

CONSOLIDATED INCOME STATEMENTS

For the Three and Six Months Ended February 28, 2014 and 2013

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

(Unaudited)

	Three Months Ended February 28,		Six Months Ended February 28,	
	2014	2013	2014	2013
REVENUES:				
Revenues before reimbursements ("Net revenues")	\$7,130,667	\$7,058,042	\$14,489,416	\$14,278,003
Reimbursements	436,816	435,278	877,763	883,353
Revenues	7,567,483	7,493,320	15,367,179	15,161,356
OPERATING EXPENSES:				
Cost of services:				
Cost of services before reimbursable expenses	4,900,525	4,827,679	9,809,927	9,681,447
Reimbursable expenses	436,816	435,278	877,763	883,353
Cost of services	5,337,341	5,262,957	10,687,690	10,564,800
Sales and marketing	837,255	834,047	1,765,465	1,702,249
General and administrative costs	441,605	455,551	889,658	904,403
Reorganization benefits, net	—	(223,767)	(18,015)	(223,302)
Total operating expenses	6,616,201	6,328,788	13,324,798	12,948,150
OPERATING INCOME	951,282	1,164,532	2,042,381	2,213,206
Interest income	7,960	9,859	14,716	18,626
Interest expense	(4,348)	(3,641)	(8,006)	(8,190)
Other (expense) income, net	(4,766)	10,599	(15,386)	4,163
INCOME BEFORE INCOME TAXES	950,128	1,181,349	2,033,705	2,227,805
Provision for (benefit from) income taxes	227,797	(5,749)	499,728	274,676
NET INCOME	722,331	1,187,098	1,533,977	1,953,129
Net income attributable to noncontrolling interests in Accenture SCA and Accenture Canada Holdings Inc.	(42,849)	(78,363)	(91,947)	(137,318)
Net income attributable to noncontrolling interests – other	(8,182)	(6,933)	(18,884)	(15,192)
NET INCOME ATTRIBUTABLE TO ACCENTURE PLC	\$671,300	\$1,101,802	\$1,423,146	\$1,800,619
Weighted average Class A ordinary shares:				
Basic	635,929,351	649,520,337	636,314,554	644,608,780
Diluted	693,209,942	715,464,436	695,508,819	715,567,376
Earnings per Class A ordinary share:				
Basic	\$1.06	\$1.70	\$2.24	\$2.79
Diluted	\$1.03	\$1.65	\$2.18	\$2.71
Cash dividends per share	\$—	\$—	\$0.93	\$0.81

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

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ACCENTURE PLC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three and Six Months Ended February 28, 2014 and 2013

(In thousands of U.S. dollars)

(Unaudited)

	Three Months Ended February 28,		Six Months Ended February 28,	
	2014	2013	2014	2013
NET INCOME	\$722,331	\$1,187,098	\$1,533,977	\$1,953,129
OTHER COMPREHENSIVE INCOME, NET OF TAX:				
Foreign currency translation	(10,053)	(42,621)	80,960	(22,389)
Defined benefit plans	4,947	(12,888)	7,968	(5,472)
Cash flow hedges	24,319	(22,686)	97,317	17,416
OTHER COMPREHENSIVE INCOME (LOSS)	19,213	(78,195)	186,245	(10,445)
ATTRIBUTABLE TO ACCENTURE PLC				
Other comprehensive (loss) income attributable to noncontrolling interests	(693)	(6,497)	10,993	189
COMPREHENSIVE INCOME	\$740,851	\$1,102,406	\$1,731,215	\$1,942,873
COMPREHENSIVE INCOME ATTRIBUTABLE TO ACCENTURE PLC	\$690,513	\$1,023,607	\$1,609,391	\$1,790,174
Comprehensive income attributable to noncontrolling interests	50,338	78,799	121,824	152,699
COMPREHENSIVE INCOME	\$740,851	\$1,102,406	\$1,731,215	\$1,942,873

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

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ACCENTURE PLC

CONSOLIDATED SHAREHOLDERS' EQUITY STATEMENT

For the Six Months Ended February 28, 2014

(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
	\$	No. Shares	\$	No. Shares	\$	No. Shares			\$	No. Shares		
Balance as of August 31, 2013	\$57	40	\$17	771,302	\$1	30,312	\$875,156	\$2,393,936	\$(7,326,079)	(135,299)	\$10,069,844	\$(1,423,146)
Net income											1,423,146	
Other comprehensive income												18
Income tax benefit on share-based compensation plans								78,146				
Purchases of Class A ordinary shares								74,661	(1,373,031)	(17,800)		
Share-based compensation expense							311,903	21,783				
Purchases/redemptions of Accenture SCA Class I common shares, Accenture Canada Holdings Inc. exchangeable shares and Class X ordinary shares						(1,232)		(82,748)				
Issuances of Class A ordinary shares:												
Employee share programs		1		9,312			(419,949)	488,795	208,589	5,085		
Upon redemption of Accenture SCA Class I common shares				593				2,799				
Dividends							24,706				(616,086)	
Other, net								(11,247)			(5,584)	
Balance as of February 28, 2014	\$57	40	\$18	781,207	\$1	29,080	\$791,816	\$2,966,125	\$(8,490,521)	(148,014)	\$10,871,320	\$(1,423,146)

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

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ACCENTURE PLC

CONSOLIDATED CASH FLOWS STATEMENTS

For the Six Months Ended February 28, 2014 and 2013

(In thousands of U.S. dollars)

(Unaudited)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$1,533,977	\$1,953,129
Adjustments to reconcile Net income to Net cash provided by operating activities —		
Depreciation, amortization and asset impairments	294,467	297,190
Reorganization benefits, net	(18,015)	(223,302)
Share-based compensation expense	333,686	298,604
Deferred income taxes, net	(154,738)	(52,638)
Other, net	102,315	1,386
Change in assets and liabilities, net of acquisitions —		
Receivables from clients, net	(128,496)	(378,655)
Unbilled services, current and non-current, net	(147,075)	(27,419)
Other current and non-current assets	(355,142)	36,595
Accounts payable	(74,047)	(30,382)
Deferred revenues, current and non-current	94,517	1,123
Accrued payroll and related benefits	(822,847)	(449,584)
Income taxes payable, current and non-current	56,866	(375,854)
Other current and non-current liabilities	(241,855)	(524,784)
Net cash provided by operating activities	473,613	525,409
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property and equipment	1,504	2,351
Purchases of property and equipment	(135,126)	(176,788)
Purchases of businesses and investments, net of cash acquired	(609,589)	(297,963)
Net cash used in investing activities	(743,211)	(472,400)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of ordinary shares	292,820	276,845
Purchases of shares	(1,460,752)	(829,789)
Proceeds from (repayments of) long-term debt, net	551	(6)
Cash dividends paid	(630,234)	(560,135)
Excess tax benefits from share-based payment arrangements	95,986	85,975
Other, net	(12,966)	(15,976)
Net cash used in financing activities	(1,714,595)	(1,043,086)
Effect of exchange rate changes on cash and cash equivalents	32,582	(14,363)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,951,611)	(1,004,440)
CASH AND CASH EQUIVALENTS, beginning of period	5,631,885	6,640,526
CASH AND CASH EQUIVALENTS, end of period	\$3,680,274	\$5,636,086

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

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ACCENTURE PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited interim Consolidated Financial Statements of Accenture plc and its controlled subsidiary companies (collectively, the “Company”) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by U.S. generally accepted accounting principles (“U.S. GAAP”) for complete financial statements. These Consolidated Financial Statements should therefore be read in conjunction with the Consolidated Financial Statements and Notes thereto for the fiscal year ended August 31, 2013 included in the Company’s Annual Report on Form 10-K filed with the SEC on October 29, 2013.

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 six months ended February 28, 2014 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 2014.

Certain amounts that were reported in the previous year have been reclassified to conform to the current-period presentation.

Allowances for Client Receivables and Unbilled Services

As of February 28, 2014 and August 31, 2013, total allowances recorded for client receivables and unbilled services were \$76,400 and \$91,716, respectively.

Accumulated Depreciation

As of February 28, 2014 and August 31, 2013, total accumulated depreciation was \$1,767,443 and \$1,608,211, respectively.

Recently Adopted Accounting Pronouncement

In September 2013, the Company adopted guidance issued by the Financial Accounting Standards Board (“FASB”), which requires enhanced disclosures about certain financial instruments and derivative instruments that are offset in the Consolidated Balance Sheets or that are subject to enforceable master netting arrangements. The guidance also requires the disclosure of the gross amounts subject to rights of offset, amounts of offset and the related net exposure. The adoption of this guidance did not have a material impact on the Consolidated Financial Statements. For additional information related to master netting arrangements, see Note 7 (Derivative Financial Instruments) to these Consolidated Financial Statements.

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ACCENTURE PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

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

(Unaudited)

2. EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows:

	Three Months Ended February 28,		Six Months Ended February 28,	
	2014	2013	2014	2013
Basic Earnings per share				
Net income attributable to Accenture plc	\$671,300	\$1,101,802	\$1,423,146	\$1,800,619
Basic weighted average Class A ordinary shares	635,929,351	649,520,337	636,314,554	644,608,780
Basic earnings per share	\$1.06	\$1.70	\$2.24	\$2.79
Diluted Earnings per share				
Net income attributable to Accenture plc	\$671,300	\$1,101,802	\$1,423,146	\$1,800,619
Net income attributable to noncontrolling interests in Accenture SCA and Accenture Canada Holdings Inc. (1)	42,849	78,363	91,947	137,318
Net income for diluted earnings per share calculation	\$714,149	\$1,180,165	\$1,515,093	\$1,937,937
Basic weighted average Class A ordinary shares	635,929,351	649,520,337	636,314,554	644,608,780
Class A ordinary shares issuable upon redemption/exchange of noncontrolling interests (1)	40,598,938	46,167,560	41,097,951	50,091,766
Diluted effect of employee compensation related to Class A ordinary shares (2)	16,556,085	19,666,838	18,005,630	20,783,700
Diluted effect of share purchase plans related to Class A ordinary shares	125,568	109,701	90,684	83,130
Diluted weighted average Class A ordinary shares (2)	693,209,942	715,464,436	695,508,819	715,567,376
Diluted earnings per share (2)	\$1.03	\$1.65	\$2.18	\$2.71

Diluted earnings per share assumes the redemption of all Accenture SCA Class I common shares owned by holders of noncontrolling interests and the exchange of all Accenture Canada Holdings Inc. exchangeable shares for

(1) Accenture plc Class A ordinary shares on a one-for-one basis. The income effect does not take into account “Net income attributable to noncontrolling interests — other,” since those shares are not redeemable or exchangeable for Accenture plc Class A ordinary shares.

Diluted weighted average Accenture plc Class A ordinary shares and earnings per share amounts for the three and six months ended February 28, 2013 have been restated to reflect the impact of the issuance of additional restricted (2) share units to holders of restricted share units in connection with the payments of cash dividends during the third quarter of fiscal 2013 and the first quarter of fiscal 2014. This did not result in a change to previously reported Diluted earnings per share.

3. INCOME TAXES

Effective Tax Rate

The Company’s effective tax rates for the three months ended February 28, 2014 and 2013 were 24.0% and (0.5)%, respectively. The Company’s effective tax rates for the six months ended February 28, 2014 and 2013 were 24.6% and 12.3%, respectively. During the three months ended February 28, 2013, the Company recorded a benefit of \$242,938 related to settlements of U.S. federal tax audits for fiscal years 2006 through 2009. The effective tax rates for the three and six months ended February 28, 2013 were also impacted by reorganization benefits of \$224,255, which increased income before income taxes without any increase in income tax expense. Absent these items, the effective tax rates would have been 24.8% and 25.8% for the three and six months ended February 28, 2013, respectively.

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ACCENTURE PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

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

(Unaudited)

4. 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 February 28,		Six Months Ended February 28,	
	2014	2013	2014	2013
Foreign currency translation				
Beginning balance	\$(323,388	) \$(135,778	) \$(414,401	) \$(156,010
Foreign currency translation	(15,567	) (46,007	) 83,330	(22,722
Income tax benefit (expense)	3,082	(60	) 1,962	(269
Portion attributable to noncontrolling	2,432	3,446	(4,332	) 602
interests				
Foreign currency translation, net of tax	(10,053	) (42,621	) 80,960	(22,389
Ending balance	(333,441	) (178,399	) (333,441	) (178,399
Defined benefit plans				
Beginning balance	(422,383	) (495,326	) (425,404	) (502,742
Actuarial gains	—	17,775	—	17,775
Prior service costs arising during the	—	(48,774	) —	(48,774
period				
Reclassifications into net periodic				
pension and	4,843	7,003	9,897	20,373
post-retirement expense (1)				
Income tax benefit (expense)	412	10,146	(1,425	) 4,792
Portion attributable to noncontrolling	(308	) 962	(504	) 362
interests				
Defined benefit plans, net of tax	4,947	(12,888	) 7,968	(5,472
Ending balance	(417,436	) (508,214	) (417,436	) (508,214
Cash flow hedges				
Beginning balance	(139,943	) 20,700	(212,941	) (19,402
Unrealized gains (losses)	5,273	(48,819	) 93,625	10,989
Reclassification adjustments into Cost	34,918	6,691	71,049	17,192
of services				
Income tax (expense) benefit	(14,441	) 17,353	(61,200	) (9,612
Portion attributable to noncontrolling	(1,431	) 2,089	(6,157	) (1,153
interests				
Cash flow hedges, net of tax	24,319	(22,686	) 97,317	17,416
Ending balance	(115,624	) (1,986	) (115,624	) (1,986
Marketable securities				
Beginning balance	—	6	—	6
Ending balance	—	6	—	6

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Accumulated other comprehensive loss	\$(866,501	)	\$(688,593	)	\$(866,501	)	\$(688,593	)
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- (1) Reclassifications into net periodic pension and post-retirement expense are recognized in Cost of services, Sales and marketing and General and administrative costs.

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ACCENTURE PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

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

(Unaudited)

5. BUSINESS COMBINATIONS AND GOODWILL

On December 4, 2013, the Company acquired Procurian Inc. (“Procurian”), a provider of procurement business process solutions, for \$386,348, net of cash acquired. This acquisition enhanced Accenture’s capabilities in procurement business process outsourcing across a range of industries and resulted in approximately 780 Procurian employees joining Accenture. In connection with this acquisition, the Company recorded goodwill of \$302,564, which was allocated to all five reportable operating segments, and intangible assets of \$73,700, primarily related to customer relationships and technology. The goodwill is substantially non-deductible for U.S. federal income tax purposes. The intangible assets are being amortized over one to twelve years. The pro forma effects of this acquisition on the Company’s operations were not material.

During the six months ended February 28, 2014, the Company also completed other individually immaterial acquisitions for total consideration of \$223,241, net of cash acquired. These acquisitions were completed primarily to expand the Company’s products and services offerings. In connection with these acquisitions, the Company recorded goodwill of \$169,808, which was allocated among the reportable operating segments, and intangible assets of \$62,845, primarily related to customer relationships, customer backlog and technology related assets. The goodwill is partially deductible for U.S. federal income tax purposes. The intangible assets are being amortized over one to twelve years. The pro forma effects of these acquisitions on the Company’s operations were not material.

Goodwill also included immaterial adjustments related to prior period acquisitions. The changes in the carrying amount of goodwill by reportable operating segment were as follows:

	August 31, 2013	Additions/ Adjustments	Foreign Currency Translation	February 28, 2014
Communications, Media & Technology	\$234,444	\$80,830	\$4,991	\$320,265
Financial Services	582,649	131,455	4,870	718,974
Health & Public Service	295,044	57,681	1,289	354,014
Products	617,008	189,060	6,048	812,116
Resources	89,441	15,299	2,036	106,776
Total	\$1,818,586	\$474,325	\$19,234	\$2,312,145

6. MATERIAL TRANSACTIONS AFFECTING SHAREHOLDERS’ EQUITY

Dividends

The Company’s dividend activity during the six months ended February 28, 2014 was as follows:

Dividend Payment Date	Dividend Per Share	Accenture plc Class A Ordinary Shares		Accenture SCA Class I Common Shares and Accenture Canada Holdings Inc. Exchangeable Shares		Total Cash Outlay
		Record Date	Cash Outlay	Record Date	Cash Outlay	
November 15, 2013	\$0.93	October 11, 2013	\$591,380	October 8, 2013	\$38,854	\$630,234

The payment of the cash dividends also resulted in the issuance of an immaterial number of additional restricted share units to holders of restricted share units. Diluted weighted average Accenture plc Class A ordinary share amounts have been restated for all prior periods presented to reflect this issuance. For additional information, see Note 2 (Earnings Per Share).

Subsequent Event

On March 25, 2014, the Board of Directors of Accenture plc declared a semi-annual cash dividend of \$0.93 per share on Accenture plc Class A ordinary shares for shareholders of record at the close of business on April 11, 2014.

Accenture plc will cause Accenture SCA to declare a semi-annual cash dividend of \$0.93 per share on its Class I common shares for shareholders of record at the close of business on April 8, 2014. Both dividends are payable on May 15, 2014. The payment of the cash dividends will result in the issuance of an immaterial number of additional restricted share units to holders of restricted share units.

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ACCENTURE PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

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

(Unaudited)

7. DERIVATIVE FINANCIAL INSTRUMENTS

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

Cash Flow Hedges

For a cash flow hedge, the effective portion of the change in estimated fair value of a hedging instrument is recorded in Accumulated other comprehensive loss as a separate component of Shareholders' Equity and is reclassified into Cost of services in the Consolidated Income Statements during the period in which the hedged transaction is recognized. The amounts related to derivatives designated as cash flow hedges that were reclassified into Cost of services were a net loss of \$34,918 and \$6,691 for the three months ended February 28, 2014 and 2013, respectively. The amounts related to derivatives designated as cash flow hedges that were reclassified into Cost of services were a net loss of \$71,049 and \$17,192 for the six months ended February 28, 2014 and 2013, respectively. The ineffective portion of the change in fair value of a cash flow hedge is recognized immediately in Other (expense) income, net in the Consolidated Income Statements and, for the three and six months ended February 28, 2014, was not material. In addition, the Company did not discontinue any cash flow hedges during the three and six months ended February 28, 2014. As of February 28, 2014, \$(100,507) of the amounts related to derivatives designated as cash flow hedges and recorded in Accumulated other comprehensive loss is expected to be reclassified into Cost of services in the next 12 months. For additional information related to the derivatives designated as cash flow hedges that were reclassified into Cost of services, see Note 4 (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 \$11,433 and \$98,476 for the three and six months ended February 28, 2014, respectively. 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 loss of \$(15,764) and a net gain of \$20,923 for the three and six months ended February 28, 2013, respectively. Gains and losses on these contracts are recorded in Other (expense) income, net in the Consolidated Income Statements and are offset by gains and losses on the related hedged items.

Fair Value of Derivative Instruments

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

	February 28, 2014	August 31, 2013
Assets		
Cash Flow Hedges		
Other current assets	\$1,913	\$—
Other non-current assets	1,147	—
Other Derivatives		
Other current assets	13,050	4,805
Total assets	\$16,110	\$4,805
Liabilities		
Cash Flow Hedges		
Other accrued liabilities	\$102,420	\$187,525
Other non-current liabilities	82,647	159,155
Other Derivatives		

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Other accrued liabilities	12,045	72,017
Total liabilities	\$197,112	\$418,697
Total fair value	\$(181,002)	\$(413,892)
Total notional value	\$5,421,184	\$5,499,224

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ACCENTURE PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

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

(Unaudited)

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

	February 28, 2014	August 31, 2013
Net derivative assets	\$11,043	\$1,317
Net derivative liabilities	192,045	415,209
Total fair value	\$(181,002)	\$(413,892)

8. 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. Certain holders of Avanade common stock and options to purchase the stock have put rights that, under certain circumstances and conditions, would require Avanade to redeem shares of its stock at fair value. As of February 28, 2014 and August 31, 2013, the Company has reflected the fair value of \$88,833 and \$94,310, 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. These arrangements with clients can include provisions whereby the Company has joint and several liability in relation to the performance of certain contractual obligations along with third parties also providing services and products for a specific project. In addition, the Company’s consulting arrangements may include warranty provisions that the Company’s solutions will substantially operate in accordance with the applicable system requirements. Indemnification provisions are also included in arrangements under which the Company agrees to hold the indemnified party harmless with respect to third-party claims related to such matters as title to assets sold or licensed or certain intellectual property rights.

Typically, the Company has contractual recourse against third parties for certain payments made by the Company in connection with arrangements where third-party nonperformance has given rise to the client’s claim. Payments by the Company under any of the arrangements described above are generally conditioned on the client making a claim, which may be disputed by the Company typically under dispute resolution procedures specified in the particular arrangement. The limitations of liability under these arrangements may be expressly limited or may not be expressly specified in terms of time and/or amount.

As of February 28, 2014 and August 31, 2013, the Company’s aggregate potential liability to its clients for expressly limited guarantees involving the performance of third parties was approximately \$729,000 and \$748,000, respectively, of which all but approximately \$16,000 and \$15,000, respectively, may be recovered from the other third parties if the Company is obligated to make payments to the indemnified parties as a consequence of a performance default by the other third parties. For arrangements with unspecified limitations, the Company cannot reasonably estimate the aggregate maximum potential liability, as it is inherently difficult to predict the maximum potential amount of such payments, due to the conditional nature and unique facts of each particular arrangement.

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

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ACCENTURE PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

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

(Unaudited)

Legal Contingencies

As of February 28, 2014, 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.

9. 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 February 28, 2014		2013	
	Net Revenues	Operating Income	Net Revenues	Operating Income
Communications, Media & Technology	\$1,408,616	\$181,815	\$1,411,489	\$225,744
Financial Services	1,563,655	209,138	1,508,865	244,158
Health & Public Service	1,183,728	145,614	1,192,698	188,218
Products	1,745,515	205,526	1,680,719	264,234
Resources	1,224,897	209,189	1,251,874	242,178
Other	4,256	—	12,397	—
Total	\$7,130,667	\$951,282	\$7,058,042	\$1,164,532

	Six Months Ended February 28, 2014		2013	
	Net Revenues	Operating Income	Net Revenues	Operating Income
Communications, Media & Technology	\$2,819,599	\$335,183	\$2,870,275	\$408,792
Financial Services	3,161,621	472,706	3,071,807	485,256
Health & Public Service	2,413,802	324,919	2,367,408	331,677
Products	3,546,577	452,913	3,379,262	499,926
Resources	2,539,904	456,660	2,573,339	487,555
Other	7,913	—	15,912	—
Total	\$14,489,416	\$2,042,381	\$14,278,003	\$2,213,206

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

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and related Notes included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended August 31, 2013, 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, 2013.

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 2014” means the 12-month period that will end on August 31, 2014. All references to quarters, unless otherwise noted, refer to the quarters of our fiscal year.

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

Disclosure Regarding Forward-Looking Statements

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

• Our results of operations could be adversely affected by volatile, negative or uncertain economic conditions and the effects of these conditions on our clients’ businesses and levels of business activity.

• Our business depends on generating and maintaining ongoing, profitable client demand for our services and solutions, and a significant reduction in such demand could materially affect our results of operations.

If we are unable to keep our supply of skills and resources in balance with client demand around the world and attract and retain professionals with strong leadership skills, our business, the utilization rate of our professionals and our results of operations may be materially adversely affected.

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

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

• Our results of operations could materially suffer if we are not able to obtain sufficient pricing to enable us to meet our profitability expectations.

If our pricing estimates do not accurately anticipate the cost, risk and complexity of performing our work or third parties upon whom we rely do not meet their commitments, then our contracts could have delivery inefficiencies and be unprofitable.

• We could have liability or our reputation could be damaged if we fail to protect client and/or Accenture data or information systems as obligated by law or contract or if our information systems are breached.

• Our results of operations and ability to grow could be materially negatively affected if we cannot adapt and expand our services and solutions in response to ongoing changes in technology and offerings by new entrants.

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

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

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• We might not be successful at identifying, acquiring or integrating businesses or entering into joint ventures.

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

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

• Our results of operations could be materially adversely affected by fluctuations in foreign currency exchange rates.

• Our alliance relationships may not be successful or may change, which could adversely affect our results of operations.

• Outsourcing services and the continued expansion of our other services and solutions into new areas subject us to different operational risks than our consulting and systems integration services.

• 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.

• 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.

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

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

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

• Our share price and results of operations could fluctuate and be difficult to predict.

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

• 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.

• 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, 2013. We undertake no obligation to update or revise any forward-looking statements.

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Overview

Revenues are driven by the ability of our executives to secure new contracts and to deliver solutions and services that add value relevant to our clients' current needs and challenges. The level of revenues we achieve is based on our ability to deliver market-leading service offerings and to deploy skilled teams of professionals quickly and on a global basis. Our results of operations are affected by economic conditions, including macroeconomic conditions and levels of business confidence. There continues to be volatility and economic and geopolitical uncertainty in markets around the world, as well as lower levels of spending on some of the types of services we provide in many of the industries we serve, all of which are impacting, and we expect will continue to 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. Revenues before reimbursements ("net revenues") for the second quarter of fiscal 2014 were \$7.13 billion, compared with \$7.06 billion for the second quarter of fiscal 2013, an increase of 1% in U.S. dollars and 3% in local currency. Net revenues for the six months ended February 28, 2014 were \$14.49 billion, compared with \$14.28 billion for the six months ended February 28, 2013, an increase of 1% in U.S. dollars and 3% in local currency. During the second quarter of fiscal 2014, Financial Services, Products, Communications, Media & Technology and Health & Public Service experienced year-over-year revenue growth in local currency, while Resources was flat year-over-year in local currency. Revenue growth in local currency was solid in outsourcing, while consulting revenues were flat in local currency during the second quarter of fiscal 2014. Clients continue to request a higher volume of outsourcing services, place a greater emphasis on cost savings initiatives and manage the pace and level of spending on existing consulting and outsourcing contracts. The business environment continues to be competitive and, in many areas, we are experiencing pricing pressures.

In our consulting business, net revenues for the second quarter of fiscal 2014 were \$3.70 billion, compared with \$3.75 billion for the second quarter of fiscal 2013, a decrease of 1% in U.S. dollars and flat in local currency. Net consulting revenues for the six months ended February 28, 2014 were \$7.63 billion, compared with \$7.71 billion for the six months ended February 28, 2013, a decrease of 1% in U.S. dollars and flat in local currency. Clients continued to be focused on initiatives designed to deliver cost savings and operational efficiency, as well as projects to integrate their global operations and grow and transform their businesses. We continue to experience growing demand for our services in emerging technologies, including digital services (digital marketing, analytics and mobility) and cloud computing. Compared to fiscal 2013, we continued to provide a greater proportion of systems integration consulting through use of lower-cost resources in our Global Delivery Network. This trend has resulted in work volume growing faster than revenue, and we expect this trend to continue.

In our outsourcing business, net revenues for the second quarter of fiscal 2014 were \$3.43 billion, compared with \$3.31 billion for the second quarter of fiscal 2013, an increase of 4% in U.S. dollars and 5% in local currency. Net outsourcing revenues for the six months ended February 28, 2014 were \$6.85 billion, compared with \$6.56 billion for the six months ended February 28, 2013, an increase of 4% in U.S. dollars and 6% in local currency. Clients continue to be focused on transforming their operations to improve effectiveness and save costs. Compared to fiscal 2013, we provided a greater proportion of application outsourcing through use of lower-cost resources in our Global Delivery Network.

As we are a global company, our revenues are denominated in multiple currencies and may be significantly affected by currency exchange rate fluctuations. If the U.S. dollar weakens against other currencies, resulting in favorable currency translation, our revenues and revenue growth in U.S. dollars may be higher. If the U.S. dollar strengthens against other currencies, resulting in unfavorable currency translation, our revenues and revenue growth in U.S. dollars may be lower. When compared to the six months ended February 28, 2013, the U.S. dollar strengthened against many currencies during the six months ended February 28, 2014. This resulted in unfavorable currency translation and U.S. dollar revenue growth that was 2% and 1% lower than our revenue growth in local currency for the three and six months ended February 28, 2014, respectively. Assuming that exchange rates stay within recent ranges for the remainder of fiscal 2014, we estimate the foreign-exchange impact to our full fiscal 2014 revenue growth will be approximately 0.5% lower growth in U.S. dollars than our growth 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 outsourcing costs. Cost of services as a percentage of revenues is driven by the prices we obtain for our solutions and services, the utilization of our client-service personnel and the level of non-payroll costs associated with outsourcing contracts. Utilization primarily represents the percentage of our consulting professionals' time spent on billable work. Utilization for the second quarter of fiscal 2014 was approximately 87%, flat with the first quarter of fiscal 2014, down from 88% in the second quarter of fiscal 2013 and within our target range. This level of utilization reflects continued strong demand for resources in our Global Delivery Network and in most countries. We continue to hire to meet current and projected future demand.

We proactively plan and manage the size and composition of our workforce and take actions as needed to address changes in the anticipated demand for our services, 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

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approximately 289,000 as of February 28, 2014, compared with approximately 281,000 as of November 30, 2013 and approximately 261,000 as of February 28, 2013. The year-over-year increase in our headcount reflects an overall increase in demand for our services, including those delivered through our Global Delivery Network in lower-cost locations, as well as headcount added in connection with acquisitions. Annualized attrition, excluding involuntary terminations, for the second quarter of fiscal 2014 was 12%, up from 11% in both the first quarter of fiscal 2014 and the second quarter of fiscal 2013. 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, and we may need to continue to adjust compensation in the future. For the majority of our personnel, compensation increases for fiscal 2014 became effective September 1, 2013. 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 margins 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 clients are demanding, such as the increase in demand for various outsourcing and emerging technology services; 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 second quarter of fiscal 2014 was 31.3%, compared with 31.6% for the second quarter of fiscal 2013. Gross margin for the six months ended February 28, 2014 was 32.3%, compared with 32.2% for the six months ended February 28, 2013. There were several factors affecting cost of services and gross margin in the second quarter and first half of fiscal 2014. We experienced lower consulting and outsourcing contract profitability compared to the same periods in fiscal 2013, primarily due to pricing pressures and higher payroll costs and, to a lesser extent, lower margins in the early stages of a few large contracts. We expect to continue to adjust the mix of resources to reduce these impacts and to absorb annual compensation increases that were effective September 1, 2013. In addition, we made higher investments associated with acquisitions and offerings. While we accrued significant variable compensation in the first half of fiscal 2014, the amounts accrued in both the second quarter and first half are lower than the same periods in fiscal 2013 and largely offset the impacts noted above. We also directed a higher proportion of resource capacity to selling and other business development activities, which are recorded as sales and marketing costs.

Sales and marketing and general and administrative costs as a percentage of net revenues were 17.9% for the second quarter of fiscal 2014 and 18.3% for the six months ended February 28, 2014, compared with 18.3% for both the second quarter of fiscal 2013 and the six months ended February 28, 2013. Sales and marketing costs are driven primarily by: compensation costs for business development activities; investment in offerings; marketing- and advertising-related activities; and acquisition-related costs. General and administrative costs primarily include costs for non-client-facing personnel, information systems and office space. We continuously monitor these costs and implement cost-management actions, as appropriate. For the six months ended February 28, 2014 compared to the six months ended February 28, 2013, sales and marketing costs as a percentage of net revenues increased 30 basis points, as we directed a higher percentage of resource capacity to selling and other business development activities resulting in a greater amount of payroll costs for our client-services personnel being directed to sales and marketing rather than to other activities, which are typically captured in cost of services. This increase was partially offset by a reduction in variable compensation during the six months ended February 28, 2014. Our margins could be adversely affected if our cost-management actions are not sufficient to maintain sales and marketing and general and administrative costs at or below current levels as a percentage of net revenues.

Operating income for the second quarter of fiscal 2014 was \$951 million, compared with \$1,165 million for the second quarter of fiscal 2013. Operating income for the six months ended February 28, 2014 was \$2,042 million, compared with \$2,213 million for the six months ended February 28, 2013. Operating margin (Operating income as a percentage of Net revenues) for the second quarter of fiscal 2014 was 13.3%, compared with 16.5% for the second quarter of fiscal 2013. Operating margin for the six months ended February 28, 2014 was 14.1% compared with

15.5% for the six months ended February 28, 2013. During the second quarter of fiscal 2013, we recorded reorganization benefits of \$224 million which increased operating margin by 320 and 160 basis points for the second quarter of fiscal 2013 and the six months ended February 28, 2013, respectively. Excluding the effects of the reorganization benefits, operating margin for the second quarter of fiscal 2013 and the six months ended February 28, 2013 would have been 13.3% and 13.9%, respectively.

The effective tax rates for the second quarter of fiscal 2014 and the six months ended February 28, 2014 were 24.0% and 24.6%, respectively. The effective tax rates for the second quarter of fiscal 2013 and the six months ended February 28, 2013 were (0.5)% and 12.3%, respectively. During the second quarter of fiscal 2013, we recorded a benefit of \$243 million related to settlements of U.S. federal tax audits for fiscal years 2006 through 2009. The fiscal 2013 effective tax rate was also impacted by reorganization benefits of \$224 million, which increased income before income taxes without any increase in income tax expense. Absent these items, our effective tax rates for the second quarter of fiscal 2013 and the six months ended February 28, 2013 would have been 24.8% and 25.8%, respectively. Diluted earnings per share were \$1.03 for the second quarter of fiscal 2014, compared with \$1.65 for the second quarter of fiscal 2013, which included \$0.65 in benefits from final determinations of prior-year tax liabilities and reductions in reorganization liabilities. Excluding these benefits, earnings per share for the second quarter of fiscal 2013 were \$1.00.

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Our Operating income and Earnings per share are also affected by currency exchange rate fluctuations on revenues and costs. Most of our costs are incurred in the same currency as the related net revenues. Where practical, we also seek to manage foreign currency exposure for costs not incurred in the same currency as the related net revenues, such as the cost of our Global Delivery Network, by using currency protection provisions in our customer contracts and through our hedging programs. We seek to manage our costs, taking into consideration the residual positive and negative effects of changes in foreign exchange rates on those costs.

Bookings and Backlog

New contract bookings for the second quarter of fiscal 2014 were \$10.10 billion, with consulting bookings of \$4.61 billion and outsourcing bookings of \$5.49 billion. New contract bookings for the six months ended February 28, 2014 were \$18.78 billion, with consulting bookings of \$8.89 billion and outsourcing bookings of \$9.89 billion.

We provide information regarding our new contract bookings because we believe doing so provides useful trend information regarding changes in the volume of our new business over time. However, new bookings can vary significantly quarter to quarter depending in part on the timing of the signing of a small number of large outsourcing contracts. Clients continue to manage the pace and level of their spending, which may impact the conversion of new contract bookings to revenues. Information regarding our new bookings is not comparable to, nor should it be substituted for, an analysis of our revenues over time. There are no third-party standards or requirements governing the calculation of bookings. New contract bookings involve estimates and judgments regarding new contracts as well as renewals, extensions and changes to existing contracts. We do not update our new bookings for material subsequent terminations or reductions related to bookings originally recorded in prior fiscal years. New contract bookings are recorded using then-existing foreign currency exchange rates and are not subsequently adjusted for foreign currency exchange rate fluctuations.

The majority of our contracts are terminable by the client on short notice, and some without notice. Accordingly, we do not believe it is appropriate to characterize bookings attributable to these contracts as backlog. Normally, if a client terminates a project, the client remains obligated to pay for commitments we have made to third parties in connection with the project, services performed and reimbursable expenses incurred by us through the date of termination.

Revenues by Segment/Operating Group

Our five reportable operating segments are our operating groups, which are Communications, Media & Technology; Financial Services; Health & Public Service; Products; and Resources. Operating groups are managed on the basis of net revenues because our management believes net revenues are a better indicator of operating group performance than revenues. In addition to reporting net revenues by operating group, we also report net revenues by two types of work: consulting and outsourcing, which represent the services sold by our operating groups. Consulting net revenues, which include management and technology consulting and systems integration, reflect a finite, distinct project or set of projects with a defined outcome and typically a defined set of specific deliverables. Outsourcing net revenues typically reflect ongoing, repeatable services or capabilities provided to transition, run and/or manage operations of client systems or business functions.

From time to time, our operating groups work together to sell and implement certain contracts. The resulting revenues and costs from these contracts may be apportioned among the participating operating groups. Generally, operating expenses for each operating group have similar characteristics and are subject to the same factors, pressures and challenges. However, the economic environment and its effects on the industries served by our operating groups affect revenues and operating expenses within our operating groups to differing degrees. The mix between consulting and outsourcing is not uniform among our operating groups. Local currency fluctuations also tend to affect our operating groups differently, depending on the geographic concentrations and locations of their businesses.

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

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Results of Operations for the Three Months Ended February 28, 2014 Compared to the Three Months Ended February 28, 2013

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

	Three Months Ended February 28,		Percent Increase (Decrease) U.S. Dollars	Percent Increase (Decrease) Local Currency	Percent of Total Net Revenues for the Three Months Ended February 28,		
	2014	2013			2014	2013	
	(in millions of U.S. dollars)						
OPERATING GROUPS							
Communications, Media & Technology	\$1,409	\$1,411	—	% 2	% 20	% 20	%
Financial Services	1,564	1,509	4	5	22	21	
Health & Public Service	1,184	1,193	(1	) 1	17	17	
Products	1,746	1,681	4	5	24	24	
Resources	1,225	1,252	(2	) —	17	18	
Other	4	12	n/m	n/m	—	—	
TOTAL NET REVENUES	7,131	7,058	1	% 3	% 100	% 100	%
Reimbursements	437	435	—				
TOTAL REVENUES	\$7,567	\$7,493	1	%			
GEOGRAPHIC REGIONS							
Americas	\$3,362	\$3,280	2	% 4	% 47	% 46	%
EMEA (1)	2,861	2,800	2	—	40	40	
Asia Pacific	908	978	(7	) 4	13	14	
TOTAL NET REVENUES	\$7,131	\$7,058	1	% 3	% 100	% 100	%
TYPE OF WORK							
Consulting	\$3,697	\$3,753	(1	)% —	% 52	% 53	%
Outsourcing	3,434	3,305	4	5	48	47	
TOTAL NET REVENUES	\$7,131	\$7,058	1	% 3	% 100	% 100	%

n/m = not meaningful

Amounts in table may not total due to rounding.

(1) EMEA includes Europe, the Middle East and Africa.

Net Revenues

The following net revenues commentary discusses local currency net revenue changes for the second quarter of fiscal 2014 compared to the second quarter of fiscal 2013:

Operating Groups

Communications, Media & Technology net revenues increased 2% in local currency. Consulting revenues reflected strong growth, led by Electronics & High Tech in Americas and EMEA, partially offset by declines in Communications in Americas and EMEA. Outsourcing revenues reflected a slight decline, due to declines in Electronics & High Tech in EMEA and Communications in Asia Pacific, partially offset by growth in Electronics & High Tech in Americas.

Financial Services net revenues increased 5% in local currency. Outsourcing revenues reflected very strong growth, driven by all industry groups in EMEA and Asia Pacific and Capital Markets and Banking in Americas. These increases were partially offset by a decline in Insurance in Americas. Consulting revenues reflected a slight decline, due to declines in Insurance in Americas and EMEA, partially offset by growth in Banking in EMEA and Capital Markets in Americas. In certain industries we continued to experience higher demand for outsourcing services,

including transformational projects, and lower demand for short-term consulting services.

Health & Public Service net revenues increased 1% in local currency. Outsourcing revenues reflected strong growth, led by Health and Public Service in Americas. Consulting revenues reflected a modest decline, primarily due to Public Service in EMEA, partially offset by growth in Health and Public Service in Americas.

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Products net revenues increased 5% in local currency. Outsourcing revenues reflected strong growth, driven by most industry groups across all geographic regions, led by Life Sciences and Automotive. This growth was partially offset by declines in Retail in Americas and Air Freight & Travel in EMEA. Consulting revenues reflected modest growth, driven by most industry groups in EMEA, led by Consumer Goods & Services and Retail, Air Freight & Travel Services in Americas, and Consumer Goods & Services in Asia Pacific. This growth was partially offset by declines in Retail in Asia Pacific and Infrastructure & Transportation Services in EMEA.

Resources net revenues were flat in local currency. Outsourcing revenues reflected slight growth, driven by Energy in Americas, partially offset by declines in Chemicals and Natural Resources in Americas. Consulting revenues reflected a slight decline, due to declines in Natural Resources across all geographic regions, partially offset by growth in Energy in Asia Pacific and EMEA and Chemicals in Americas. Some of our clients, primarily in Natural Resources, continued to reduce their level of consulting investments. In addition, several large systems integration projects have ended or have transitioned to smaller phases and demand for our services has moderated. We expect these trends will continue to impact Resources year-over-year net revenue growth in the near term.

Geographic Regions

Americas net revenues increased 4% in local currency, driven by the United States, partially offset by a decline in Canada.

- EMEA net revenues were flat in local currency, as growth led by Switzerland, the United Kingdom and Italy was offset by declines in Spain, Finland and South Africa.

• Asia Pacific net revenues increased 4% in local currency, driven by Japan, partially offset by a decline in Australia.

Operating Expenses

Operating expenses for the second quarter of fiscal 2014 were \$6,616 million, an increase of \$287 million, or 5%, over the second quarter of fiscal 2013, and increased as a percentage of revenues to 87.4% from 84.5% during this period. Operating expenses before reimbursable expenses for the second quarter of fiscal 2014 were \$6,179 million, an increase of \$286 million, or 5%, over the second quarter of fiscal 2013, and increased as a percentage of net revenues to 86.7% from 83.5% during this period. Operating expenses in the second quarter of fiscal 2013 included reorganization benefits of \$224 million as a result of final determinations of certain reorganization liabilities established in connection with our transition to a corporate structure in 2001.

Cost of Services

Cost of services for the second quarter of fiscal 2014 was \$5,337 million, an increase of \$74 million, or 1%, over the second quarter of fiscal 2013, and increased as a percentage of revenues to 70.5% from 70.2% during this period. Cost of services before reimbursable expenses for the second quarter of fiscal 2014 was \$4,901 million, an increase of \$73 million, or 2%, over the second quarter of fiscal 2013, and increased as a percentage of net revenues to 68.7% from 68.4% during this period. Gross margin for the second quarter of fiscal 2014 decreased to 31.3% from 31.6% for the second quarter of fiscal 2013. There were several factors affecting cost of services and gross margin in the second quarter of fiscal 2014. We experienced lower consulting and outsourcing contract profitability compared to the same period in fiscal 2013, primarily due to pricing pressures and higher payroll costs and, to a lesser extent, lower margins in the early stages of a few large contracts. We also experienced delivery inefficiencies on a few contracts in the second quarter of fiscal 2014. In addition, we made higher investments associated with acquisitions and offerings. We accrued lower variable compensation in the second quarter of fiscal 2014 compared to the same period in fiscal 2013, which largely offset the impacts noted above. We also directed a higher proportion of resource capacity to selling and other business development activities, which are recorded as sales and marketing costs.

Sales and Marketing

Sales and marketing expense for the second quarter of fiscal 2014 was \$837 million, an increase of \$3 million over the second quarter of fiscal 2013, and decreased as a percentage of net revenues to 11.7% from 11.8%. We directed a higher percentage of resource capacity to selling and other business development activities resulting in a greater amount of payroll costs for our client-services personnel being directed to sales and marketing rather than to other activities, which are typically captured in cost of services. This impact was offset by a reduction in variable compensation compared to the second quarter of fiscal 2013.

General and Administrative Costs

General and administrative costs for the second quarter of fiscal 2014 were \$442 million, a decrease of \$14 million, or 3%, from the second quarter of fiscal 2013, and decreased as a percentage of net revenues to 6.2% from 6.5% during this period.

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Operating Income and Operating Margin

Operating income for the second quarter of fiscal 2014 was \$951 million, a decrease of \$213 million, or 18%, from the second quarter of fiscal 2013. During the second quarter of fiscal 2013, we recorded reorganization benefits of \$224 million, which increased operating margin by 320 basis points. Excluding the effects of the fiscal 2013 reorganization benefits, operating margin for the second quarter of fiscal 2014 was flat compared with the second quarter of fiscal 2013.

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

	Three Months Ended February 28,		2013		
	2014		2013		
	Operating	Operating	Operating	Operating	
	Income	Margin	Income	Margin	
	(in millions of U.S. dollars)				
Communications, Media & Technology	\$182	13	% \$226	16	%
Financial Services	209	13	244	16	
Health & Public Service	146	12	188	16	
Products	206	12	264	16	
Resources	209	17	242	19	
Total	\$951	13.3	% \$1,165	16.5	%

Amounts in table may not total due to rounding.

Operating Income and Operating Margin Excluding Reorganization Benefits (Non-GAAP)

	Three Months Ended February 28,						
	2014		2013				
	Operating Income and Operating Margin as Reported (GAAP)			Operating Income and Operating Margin Excluding Reorganization Benefits (Non-GAAP)			
	Operating	Operating	Operating	Reorganization	Operating	Operating	Increase
	Income	Margin	Income	Benefits (1)	Income (2)	Margin (2)	(Decrease)
	(in millions of U.S. dollars)						
Communications, Media & Technology	\$182	13	% \$226	\$43	\$182	13	% \$(1)
Financial Services	209	13	244	48	196	13	13
Health & Public Service	146	12	188	39	149	12	(3)
Products	206	12	264	53	211	13	(6)
Resources	209	17	242	40	202	16	7
Total	\$951	13.3	% \$1,165	\$224	\$940	13.3	% \$11

Amounts in table may not total due to rounding.

(1) Represents reorganization benefits related to final determinations of certain reorganization liabilities established in connection with our transition to a corporate structure during 2001.

We have presented Operating income and operating margin excluding reorganization benefits, as we believe the (2)effect of the reorganization benefits on Operating income and operating margin facilitates understanding as to both the impact of these benefits and our operating performance.

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During the second quarter of fiscal 2014, each operating group benefited from a reduction in variable compensation compared with the second quarter of fiscal 2013. The commentary below provides additional insight into other factors affecting operating group performance and operating margin for the second quarter of fiscal 2014 compared with the second quarter of fiscal 2013, exclusive of reorganization benefits recorded in fiscal 2013:

• Communications, Media & Technology operating income was impacted by lower contract profitability including delivery inefficiencies on a few large outsourcing contracts.

• Financial Services operating income was impacted by lower contract profitability including early-stage work at lower margins on a few large outsourcing contracts and higher sales and marketing costs as a percentage of net revenues. Operating income was favorably impacted by outsourcing revenue growth.

• Health & Public Service operating income was impacted by lower contract profitability.

• Products operating income was impacted by lower consulting contract profitability including delivery inefficiencies on a few contracts and higher sales and marketing costs as a percentage of net revenues. Operating income was favorably impacted by revenue growth.

• Resources operating income was impacted by lower consulting contract profitability and higher sales and marketing costs as a percentage of net revenues.

Provision for (Benefit from) Income Taxes

The effective tax rate for the second quarter of fiscal 2014 was 24.0%, compared with (0.5)% for the second quarter of fiscal 2013. During the second quarter of fiscal 2013, we recorded a benefit of \$243 million related to settlements of U.S. federal tax audits for fiscal years 2006 through 2009. The effective tax rate for the second quarter of fiscal 2013 was also impacted by reorganization benefits of \$224 million, which increased income before income taxes without any increase in income tax expense. Absent these items, our effective tax rate for the second quarter of fiscal 2013 would have been 24.8%.

Our provision for income taxes is based on many factors and subject to volatility year to year. We expect the fiscal 2014 annual effective tax rate to be in the range of 25.5% to 26.5%. As a result of the benefits mentioned above, the fiscal 2013 annual effective tax rate was 18.1%.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the second quarter of fiscal 2014 was \$51 million, a decrease of \$34 million, or 40%, from the second quarter of fiscal 2013. This decrease was due to lower Net income of \$465 million and a reduction in the Accenture SCA Class I common shares and Accenture Canada Holdings Inc. exchangeable shares average noncontrolling ownership interest to 6% for the second quarter of fiscal 2014 from 7% for the second quarter of fiscal 2013.

Earnings Per Share

Diluted earnings per share were \$1.03 for the second quarter of fiscal 2014, compared with \$1.65 for the second quarter of fiscal 2013. The \$0.62 decrease in our earnings per share included the impact of the \$243 million tax benefit related to settlements of U.S. federal tax audits, which increased the second quarter of fiscal 2013 earnings per share by \$0.34, and reorganization benefits of \$224 million, which increased the second quarter of fiscal 2013 earnings per share by \$0.31. Excluding the impact of these benefits, earnings per share increased \$0.03 compared with the second quarter of fiscal 2013, due to increases of \$0.03 from lower weighted average shares outstanding, \$0.01 from higher revenues and operating results and \$0.01 from a lower effective tax rate. These increases were partially offset by a decrease of \$0.02 from lower 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."

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Results of Operations for the Six Months Ended February 28, 2014 Compared to the Six Months Ended February 28, 2013

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

	Six Months Ended February 28,		Percent Increase (Decrease) U.S. Dollars	Percent Increase (Decrease) Local Currency	Percent of Total Net Revenues for the Six Months Ended February 28,		
	2014	2013			2014	2013	
(in millions of U.S. dollars)							
OPERATING GROUPS							
Communications, Media & Technology	\$2,820	\$2,870	(2)	)%	—	% 19	% 20
Financial Services	3,162	3,072	3		4	22	21
Health & Public Service	2,414	2,367	2		4	17	17
Products	3,547	3,379	5		6	24	24
Resources	2,540	2,573	(1)	)	—	18	18
Other	8	16	n/m		n/m	—	—
TOTAL NET REVENUES	14,489	14,278	1	%	3	% 100	% 100
Reimbursements	878	883	(1)	)			
TOTAL REVENUES	\$15,367	\$15,161	1	%			
GEOGRAPHIC REGIONS							
Americas	\$6,795	\$6,613	3	%	4	% 47	% 46
EMEA (1)	5,783	5,625	3		—	40	40
Asia Pacific	1,911	2,040	(6)	)	4	13	14
TOTAL NET REVENUES	\$14,489	\$14,278	1	%	3	% 100	% 100
TYPE OF WORK							
Consulting	\$7,635	\$7,714	(1)	)%	—	% 53	% 54
Outsourcing	6,855	6,564	4		6	47	46
TOTAL NET REVENUES	\$14,489	\$14,278	1	%	3	% 100	% 100

n/m = not meaningful

Amounts in table may not total due to rounding.

(1)EMEA includes Europe, the Middle East and Africa.

Net Revenues

The following net revenues commentary discusses local currency net revenue changes for the six months ended February 28, 2014 compared to the six months ended February 28, 2013:

Operating Groups

Communications, Media & Technology net revenues were flat in local currency. Consulting revenues reflected slight growth, driven by Electronics & High Tech in Americas and EMEA, partially offset by declines in Communications in Americas and EMEA and Electronics & High Tech in Asia Pacific. Outsourcing revenues reflected a slight decline, due to declines in Electronics & High Tech in EMEA and Communications in Asia Pacific, partially offset by growth in Electronics & High Tech and Media & Entertainment in Americas.

- Financial Services net revenues increased 4% in local currency. Outsourcing revenues reflected very strong growth, driven by all industry groups in EMEA and Asia Pacific and Capital Markets in Americas. These increases were partially offset by a decline in Insurance in Americas. Consulting revenues reflected a modest decline, due to declines in Insurance in Americas and EMEA and Banking in Americas, partially offset by growth in Capital Markets in Americas and Insurance in Asia Pacific. In certain industries we continued to experience higher demand for outsourcing services, including transformational projects, and lower demand

for short-term consulting services.

Health & Public Service net revenues increased 4% in local currency. Outsourcing revenues reflected strong growth, led by Health and Public Service in Americas. Consulting revenues were flat, as growth in Public Service and Health in Americas was offset by a decline in Public Service in EMEA.

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Products net revenues increased 6% in local currency. Outsourcing revenues reflected strong growth, driven by most industry groups across all geographic regions, led by Life Sciences and Automotive. This growth was partially offset by declines in Retail in Americas, and Air Freight & Travel Services and Consumer Goods & Services in EMEA. Consulting revenues reflected modest growth, driven by most industry groups in EMEA, led by Retail and Consumer Goods & Services, and Consumer Goods & Services in Asia Pacific. This growth was partially offset by declines in Retail in Asia Pacific and Infrastructure & Transportation Services in EMEA.

Resources net revenues were flat in local currency. Outsourcing revenues reflected slight growth, driven by Energy in Americas, partially offset by declines in Chemicals, Utilities and Natural Resources in Americas. Consulting revenues were flat, as growth in Energy in Asia Pacific and EMEA and Chemicals in Americas were offset by declines in Natural Resources across all geographic regions. Some of our clients, primarily in Natural Resources, continued to reduce their level of consulting investments. In addition, several large systems integration projects have ended or have transitioned to smaller phases and demand for our services has moderated. We expect these trends will continue to impact Resources year-over-year net revenue growth in the near term.

Geographic Regions

Americas net revenues increased 4% in local currency, driven by the United States, partially offset by declines in Canada and Brazil.

- EMEA net revenues were flat in local currency, as growth led by Switzerland, France, the United Kingdom, Germany and Italy was offset by declines in Spain, Finland and South Africa.

• Asia Pacific net revenues increased 4% in local currency, driven by Japan and Thailand.

Operating Expenses

Operating expenses for the six months ended February 28, 2014 were \$13,325 million, an increase of \$377 million, or 3%, over the six months ended February 28, 2013, and increased as a percentage of revenues to 86.7% from 85.4% during this period. Operating expenses before reimbursable expenses for the six months ended February 28, 2014 were \$12,447 million, an increase of \$382 million, or 3%, over the six months ended February 28, 2013, and increased as a percentage of net revenues to 85.9% from 84.5% during this period. Operating expenses for the six months ended February 28, 2013 included reorganization benefits of \$224 million as a result of final determinations of certain reorganization liabilities established in connection with our transition to a corporate structure in 2001.

Cost of Services

Cost of services for the six months ended February 28, 2014 was \$10,688 million, an increase of \$123 million, or 1%, over the six months ended February 28, 2013, and decreased as a percentage of revenues to 69.5% from 69.7% during this period. Cost of services before reimbursable expenses for the six months ended February 28, 2014 was \$9,810 million, an increase of \$128 million, or 1%, over the six months ended February 28, 2013, and decreased as a percentage of net revenues to 67.7% from 67.8% during this period. Gross margin for the six months ended February 28, 2014 increased to 32.3% from 32.2% for the six months ended February 28, 2013. There were several factors affecting cost of services and gross margin in the first half of fiscal 2014. We experienced lower consulting and outsourcing contract profitability compared to the same period in fiscal 2013, primarily due to pricing pressures and higher payroll costs and, to a lesser extent, lower margins in the early stages of a few large contracts. In addition, we made higher investments associated with acquisitions and offerings. We accrued lower variable compensation in the first half of fiscal 2014 compared to the same period in fiscal 2013, which largely offset the impacts noted above. We also directed a higher proportion of resource capacity to selling and other business development activities, which are recorded as sales and marketing costs.

Sales and Marketing

Sales and marketing expense for the six months ended February 28, 2014 was \$1,765 million, an increase of \$63 million, or 4%, over the six months ended February 28, 2013, and increased as a percentage of net revenues to 12.2% from 11.9% during this period, as we directed a higher percentage of resource capacity to selling and other business development activities resulting in a greater amount of payroll costs for our client-services personnel being directed to sales and marketing rather than to other activities, which are typically captured in cost of services. This impact was partially offset by a reduction in variable compensation compared to the six months ended February 28, 2013.

General and Administrative Costs

General and administrative costs for the six months ended February 28, 2014 were \$890 million, a decrease of \$15 million, or 2%, from the six months ended February 28, 2013, and decreased as a percentage of net revenues to 6.1% from 6.3% during this period.

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Operating Income and Operating Margin

Operating income for the six months ended February 28, 2014 was \$2,042 million, a decrease of \$171 million, or 8%, from the six months ended February 28, 2013. During the second quarter of fiscal 2013, we recorded reorganization benefits of \$224 million, which increased operating margin by 160 basis points. Excluding the effects of the fiscal 2013 reorganization benefits, operating margin for the six months ended February 28, 2014 increased 20 basis points compared with the six months ended February 28, 2013.

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

	Six Months Ended February 28, 2014		2013		
	Operating Income	Operating Margin	Operating Income	Operating Margin	
	(in millions of U.S. dollars)				
Communications, Media & Technology	\$335	12	% \$409	14	%
Financial Services	473	15	485	16	
Health & Public Service	325	13	332	14	
Products	453	13	500	15	
Resources	457	18	488	19	
Total	\$2,042	14.1	% \$2,213	15.5	%

Amounts in table may not total due to rounding.

Operating Income and Operating Margin Excluding Reorganization Benefits (Non-GAAP)

	Six Months Ended February 28, 2014			2013			
	Operating Income and Operating Margin as Reported (GAAP)			Operating Income and Operating Margin Excluding Reorganization Benefits (Non-GAAP)			
	Operating Income	Operating Margin	Operating Income (GAAP)	Reorganization Benefits (1)	Operating Income (2)	Operating Margin (2)	Increase (Decrease)
	(in millions of U.S. dollars)						
Communications, Media & Technology	\$335	12	% \$409	\$43	\$365	13	% \$(30)
Financial Services	473	15	485	48	437	14	36
Health & Public Service	325	13	332	39	292	12	33
Products	453	13	500	53	447	13	6
Resources	457	18	488	40	447	17	10
Total	\$2,042	14.1	% \$2,213	\$224	\$1,989	13.9	% \$53

Amounts in table may not total due to rounding.

(1) Represents reorganization benefits related to final determinations of certain reorganization liabilities established in connection with our transition to a corporate structure during 2001.

We have presented Operating income and operating margin excluding reorganization benefits, as we believe the effect of the reorganization benefits on Operating income and operating margin facilitates understanding as to both the impact of these benefits and our operating performance.

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During the six months ended February 28, 2014, each operating group benefited from a reduction in variable compensation compared to the six months ended February 28, 2013. The commentary below provides additional insight into other factors affecting operating group performance and operating margin for the six months ended February 28, 2014 compared with the six months ended February 28, 2013, exclusive of the reorganization benefit recorded in fiscal 2013:

Communications, Media & Technology operating income was impacted by lower contract profitability including delivery inefficiencies on a few large outsourcing contracts. Operating income was also impacted by higher sales and marketing costs as a percentage of net revenues.

Financial Services operating income was impacted by lower contract profitability, higher sales and marketing costs as a percentage of net revenues, and a decline in consulting revenue. Operating income was favorably impacted by outsourcing revenue growth.

Health & Public Service operating income was impacted by lower contract profitability.

Products operating income was impacted by lower consulting contract profitability including delivery inefficiencies on a few contracts and higher sales and marketing costs as a percentage of net revenues. Operating income was favorably impacted by revenue growth.

Resources operating income was impacted by lower consulting contract profitability and higher sales and marketing costs as a percentage of net revenues.

Provision for (Benefit from) Income Taxes

The effective tax rate for the six months ended February 28, 2014 was 24.6%, compared with 12.3% for the six months ended February 28, 2013. During the second quarter of fiscal 2013, we recorded a benefit of \$243 million related to settlements of U.S. federal tax audits for fiscal years 2006 through 2009. The effective tax rate for the six months ended February 28, 2013 was also impacted by reorganization benefits of \$224 million, which increased income before income taxes without any increase in income tax expense. Absent these items, our effective tax rate for the six months ended February 28, 2013 would have been 25.8%.

Our provision for income taxes is based on many factors and subject to volatility year to year. We expect the fiscal 2014 annual effective tax rate to be in the range of 25.5% to 26.5%. As a result of the benefits mentioned above, the fiscal 2013 annual effective tax rate was 18.1%.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the six months ended February 28, 2014 was \$111 million, a decrease of \$42 million, or 27%, from the six months ended February 28, 2013. The decrease was due to lower Net income of \$419 million and a reduction in the Accenture SCA Class I common shares and Accenture Canada Holdings Inc. exchangeable shares average noncontrolling ownership interest to 6% for the six months ended February 28, 2014 from 7% for the six months ended February 28, 2013.

Earnings Per Share

Diluted earnings per share were \$2.18 for the six months ended February 28, 2014, compared with \$2.71 for the six months ended February 28, 2013. The \$0.53 decrease in our earnings per share included the impact of the \$243 million tax benefit related to settlements of U.S. federal tax audits, which increased earnings per share for the six months ended February 28, 2013 by \$0.34, and reorganization benefits of \$224 million, which increased earnings per share for the six months ended February 28, 2013 by \$0.31. Excluding the impact of these benefits, earnings per share for the six months ended February 28, 2014 increased \$0.12 compared with earnings per share for the six months ended February 28, 2013, due to increases of \$0.06 from lower weighted average shares outstanding, \$0.06 from higher revenues and operating results and \$0.03 from a lower effective tax rate. These increases were partially offset by a decrease of \$0.03 from lower 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."

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Liquidity and Capital Resources

Our primary sources of liquidity are cash flows from operations, available cash reserves and debt capacity available under various credit facilities. In addition, we could raise additional funds through public or private debt or equity financings. We may use our available or additional funds to, among other things:

• facilitate purchases, redemptions and exchanges of shares and pay dividends;

• acquire complementary businesses or technologies;

• take advantage of opportunities, including more rapid expansion; or

• develop new services and solutions.

As of February 28, 2014, Cash and cash equivalents was \$3.7 billion, compared with \$5.6 billion as of August 31, 2013.

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

	Six Months Ended February 28,		
	2014	2013	Change
	(in millions of U.S. dollars)		
Net cash provided by (used in):			
Operating activities	\$474	\$525	\$(52)
Investing activities	(743)	(472)	(271)
Financing activities	(1,715)	(1,043)	(672)
Effect of exchange rate changes on cash and cash equivalents	33	(14)	47
Net decrease in cash and cash equivalents	\$(1,952)	\$(1,004)	\$(947)

Amounts in table may not total due to rounding.

Operating activities: The reduction in operating cash flow was primarily due to changes in operating assets and liabilities, including an approximately \$300 million decrease in variable compensation accruals, partially offset by higher collections on net client balances (receivables from clients, current and non-current unbilled services and deferred revenues). Operating cash flow in fiscal 2013 included a discretionary cash contribution of \$500 million made to our U.S. defined benefit pension plan, which had a net impact of \$350 million, after tax.

Investing activities: The \$271 million increase in cash used was primarily due to increased spending on business acquisitions. For additional information, see Note 5 (Business Combinations and Goodwill) to our Consolidated Financial Statements under Item 1, "Financial Statements."

Financing activities: The \$672 million increase in cash used was primarily due to an increase in the net purchases of shares and an increase in cash dividends paid. For additional information, see Note 6 (Material Transactions Affecting Shareholders' Equity) to our Consolidated Financial Statements under Item 1, "Financial Statements."

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

Table of Contents**Borrowing Facilities**

As of February 28, 2014, we had the following borrowing facilities, including the issuance of letters of credit, to support general working capital purposes:

	Facility Amount (in millions of U.S. dollars)	Borrowings Under Facilities
Syndicated loan facility	\$1,000	\$—
Separate, uncommitted, unsecured multicurrency revolving credit facilities	549	—
Local guaranteed and non-guaranteed lines of credit	177	—
Total	\$1,725	\$—

Amounts in table may not total due to rounding.

Under the borrowing facilities described above, we had an aggregate of \$168 million of letters of credit outstanding as of February 28, 2014.

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 SCA Class I common shares and Accenture Canada Holdings Inc. exchangeable shares held by our current and former members of Accenture Leadership and their permitted transferees.

As of February 28, 2014, our aggregate available authorization was \$5,753 million for our publicly announced open-market share purchase and these other share purchase programs.

Our share purchase activity during the six months ended February 28, 2014 was as follows:

	Accenture plc Class A Ordinary Shares		Accenture SCA Class I Common Shares and Accenture Canada Holdings Inc. Exchangeable Shares	
	Shares (in millions of U.S. dollars, except share amounts)	Amount	Shares	Amount
Open-market share purchases (1)	14,540,429	\$1,123	—	\$—
Other share purchase programs			1,109,996	88
Other purchases (2)	3,259,582	250	—	—
Total	17,800,011	\$1,373	1,109,996	\$88

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

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

During the six months ended February 28, 2014, 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

(2) 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 2014. 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 SCA Class I common 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.

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Other Share Redemptions

During the six months ended February 28, 2014, we issued 593,483 Accenture plc Class A ordinary shares upon redemptions of an equivalent number of Accenture SCA Class I common 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 SCA Class I common 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 second quarter of fiscal 2014, see Part II, Item 2, “Unregistered Sales of Equity Securities and Use of Proceeds.”

Subsequent Development

On March 25, 2014, the Board of Directors of Accenture plc declared a semi-annual cash dividend of \$0.93 per share on our Class A ordinary shares for shareholders of record at the close of business on April 11, 2014. Accenture plc will cause Accenture SCA to declare a semi-annual cash dividend of \$0.93 per share on its Class I common shares for shareholders of record at the close of business on April 8, 2014. Both dividends are payable on May 15, 2014.

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. These arrangements with clients can include provisions whereby we have joint and several liability in relation to the performance of certain contractual obligations along with third parties also providing services and products for a specific project. In addition, our consulting arrangements may include warranty provisions that our solutions will substantially operate in accordance with the applicable system requirements. Indemnification provisions are also included in arrangements under which we agree to hold the indemnified party harmless with respect to third party claims related to such matters as title to assets sold or licensed or certain intellectual property rights.

Typically, we have contractual recourse against third parties for certain payments made by us in connection with arrangements where third party nonperformance has given rise to the client’s claim. Payments by us under any of the arrangements described above are generally conditioned on the client making a claim which may be disputed by us, typically under dispute resolution procedures specified in the particular arrangement. The limitations of liability under these arrangements may be expressly limited or may not be expressly specified in terms of time and/or amount. For arrangements with unspecified limitations, we 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, 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 8 (Commitments and Contingencies) to our Consolidated Financial Statements under Item 1, “Financial Statements.”

Recently Adopted Accounting Pronouncement

In September 2013, we adopted guidance issued by the Financial Accounting Standards Board (“FASB”), which requires enhanced disclosures about certain financial instruments and derivative instruments that are offset in the Consolidated Balance Sheets or that are subject to enforceable master netting arrangements. The guidance also requires the disclosure of the gross amounts subject to rights of offset, amounts of offset and the related net exposure. The adoption of this guidance did not have a material impact on our Consolidated Financial Statements. For additional information related to master netting arrangements, see Note 7 (Derivative Financial Instruments) to our Consolidated Financial Statements under Item 1, “Financial Statements.”

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the six months ended February 28, 2014, 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, 2013. For a discussion of our market risk associated with foreign currency risk, interest rate risk and equity price risk as of August 31, 2013, 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, 2013.

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ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the second quarter of fiscal 2014 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

We are involved in a number of judicial and arbitration proceedings concerning matters arising in the ordinary course of our business. We and/or our personnel also from time to time are involved in investigations by various regulatory or legal authorities concerning matters arising in the course of our business around the world. We do not expect that any of these matters, individually or in the aggregate, will have a material impact on our results of operations or financial condition.

We currently maintain the types and amounts of insurance customary in the industries and countries in which we operate, including coverage for professional liability, general liability and management liability. We consider our insurance coverage to be adequate both as to the risks and amounts for the businesses we conduct.

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, 2013. 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, 2013.

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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 second quarter of fiscal 2014.

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)
December 1, 2013 — December 31, 2013				
Class A ordinary shares	2,941,704	\$77.56	1,703,457	\$ 6,186
Class X ordinary shares	107,555	\$0.0000225	—	—
January 1, 2014 — January 31, 2014				
Class A ordinary shares	3,432,192	\$82.12	2,786,803	\$ 5,926
Class X ordinary shares	345,403	\$0.0000225	—	—
February 1, 2014 — February 28, 2014				
Class A ordinary shares	2,184,649	\$80.98	2,040,960	\$ 5,753
Class X ordinary shares	247,052	\$0.0000225	—	—
Total				
Class A ordinary shares (4)	8,558,545	\$80.26	6,531,220	
Class X ordinary shares (5)	700,010	\$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 second quarter of fiscal 2014, we purchased 6,531,220 Accenture plc Class A ordinary shares under this program for an aggregate price of \$527 million. The open-market purchase program does not have an expiration date.

(3) As of February 28, 2014, our aggregate available authorization for share purchases and redemptions was \$5,753 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 February 28, 2014, the Board of Directors of Accenture plc has authorized an aggregate of \$25.1 billion for purchases and redemptions of Accenture plc Class A ordinary shares, Accenture SCA Class I common shares or Accenture Canada Holdings Inc. exchangeable shares.

(4) During the second quarter of fiscal 2014, Accenture purchased 2,027,325 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) During the second quarter of fiscal 2014, we redeemed 700,010 Accenture plc Class X ordinary shares pursuant to our articles of association. Accenture plc Class X ordinary shares are redeemable at their par value of \$0.0000225 per share.

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Purchases and Redemptions of Accenture SCA Class I Common Shares and Accenture Canada Holdings Inc. Exchangeable Shares

The following table provides additional information relating to our purchases and redemptions of Accenture SCA Class I common shares and Accenture Canada Holdings Inc. exchangeable shares for cash during the second quarter of fiscal 2014. 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 SCA Class I common 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 SCA				
December 1, 2013 — December 31, 2013				
Class I common shares	155,165	\$81.21	—	—
January 1, 2014 — January 31, 2014				
Class I common shares	354,103	\$83.05	—	—
February 1, 2014 — February 28, 2014				
Class I common shares	84,232	\$80.98	—	—
Total				
Class I common shares	593,500	\$82.27	—	—
Accenture Canada Holdings Inc.				
December 1, 2013 — December 31, 2013				
Exchangeable shares	25,009	\$81.16	—	—
January 1, 2014 — January 31, 2014				
Exchangeable shares	11,750	\$81.83	—	—
February 1, 2014 — February 28, 2014				
Exchangeable shares	6,000	\$81.91	—	—
Total				
Exchangeable shares	42,759	\$81.45	—	—

- During the second quarter of fiscal 2014, we acquired a total of 593,500 Accenture SCA Class I common shares and 42,759 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 second quarter of fiscal 2014, we issued 330,012 Accenture plc Class A ordinary shares upon redemptions of an equivalent number of Accenture SCA Class I common shares pursuant to the registration statement.
- (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. As of February 28, 2014, our aggregate available authorization for share purchases and redemptions was \$5,753 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 February 28, 2014, the Board of Directors of Accenture plc has authorized an aggregate of \$25.1 billion for purchases and redemptions of Accenture plc Class A ordinary shares, Accenture SCA Class I common shares or Accenture Canada Holdings Inc. exchangeable shares.
- (2)
- (3)

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ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) None.

(b) None.

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ITEM 6. EXHIBITS

Exhibit Index:

Exhibit 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 9, 2012)
10.1	Form of Articles of Association of Accenture SCA, updated as of November 15, 2010 (incorporated by reference to Exhibit 10.1 to the November 30, 2010 10-Q)
10.2	Form of Key Executive Performance-Based Award Restricted Share Unit Agreement pursuant to the Amended and Restated Accenture plc 2010 Share Incentive Plan
10.3	Form of Senior Officer Performance Equity Award Restricted Share Unit Agreement pursuant to the Amended and Restated Accenture plc 2010 Share Incentive Plan
10.4	Form of Accenture Leadership Performance Equity Award Restricted Share Unit Agreement pursuant to the Amended and Restated Accenture plc 2010 Share Incentive Plan
10.5	Form of Voluntary Equity Investment Program Matching Grant Restricted Share Unit Agreement pursuant to the Amended and Restated Accenture plc 2010 Share Incentive Plan
10.6	Form of Restricted Share Unit Agreement for director grants pursuant to the Amended and Restated Accenture plc 2010 Share Incentive Plan
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
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
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
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
101	The following financial information from Accenture plc's Quarterly Report on Form 10-Q for the quarterly period ended February 28, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of February 28, 2014 (Unaudited) and August 31, 2013, (ii) Consolidated Income Statements (Unaudited) for the three and six months ended February 28, 2014 and 2013, (iii) Consolidated Statements of Comprehensive Income (Unaudited) for the three and six months ended February 28, 2014 and 2013, (iv) Consolidated Shareholders' Equity Statement (Unaudited) for the six months ended February 28, 2014, (v) Consolidated Cash Flows Statements (Unaudited) for the six months ended February 28, 2014 and 2013 and (vi) the Notes to Consolidated Financial Statements (Unaudited)

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SIGNATURES

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

Date: March 27, 2014

ACCENTURE PLC

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

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