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

FORM 10-K

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

For the Fiscal Year Ended May 31, 2019

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

Commission File No. 0-11399

Cintas Corporation

(Exact name of registrant as specified in its charter)

Washington	**31-1188630**
(State or Other Jurisdiction of Incorporation)	*(IRS Employer Identification Number)*

6800 Cintas Boulevard
P.O. Box 625737
Cincinnati, Ohio 45262-5737

(Address of Principal Executive Offices)

Registrant's Telephone Number, Including Area Code: **(513) 459-1200**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, no par value	CTAS	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES ✓ NO ___

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES ___ NO ✓

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 every Interactive Data File required to be submitted 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 such files.

YES ✓ NO ___

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

Large Accelerated Filer	✓	Accelerated Filer ___	Non-Accelerated Filer ___
Smaller Reporting Company	___	Emerging Growth Company ___	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ____

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).

YES ___ NO ✓

The aggregate market value of the Registrant's Common Stock held by non-affiliates as of November 30, 2018, was $19,698,043,866 based on a closing sale price of $187.38 per share. As of June 30, 2019, 184,831,098 shares of the Registrant's Common Stock were issued and 102,487,039 shares were outstanding.

Documents Incorporated by Reference

Portions of the Registrant's Proxy Statement to be filed with the Commission for its 2019 Annual Meeting of Shareholders are incorporated by reference in Part III of this Form 10-K.

Cintas Corporation
Index to Annual Report on Form 10-K

Part I

Item 1. Business

Cintas Corporation (Cintas, Company, we, us or our), a Washington corporation, helps more than one million businesses of all types and sizes, primarily in North America, as well as Latin America, Europe and Asia, get **Ready™** to open their doors with confidence every day by providing a wide range of products and services that enhance our customers' image and help keep their facilities and employees clean, safe and looking their best. With products and services including uniforms, floor care, restroom supplies, first aid and safety products, fire extinguishers and testing, and safety and compliance training, Cintas helps customers get **Ready for the Workday™.** Cintas was founded in 1968 by Richard T. Farmer, currently the Chairman Emeritus of the Board of Directors, when he left his family's industrial laundry business in order to develop uniform programs using an exclusive new fabric. In the early 1970's, Cintas acquired the family industrial laundry business. Over the years, Cintas developed additional products and services that complemented its core uniform business and broadened the scope of products and services available to its customers.

Cintas' reportable operating segments are Uniform Rental and Facility Services and First Aid and Safety Services. The Uniform Rental and Facility Services reportable operating segment consists of the rental and servicing of uniforms and other garments, including flame resistant clothing, mats, mops and shop towels and other ancillary items. In addition to these rental items, restroom cleaning services and supplies, carpet and tile cleaning services and the sale of items from our catalogs to our customers on route are included within this reportable operating segment. The First Aid and Safety Services reportable operating segment consists of first aid and safety products and services. The remainder of Cintas' business, which consists of Fire Protection Services and its Uniform Direct Sale business, is included in All Other.

On March 21, 2017, Cintas completed the acquisition of G&K Services, Inc. (G&K). G&K is a wholly-owned subsidiary of Cintas that operates within the Uniform Rental and Facility Services operating segment. In fiscal 2018, Cintas sold a significant business referred to as "Discontinued Services." Prior to the sale of Discontinued Services, the operations were primarily included in All Other and classified as held for sale. In accordance with the applicable accounting guidance for the disposal of long-lived assets and discontinued operations, the results of Discontinued Services have been excluded from both continuing operations and operating segment results for all periods presented. Please see Note 17 entitled Discontinued Operations of "Notes to Consolidated Financial Statements" for additional information.

We provide our products and services to over one million businesses of all types, from small service and manufacturing companies to major corporations that employ thousands of people. This diversity in customer base results in no individual customer accounting for greater than one percent of Cintas' total revenue. As a result, the loss of one account would not have a significant financial impact on Cintas.

The following table sets forth Cintas' total revenue and the revenue derived from each reportable operating segment and All Other for the fiscal years ended May 31:

(In thousands)	**2019**	2018	2017
Uniform Rental and Facility Services	$ 5,552,430	$ 5,247,124	$ 4,202,490
First Aid and Safety Services	619,470	564,706	508,233
All Other	720,403	664,802	612,658
Total Revenue	$ 6,892,303	$ 6,476,632	$ 5,323,381

Additional information regarding each reportable operating segment and All Other is also included in Note 15 entitled Operating Segment Information of "Notes to Consolidated Financial Statements."

The primary markets served by all Cintas businesses are local in nature and highly fragmented. Cintas competes with national, regional and local providers, and the level of competition varies at each of Cintas' local operations. Product, design, price, quality, service and convenience to the customer are the competitive elements in each of our businesses.

Within the Uniform Rental and Facility Services reportable operating segment, Cintas provides its products and services to customers via local delivery routes originating from rental processing plants and branches. Within the First Aid and Safety Services reportable operating segment and All Other, Cintas provides its products and services via its distribution network and local delivery routes or local representatives. In total, Cintas has approximately 11,400 local delivery routes, 470 operational facilities and 11 distribution centers. At May 31, 2019, Cintas employed approximately 45,000 employee-partners, of which approximately 1,600 were represented by labor unions.

Cintas sources finished products from many outside suppliers. In addition, Cintas operates five manufacturing facilities that provide for standard uniform needs. Cintas purchases fabric, used in the manufacturing of it's products, from several suppliers. Cintas is not aware of any circumstances that would hinder its ability to continue obtaining these materials.

Cintas is subject to various environmental laws and regulations, as are other companies in the uniform rental industry. While environmental compliance is not a material component of its costs, Cintas must incur capital expenditures and associated operating costs, primarily for water treatment and waste removal, on a regular basis. Environmental spending related to water treatment and waste removal was approximately $21 million in fiscal 2019 and approximately $20 million in fiscal 2018. Capital expenditures to limit or monitor hazardous substances totaled approximately $10 million in fiscal 2019 and approximately $2 million in fiscal 2018.

Cintas uses its corporate website, www.cintas.com, as a channel for routine distribution of important information, including news releases, analyst presentations and financial information. Cintas files with or furnishes to the Securities and Exchange Commission (SEC) Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports, as well as proxy statements and annual reports to shareholders, and, from time to time, other documents. The reports and other documents filed with or furnished to the SEC are available to investors on or through our corporate website free of charge as soon as reasonably practicable after we electronically file them with or furnish them to the SEC. The SEC maintains an internet site located at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers, such as Cintas, that file electronically with the SEC. Cintas' SEC filings can be found on the Investors page of its website at www.cintas.com/investors/highlights.aspx and its Code of Conduct and Business Ethics can be found on the About Us page of its website at www.cintas.com/company. These documents are available in print to any shareholder who requests a copy by writing or calling Cintas as set forth on the Investor Information page. The content on any website referred to in this Annual Report on Form 10-K is not incorporated by reference into this Form 10-K unless expressly noted.

Item 1A. Risk Factors

The statements in this section describe the most significant risks that could materially and adversely affect our business, consolidated financial condition and consolidated results of operation and the trading price of our debt or equity securities.

In addition, this section sets forth statements which constitute our cautionary statements under the Private Securities Litigation Reform Act of 1995.

This Annual Report on Form 10-K contains forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor from civil litigation for forward-looking statements. Forward-looking statements may be identified by words such as "estimates," "anticipates," "predicts," "projects," "plans," "expects," "intends," "target," "forecast," "believes," "seeks," "could," "should," "may" and "will" or the negative versions thereof and similar words, terms and expressions and by the context in which they are used. Such statements are based upon current expectations of Cintas and speak only as of the date made. You should not place undue reliance on any forward-looking statement. We cannot guarantee that any forward-looking statement will be realized. These statements are subject to various risks, uncertainties, potentially inaccurate assumptions and other factors that could cause actual results to differ from those set forth in or implied by this Annual Report. Factors that might cause such a difference include, but are not limited to, risks inherent with the G&K transaction in the achievement of cost synergies and the timing thereof, including whether the transaction will be accretive and within the expected timeframe and the actual amounts of future integration expenses; the possibility of greater than anticipated operating costs including energy and fuel costs; lower sales volumes; loss of customers due to outsourcing trends; the performance and costs of integration of acquisitions, including G&K; fluctuations in costs of materials and labor including increased medical costs; costs and possible effects of union organizing activities; failure to comply with government regulations concerning employment discrimination, employee pay and benefits and employee health and safety; the effect on operations of exchange rate fluctuations, tariffs and other political, economic and regulatory risks; uncertainties regarding any existing or newly-discovered expenses and liabilities related to environmental compliance and remediation; the cost, results and ongoing assessment of internal controls for financial reporting required by the Sarbanes-Oxley Act of 2002; the effect of new accounting pronouncements; costs of our SAP system implementation; disruptions caused by the inaccessibility of computer systems data, including cybersecurity risks; the initiation or outcome of litigation, investigations or other proceedings; higher assumed sourcing or distribution costs of products; the disruption of operations from catastrophic or extraordinary events; the amount and timing of repurchases of our common stock, if any; changes in federal and state tax and labor laws; and the reactions of competitors in terms of price and service. Cintas undertakes no obligation to publicly release any revisions to any forward-looking statements or to otherwise update any forward-looking statements whether as a result of new information or to reflect events, circumstances or any other unanticipated developments arising after the date on which such statements are made, except otherwise as required by law. The risks and uncertainties described herein are not the only ones we may face. Additional risks and uncertainties presently not known to us or that we currently believe to be immaterial may also harm our business.

Negative global economic factors may adversely affect our financial performance.

Negative economic conditions, in North America and our other markets, may adversely affect our financial performance. Higher levels of unemployment, inflation, tax rates and other changes in tax laws and other economic factors could adversely affect the demand for Cintas' products and services. Increases in labor costs, including the cost to provide employee-partner related healthcare benefits, minimum wages, labor shortages or shortages of skilled labor, regulations regarding the classification of employees and/or their eligibility for overtime wages, higher material costs for items such as fabrics and textiles, the inability to obtain insurance coverage at cost-effective rates, higher interest rates, inflation, higher tax rates and other changes in tax laws and other economic factors could increase our costs of rental uniforms and facility services, cost of other services and selling and administrative expenses. As a result, these factors could adversely affect our sales and consolidated results of operations.

Increased competition could adversely affect our financial performance.

We operate in highly competitive industries and compete with national, regional and local providers. Product, design, price, quality, service and convenience to the customer are the competitive elements in these industries. If existing or future competitors seek to gain or retain market share by reducing prices, Cintas may be required to lower prices, which would hurt its results of operations. Cintas' competitors also generally compete with Cintas for acquisition candidates, which can increase the price for acquisitions and reduce the number of available acquisition candidates. In addition, our customers and prospects may decide to perform certain services in-house instead of outsourcing these services to us. These competitive pressures could adversely affect our sales and consolidated results of operations.

An inability to open new, cost effective operating facilities may adversely affect our expansion efforts.

We plan to expand our presence in existing markets and enter new markets. The opening of new operating facilities is necessary to gain the capacity required for this expansion. Our ability to open new operating facilities depends on our ability to identify attractive locations, negotiate leases or real estate purchase agreements on acceptable terms, identify and obtain adequate utility and water sources and comply with environmental regulations, zoning laws and other similar factors. Any inability to effectively identify and manage these items may adversely affect our expansion efforts, and, consequently, adversely affect our financial performance.

Risks associated with our acquisition practice could adversely affect our results of operations.

Historically, a portion of our growth has come from acquisitions. We continue to evaluate opportunities for acquiring businesses that may supplement our internal growth. However, there can be no assurance that we will be able to locate and purchase suitable acquisitions. In addition, the success of any acquisition, including the ability to realize anticipated cost synergies, depends in part on our ability to integrate the acquired company. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our management's attention and our financial and other resources. If management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, we may not be able to realize anticipated cost synergies resulting from acquisitions and our business could suffer. Although we conduct due diligence investigations prior to each acquisition, there can be no assurance that we will discover or adequately protect against all material liabilities of an acquired business for which we may be responsible as a successor owner or operator. The failure to identify suitable acquisitions and successfully integrate these acquired businesses, or to discover liabilities associated with such businesses in the diligence process, could adversely affect our consolidated results of operations.

Our indebtedness may limit cash flow available to invest in the ongoing needs of our business.

Our outstanding indebtedness may have negative consequences on our business, such as requiring us to dedicate a substantial portion of our cash flow from operations to the payment of debt service, reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, dividend increases, stock buybacks and other general corporate purposes, as well as increase our vulnerability to adverse economic or industry conditions. In addition, it may limit our ability to obtain additional financing in the future to enable us to react to changes in our business or industry or place us at a competitive disadvantage compared to businesses in our industry that have less debt.

Changes in the fuel and energy industry could adversely affect our financial condition and results of operations.

The price of fuel and energy needed to run our vehicles and equipment is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for fuel and other energy related products, actions by energy producers, war and unrest in oil producing countries, regional production patterns, limits on refining capacities, natural disasters and environmental concerns. Increases in fuel and energy costs could adversely affect our consolidated financial condition and consolidated results of operations.

Failure to preserve positive labor relationships with our employees could adversely affect our consolidated results of operations.

While we believe that our employee relations are good, we have been and could continue to be the target of a unionization campaign by several unions. These unions have attempted to pressure Cintas into surrendering its employees' rights to a government-supervised election by unilaterally accepting union representation. We will continue to vigorously oppose any unionization campaign and defend our employees' rights to a government-supervised election. Unionization campaigns could be materially disruptive to our business and could adversely affect our consolidated results of operations.

Risks associated with the suppliers from whom our products are sourced could adversely affect our results of operations.

The products we sell are sourced from a wide variety of domestic and international suppliers. Global sourcing of many of the products we sell is an important factor in our financial performance. We require all our suppliers to comply with applicable laws, including labor and environmental laws, and otherwise be certified as meeting our required supplier standards of conduct. Our ability to find qualified suppliers who meet our standards, and to access products in a timely and efficient manner is a significant challenge, especially with respect to suppliers located and goods sourced outside the United States. Political and economic stability in the countries in which foreign suppliers are located, the financial stability of suppliers, suppliers' failure to meet our supplier standards, labor problems experienced by our suppliers, the availability of raw materials to suppliers, currency exchange rates, transport availability and cost, inflation and other factors relating to the suppliers and the countries in which they are located are beyond our control. In addition, U.S. and foreign trade policies, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods or of goods containing certain materials from other countries and other factors relating to foreign trade are beyond our control. These and other factors affecting our suppliers and our access to products could adversely affect our consolidated results of operations.

Fluctuations in foreign currency exchange could adversely affect our financial condition and results of operations.

We earn revenue, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. dollar, including the Canadian dollar, British pound, and the euro. In fiscal years 2019, 2018 and 2017, revenue denominated in currencies other than the U.S. dollar represented less than 10% of our consolidated revenue. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenue, income and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, fluctuations in the value of the U.S. dollar against other major currencies, particularly in the event of significant increases in foreign currency revenue, will impact our revenue and operating income and the value of balance sheet items denominated in foreign currencies. This impact could adversely affect our consolidated financial condition and consolidated results of operations.

Failure to comply with federal and state regulations to which we are subject could result in penalties or costs that could adversely affect our results of operations.

Our business is subject to complex and stringent state and federal regulations, including employment laws and regulations, minimum wage requirements, overtime requirements, working condition requirements, citizenship requirements, transportation and other laws and regulations. In particular, we are subject to the regulations promulgated by the U.S. Department of Transportation, or USDOT, and under the Occupational Safety and Health Act of 1970, as amended, or OSHA. We have incurred, and will continue to incur, capital and operating expenditures and other costs in the ordinary course of our business in complying with the USDOT, OSHA and other laws and regulations to which we are subject. Changes in laws, regulations and the related interpretations, including any laws or regulations that may be enacted by the current U.S. presidential administration and Congress, may alter the landscape in which we do business and may affect our costs of doing business. The impact of new laws and regulations cannot be predicted. Compliance with new laws and regulations may increase our operating costs or require significant capital expenditures. Any failure to comply with applicable laws or regulations could result in substantial fines by government authorities, payment of damages to private litigants, or possible revocation of our authority to conduct our operations, which could adversely affect our ability to service customers and our consolidated results of operations.

We are subject to legal proceedings that may adversely affect our financial condition and results of operations.

We are subject to various litigation claims and legal proceeding arising from the ordinary course of our business, including personal injury, customer contract, environmental and employment claims. Certain of these lawsuits or potential future lawsuits, if decided adversely to us or settled by us, may result in liability and expense material to our consolidated financial condition and consolidated results of operations.

Compliance with environmental laws and regulations could result in significant costs that adversely affect our results of operations.

Our operating locations are subject to environmental laws and regulations relating to the protection of the environment and health and safety matters, including those governing discharges of pollutants to the air and water, the management and disposal of hazardous substances and wastes and the clean-up of contaminated sites. The operation of our businesses entails risks under environmental laws and regulations. We could incur significant costs, including clean-up costs, fines and sanctions and claims by third parties for property damage and personal injury, as a result of violations of or liabilities under these laws and regulations. We are currently involved in a limited number of remedial investigations and actions at various locations, including those acquired in the G&K acquisition. While based on information currently known to us, we believe that we maintain adequate reserves with respect to these matters, our liability could exceed forecasted amounts, and the imposition of additional clean-up obligations or the discovery of additional contamination at these or other sites could result in significant additional costs which could adversely affect our results of operations. In addition, potentially significant expenditures could be required to comply with environmental laws and regulations, including requirements that may be adopted or imposed in the future.

Under applicable environmental laws, an owner or operator of real estate may be required to pay the costs of removing or remediating hazardous materials located on or emanating from property, whether or not the owner or operator knew of or was responsible for the presence of such hazardous materials. While we regularly engage in environmental due diligence in connection with acquisitions, we can give no assurance that locations that have been acquired or leased have been operated in compliance with environmental laws and regulations during prior periods or that future uses or conditions will not make us liable under these laws or expose us to third-party actions, including tort suits.

We rely extensively on computer systems to process transactions, maintain information and manage our businesses. Disruptions in the availability of computer systems due to implementation of a new system or otherwise, or privacy breaches involving computer systems, could impact our ability to service our customers and adversely affect our sales, results of operations and reputation and expose us to litigation risk.

Our businesses rely on our computer systems to provide customer information, process customer transactions and provide other general information necessary to manage our businesses. We have an active disaster recovery plan in place that is frequently reviewed and tested. However, our computer systems are subject to damage or interruption due to system conversions, such as our current conversion to SAP enterprise system, power outages, computer or telecommunication failures, catastrophic events such as fires, tornadoes and hurricanes and usage errors by our employees. Although we believe that we have adopted appropriate measures to mitigate potential risks to our technology and our operations from these information technology-related and other potential disruptions, given the unpredictability of the timing, nature and scope of such disruptions, we could potentially be subject to production downtimes, operational delays and interruptions in our ability to provide products and services to our customers. Any disruption caused by the unavailability of our computer systems could adversely affect our sales, could require us to make a significant investment to fix or replace them and, therefore, could adversely affect our consolidated results of operations. In addition, cyber-security attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data. If the network of security controls, policy enforcement mechanisms and monitoring systems to address these threats to our technology fails, the compromising of confidential or otherwise protected Company, customer, or employee information, destruction or corruption of data, security breaches, or other manipulation or improper use of our systems and networks could result in financial losses from remedial actions, loss of business or potential liability and damage to our reputation.

Failure to achieve and maintain effective internal controls could adversely affect our business and stock price.

Effective internal controls are necessary for us to provide reliable financial reports. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the consolidated financial statement preparation and presentation. While we continue to evaluate our internal controls, we cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. If we fail to maintain the adequacy of our internal controls or if we or our independent registered public accounting firm were to discover material weaknesses in our internal controls, as such standards are modified, supplemented or amended, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Failure to achieve and maintain an effective internal control environment could cause us to be unable to produce reliable financial reports or prevent fraud. This may cause investors to lose confidence in our reported financial information, which could have a material adverse effect on our stock price.

We may experience difficulties in attracting and retaining competent personnel in key positions.

We believe that a key component of our success is our corporate culture, which has been imparted by management throughout our corporate organization. This factor, along with our entire operation, depends on our ability to attract and retain key employees. Competitive pressures within and outside our industry may make it more difficult and expensive for us to attract and retain key employees which could adversely affect our businesses.

Unexpected events could negatively impact our operations and adversely affect our results of operations.

Unexpected events, including fires or explosions at facilities, severe weather conditions, natural disasters such as hurricanes and tornadoes, war or terrorist activities, unplanned outages, supply disruptions, failure of equipment or systems or changes in laws and/or regulations impacting our businesses, could adversely affect our consolidated results of operations. These events could result in customer disruption, physical damage to one or more key operating facilities, the temporary closure of one or more key operating facilities or the temporary disruption of information systems. In addition, negative publicity, whether warranted or not, impacting brand image perception could adversely affect our consolidated results of operations.

We may recognize impairment charges, which could adversely affect our financial condition and results of operations.

We assess our goodwill and other intangible assets and our long-lived assets for impairment when required by U.S. Generally Accepted Accounting Principles (U.S. GAAP). These accounting principles require that we record an impairment charge if circumstances indicate that the asset carrying values exceed their estimated fair values. The estimated fair value of these assets is impacted by general economic conditions in the locations in which we operate. Deterioration in these general economic conditions may result in: declining revenue, which can lead to excess capacity and declining operating cash flow; reductions in management's estimates for future revenue and operating cash flow growth; increases in borrowing rates and other deterioration in factors that impact our weighted average cost of capital; and deteriorating real estate values. If our assessment of goodwill, other intangible assets or long-lived assets indicates an impairment of the carrying value for which we recognize an impairment charge, this may adversely affect our consolidated financial condition and consolidated results of operations.

The effects of credit market volatility and changes in our credit ratings could adversely affect our liquidity and results of operations.

Our operating cash flows, combined with access to the credit markets, provide us with significant discretionary funding capacity. However, deterioration in the global credit markets may limit our ability to access credit markets, which could adversely affect our liquidity and/or increase our cost of borrowing. In addition, credit market deterioration and its actual or perceived effects on our results of operations and financial condition, along with deterioration in general economic conditions, may increase the likelihood that the major independent credit agencies will downgrade our credit ratings, which could increase our cost of borrowing. Increases in our cost of borrowing could adversely affect our consolidated results of operations.

Increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters could adversely impact our financial results.

Changes in tax laws or regulations in the jurisdictions in which we do business, or other tax law implementations or interpretations, could increase our effective tax rate, restrict our ability to repatriate undistributed offshore earnings, or impose new restrictions, costs or prohibitions on our current practices and reduce our net income and adversely affect our cash flows.

We are also subject to tax audits, including with respect to transfer pricing, in the United States and other jurisdictions and our tax positions may be challenged by tax authorities. Although we believe that our current tax provisions are reasonable and appropriate, there can be no assurance that these items will be settled for the amounts accrued, that additional tax exposures will not be identified in the future or that additional tax reserves will not be necessary for any such exposures. Any increase in the amount of taxation incurred as a result of challenges to our tax filing positions could result in a material adverse effect on our business, results of operations and financial condition.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Cintas occupies 481 facilities located in 332 cities. Cintas leases 249 of these facilities for various terms ranging from monthly to the year 2032. Cintas expects that it will be able to renew or replace its leases on satisfactory terms. Of the five manufacturing facilities noted below, Cintas controls the operations of one manufacturing facility, but does not own or lease the real estate related to the operation. All remaining facilities are owned. The principal executive office in Cincinnati, Ohio, provides centrally located administrative functions including accounting, finance, marketing and computer system development and support. Cintas operates rental processing plants that house administrative, sales and service personnel and the necessary equipment involved in the cleaning of uniforms and bulk items, such as entrance mats and shop towels. Branch operations provide administrative, sales and service functions. Cintas operates 11 distribution centers and five manufacturing facilities. Cintas also operates first aid and safety and fire protection facilities and direct sales offices. Cintas considers the facilities it operates to be adequate for their intended use. Cintas owns or leases approximately 20,000 vehicles which are used for the route-based services and by the sales and management employee-partners.

The following chart provides additional information concerning Cintas' facilities:

Type of Facility	# of Facilities
Rental Processing Plants	211
Rental Branches	142
First Aid and Safety Facilities	60
All Other Facilities	52
Distribution Centers	11 [(1)]
Manufacturing Facilities	5
Total	481

[(1)] Includes the principal executive office, which is attached to the distribution center in Cincinnati, Ohio.

Rental processing plants, rental branches, distribution centers and manufacturing facilities are used in Cintas' Uniform Rental and Facility Services reportable operating segment. First aid and safety facilities, rental processing plants and distribution centers are used in the First Aid and Safety Services reportable operating segment. Rental processing plants, rental branches, first aid and safety facilities, fire protection facilities, direct sales offices, distribution centers and manufacturing facilities are all utilized by the businesses included in All Other.

Item 3. Legal Proceedings

Cintas is subject to legal proceedings, insurance receipts, legal settlements and claims arising from the ordinary course of its business, including personal injury, customer contract, environmental and employment claims. In the opinion of management, the aggregate liability, if any, with respect to such ordinary course of business actions will not have a material adverse effect on the consolidated financial position, consolidated results of operations or consolidated cash flows of Cintas.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Cintas' common stock is traded on the NASDAQ Global Select Market under the symbol "CTAS." The following table provides the high and low sales prices of shares of Cintas' common stock by quarter during the last two fiscal years:

Fiscal 2019		
Quarter Ended	High	Low
May 2019	$ 227.64	$ 191.91
February 2019	$ 207.33	$ 155.98
November 2018	$ 217.34	$ 168.02
August 2018	$ 214.75	$ 182.20

Fiscal 2018		
Quarter Ended	High	Low
May 2018	$ 184.22	$ 162.11
February 2018	$ 172.91	$ 147.38
November 2017	$ 157.81	$ 131.75
August 2017	$ 139.74	$ 123.00

Holders

At May 31, 2019, there were approximately 2,000 shareholders of record of Cintas' common stock. Cintas believes that this represents approximately 144,000 beneficial owners.

Dividends

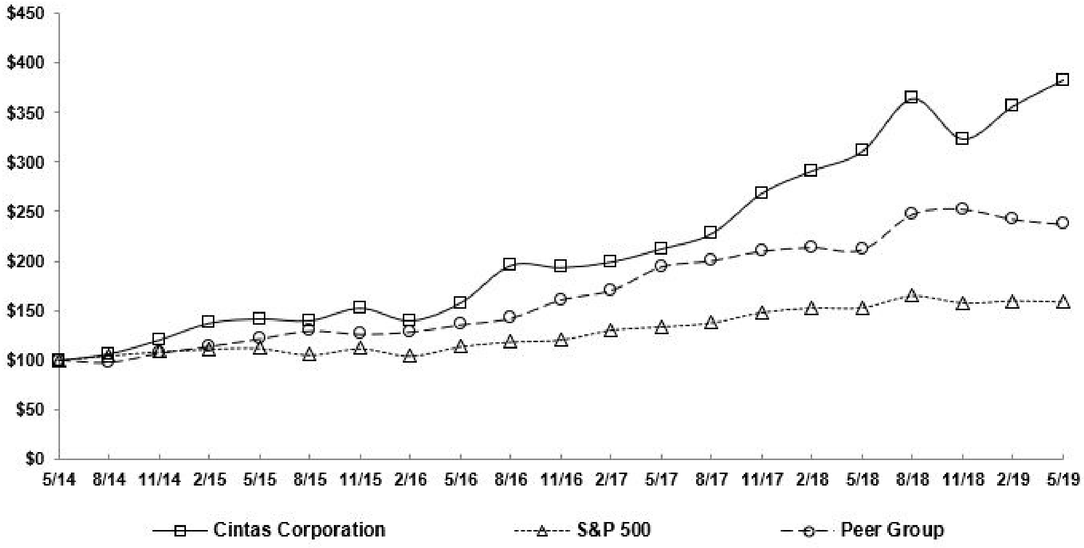
Dividends on Cintas' outstanding common stock have been paid annually and amounted to $2.05 per share, $1.62 per share and $1.33 per share in fiscal 2019, 2018 and 2017, respectively.

Stock Performance Graph

The following graph summarizes the cumulative return on $100 invested in Cintas' common stock, the S&P 500 Stock Index and the common stocks of a selected peer group of companies. Because our products and services are diverse, Cintas does not believe that any single published industry index is appropriate for comparing shareholder return. Therefore, the peer group used in the performance graph combines publicly traded companies in the business services industry that have similar characteristics as Cintas for each fiscal year, such as route based delivery of products and services. The companies included in the Peer Group are UniFirst Corporation, ABM Industries, Inc. and Rollins, Inc.

Total shareholder return was based on the increase in the price of the common stock and assumed reinvestment of all dividends. Further, total return was weighted according to market capitalization of each company. The companies in the Peer Group are not the same as those considered by the Compensation Committee of the Board of Directors.

Total Shareholder Returns
Comparison of Five-Year Cumulative Total Return



Purchases of Equity Securities by the Issuer and Affiliated Purchases

Period (In millions, except share and per share data)	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of the publicly announced plan (1)	Maximum approximate dollar value of shares that may yet be purchased under the plan (1)
March 1 - 31, 2019 (2)	410,974	$ 203.25	410,051	$ 780.1
April 1 - 30, 2019 (3)	34,342	$ 214.57	34,030	$ 772.8
May 1 - 31, 2019 (4)	1,433,251	$ 221.17	1,429,730	$ 456.6
Total	1,878,567	$ 217.13	1,873,811	$ 456.6

(1) On October 30, 2018, Cintas announced that the Board of Directors authorized a $1.0 billion share buyback program, which does not have an expiration date. From the inception of the October 30, 2018 share buyback program through May 31, 2019, Cintas has purchased a total of 2.7 million shares of Cintas common stock at an average price of $203.30 per share for a total purchase price of $543.4 million.

(2) During March 2019, Cintas acquired 923 shares of Cintas common stock in satisfaction of employee payroll taxes due on restricted stock awards that vested during the fiscal year. These shares were purchased at an average price of $200.72 per share for a total purchase price of $0.2 million.

(3) During April 2019, Cintas acquired 312 shares of Cintas common stock in satisfaction of employee payroll taxes due on restricted stock awards that vested during the fiscal year. These shares were purchased at an average price of $216.87 per share for a total purchase price of $0.1 million.

(4) During May 2019, Cintas acquired 3,521 shares of Cintas common stock in satisfaction of employee payroll taxes due on restricted stock awards that vested during the fiscal year. These shares were purchased at an average price of $221.76 per share for a total purchase price of $0.8 million.

Item 6. Selected Financial Data

Five-Year Financial Summary

(In thousands except per share and percentage data)

Fiscal Years Ended May 31,	2015[1]	2016[1]	2017[1][3]	2018[1]	**2019[1][2]**	Compound Annual Growth (2015-2019)
Revenue	$ 4,369,677	$ 4,795,772	$ 5,323,381	$ 6,476,632	$ 6,892,303	12.1%
Net Income, Continuing Operations	402,553	448,605	457,286	783,932	882,635	21.7%
Net Income, Discontinued Operations	28,065	244,915	23,422	58,654	2,346	(46.2)%
Net Income	$ 430,618	$ 693,520	$ 480,708	$ 842,586	$ 884,981	19.7%
Basic Earnings Per Share:						
Continuing Operations	$ 3.44	$ 4.08	$ 4.27	$ 7.24	$ 8.23	24.4%
Discontinued Operations	0.24	2.22	0.22	0.54	0.02	(46.3)%
Basic Earnings Per Share	$ 3.68	$ 6.30	$ 4.49	$ 7.78	$ 8.25	22.4%
Diluted Earnings Per Share:						
Continuing Operations	$ 3.39	$ 4.02	$ 4.17	$ 7.03	$ 7.97	23.8%
Discontinued Operations	0.24	2.19	0.21	0.53	0.02	(46.3)%
Diluted Earnings Per Share	$ 3.63	$ 6.21	$ 4.38	$ 7.56	$ 7.99	21.8%
Dividends Per Share	$ 1.70	$ 1.05	$ 1.33	$ 1.62	$ 2.05	4.8%
Total Assets [4]	$ 4,185,675	$ 4,098,815	$ 6,844,057	$ 6,958,214	$ 7,436,662	15.5%
Shareholders' Equity	$ 1,932,455	$ 1,842,659	$ 2,302,793	$ 3,016,526	$ 3,002,721	11.6%
Return on Average Equity [5]	19.5%	23.8%	22.1%	29.5%	29.3%	
Long-Term Debt [4]	$ 1,293,215	$ 1,294,422	$ 3,133,524[6]	$ 2,535,309	$ 2,849,771	

(1) In accordance with the applicable accounting guidance for the disposal of long-lived assets and discontinued operations, the results of Discontinued Services, Shredding and Storage have been excluded from continuing operations for all periods presented. Please see Note 17 entitled Discontinued Operations of "Notes to Consolidated Financial Statements" for additional information.

(2) In accordance with the applicable accounting guidance for revenue from contracts with customers, Cintas capitalizes commission expenses and amortizes them on a straight-line basis over the expected period of benefit. The current and noncurrent assets related to capitalized contract costs included in the consolidated balance sheet at May 31, 2019, totaled $69.6 million and $206.0 million, respectively. Historical periods presented prior to fiscal 2019 do not include capitalized contract costs, and, as a result, the information may not be comparable. Please see Note 2 entitled Revenue Recognition of "Notes to Consolidated Financial Statements" for additional information.

(3) Includes G&K results of operations from March 21, 2017 through May 31, 2017. Historical periods presented prior to fiscal 2017 do not include G&K, and, as a result, the information may not be comparable.

(4) In accordance with the applicable accounting guidance for simplifying the presentation of debt issuance costs, the debt costs related to recognized debt liabilities have been excluded from Total Assets and reclassified to Long-Term Debt as a direct deduction from the carrying amount of the debt liabilities. The impact of this change in accounting principle on balances previously reported for fiscal 2016 and 2015 were reclassifications of $5.6 million and $6.8 million, respectively, from other assets to long-term liabilities.

(5) Return on average equity is computed as net income from continuing operations divided by the average of shareholders' equity. We believe that disclosure of this non-GAAP financial measure gives management and shareholders a good indication of Cintas' historical performance.

(6) Includes issuance of approximately $2.1 billion in debt to fund the G&K acquisition. Please see Note 7 entitled Debt and Derivatives of "Notes to Consolidated Financial Statements" for additional information.

Item 7. Management's Discussion and Analysis
of Financial Condition and Results of Operations

Business Strategy

Cintas helps more than one million businesses of all types and sizes, primarily in North America, as well as Latin America, Europe and Asia, get **Ready™** to open their doors with confidence every day by providing a wide range of products and services that enhance our customers' image and help keep their facilities and employees clean, safe and looking their best. With products and services including uniforms, floor care, restroom supplies, first aid and safety products, fire extinguishers and testing and safety and compliance training, Cintas helps customers get **Ready for the Workday™.**

We are North America's leading provider of corporate identity uniforms through rental and sales programs, as well as a significant provider of related business services, including entrance mats, restroom cleaning services and supplies, carpet and tile cleaning services, first aid and safety services and fire protection products and services.

Cintas' principal objective is "to exceed customers' expectations in order to maximize the long-term value of Cintas for shareholders and working partners," and it provides the framework and focus for Cintas' business strategy. This strategy is to achieve revenue growth for all our products and services by increasing our penetration at existing customers and by broadening our customer base to include business segments to which we have not historically served. We will also continue to identify additional product and service opportunities for our current and future customers.

To pursue the strategy of increasing penetration, we have a highly talented and diverse team of service professionals visiting our customers on a regular basis. This frequent contact with our customers enables us to develop close personal relationships. The combination of our distribution system and these strong customer relationships provides a platform from which we launch additional products and services.

We pursue the strategy of broadening our customer base in several ways. Cintas has a national sales organization introducing all our products and services to prospects in all business segments. Our broad range of products and services allows our sales organization to consider any type of business a prospect. We also broaden our customer base through geographic expansion, especially in our first aid and safety and fire protection businesses. Finally, we evaluate strategic acquisitions as opportunities arise.

Results of Operations

Cintas classifies its business into two reportable operating segments and places the remainder of its operating segments in an All Other category. Cintas' two reportable operating segments are Uniform Rental and Facility Services and First Aid and Safety Services. The Uniform Rental and Facility Services reportable operating segment, consists of the rental and servicing of uniforms and other garments including flame resistant clothing, mats, mops and shop towels and other ancillary items. In addition to these rental items, restroom cleaning services and supplies, carpet and tile cleaning services and the sale of items from our catalogs to our customers on route are included within this reportable operating segment. The First Aid and Safety Services reportable operating segment consists of first aid and safety products and services. The remainder of Cintas' business, which consists of Fire Protection Services and its Uniform Direct Sale business, is included in All Other. These operating segments consist of fire protection products and services and the direct sale of uniforms and related items. Cintas evaluates operating segment performance based on revenue and income before income taxes. Revenue and income before income taxes for each of these reportable operating segments for the years ended May 31, 2019, 2018 and 2017 are presented in Note 15 entitled Operating Segment Information of "Notes to Consolidated Financial Statements." The Company regularly reviews its operating segments for reporting purposes based on the information its chief operating decision maker regularly reviews for purposes of allocating resources and assessing performance and makes changes when appropriate.

On March 21, 2017, Cintas completed the acquisition of G&K Services, Inc. (G&K). G&K is a wholly-owned subsidiary of Cintas that operates within the Uniform Rental and Facility Services operating segment. In fiscal 2018, Cintas sold a significant business referred to as "Discontinued Services." Prior to the sale of Discontinued Services, the operations were primarily included in All Other and classified as held for sale. In accordance with the applicable accounting guidance for the disposal of long-lived assets and discontinued operations, the results of Discontinued Services have been excluded from both continuing operations and operating segment results for all periods presented. See Note 17 entitled Discontinued Operations of "Notes to Consolidated Financial Statements" for additional information.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)," to clarify revenue recognition principles. This guidance is intended to improve disclosure requirements and enhance the comparability of revenue recognition practices. Cintas adopted this ASU, and all the related amendments, effective June 1, 2018 using the modified retrospective method. See Note 1 entitled Significant Accounting Policies and Note 2 entitled Revenue Recognition of "Notes to Consolidated Financial Statements" for more information.

The following table sets forth certain consolidated statements of income data as a percent of revenue by reportable operating segment, All Other and in total for the fiscal years ended May 31:

	2019	2018	2017
Revenue:			
Uniform Rental and Facility Services	80.6%	81.0%	79.0%
First Aid and Safety Services	9.0%	8.7%	9.5%
All Other	10.4%	10.3%	11.5%
Total revenue	100.0%	100.0%	100.0%
Cost of sales:			
Uniform Rental and Facility Services	54.5%	55.0%	54.9%
First Aid and Safety Services	52.0%	52.9%	54.7%
All Other	57.4%	57.5%	58.3%
Total cost of sales	54.6%	55.1%	55.3%
Gross margin:			
Uniform Rental and Facility Services	45.5%	45.0%	45.1%
First Aid and Safety Services	48.0%	47.1%	45.3%
All Other	42.6%	42.5%	41.7%
Total gross margin	45.4%	44.9%	44.7%
Selling and administrative expenses:			
Uniform Rental and Facility Services	27.6%	28.6%	27.1%
First Aid and Safety Services	33.4%	33.7%	34.9%
All Other	33.3%	33.9%	34.5%
Total selling and administrative expenses	28.7%	29.6%	28.7%
G&K Services, Inc. transaction and integration expenses	0.2%	0.6%	1.5%
Gain on sale of a cost method investment	1.0%	—%	—%
Interest expense, net	1.5%	1.7%	1.6%
Income from continuing operations before income taxes	16.0%	13.0%	12.9%

Fiscal 2019 Compared to Fiscal 2018

Fiscal 2019 total revenue was $6.9 billion, an increase of 6.4% over the prior fiscal year. Revenue increased organically by 6.5% as a result of increased sales volume. Organic growth adjusts for the impact of acquisitions, divestitures and foreign currency exchange rate fluctuations. Total revenue was positively impacted by 0.2% due to acquisitions and negatively impacted by 0.3% due to foreign currency exchange rate fluctuations.

Organic growth by quarter for fiscal 2019 is as follows:

	Organic Growth
First Quarter Ended August 31, 2018	5.2%
Second Quarter Ended November 30, 2018	7.0%
Third Quarter Ended February 28, 2019	6.0%
Fourth Quarter Ended May 31, 2019	7.6%
For the Fiscal Year Ended May 31, 2019	6.5%

Uniform Rental and Facility Services reportable operating segment revenue consists predominantly of revenue derived from the rental of corporate identity uniforms and other garments, including flame resistant clothing, and the rental and/or sale of mats, mops, shop towels, restroom supplies and other rental services. Revenue from the Uniform Rental and Facility Services reportable operating segment increased 5.8% compared to fiscal 2018 due to an organic growth increase of 6.1%. Revenue growth was negatively impacted by 0.3% due to foreign currency exchange rate fluctuations. Revenue growth was a result of new business, the penetration of additional products and services into existing customers and price increases, partially offset by lost business. New business growth resulted from an increase in the number and productivity of sales representatives. Generally, sales productivity improvements are due to increased tenure and improved training, which produce a higher number of products and services sold.

Other revenue, consisting of revenue from the First Aid and Safety Services reportable operating segment and All Other, increased 9.0% compared to fiscal 2018. Revenue increased organically by 7.8% primarily due to improved sales representative productivity. Revenue growth was positively impacted by 1.2% due to acquisitions.

Cost of uniform rental and facility services increased 4.9% compared to fiscal 2018. Cost of uniform rental and facility services consists primarily of production expenses, delivery expenses and the amortization of in service inventory, including uniforms, mats, shop towels and other ancillary items. The cost of uniform rental and facility services increase compared to fiscal 2018 was due to increased Uniform Rental and Facility Services reportable operating segment sales volume from organic growth.

Cost of other consists primarily of cost of goods sold (predominantly first aid and safety products, uniforms and fire protection products), delivery expenses and distribution expenses in the First Aid and Safety Services reportable operating segment and All Other. Cost of other increased 8.1% in fiscal 2019 compared to fiscal 2018. The increase was primarily related to the increased sales volumes in the First Aid and Safety Services reportable operating segment and All Other.

Selling and administrative expenses increased $63.9 million, or 3.3%, compared to fiscal 2018 primarily due to increases in labor and other employee-partner related expenses.

Operating income in both fiscal 2019 and 2018 was negatively impacted by $14.4 million and $41.9 million, respectively, of integration expenses incurred in connection with the G&K acquisition. The after-tax effect of these integration expenses represents a negative impact on diluted earnings per share of $0.10 per share in fiscal 2019 and $0.26 per share in fiscal 2018.

During fiscal 2019, Cintas sold a cost method investment for $73.3 million, resulting in a pre-tax gain of $69.4 million. The after-tax effect of the gain represents a positive impact on diluted earnings per share of $0.47 per share.

Net interest expense (interest expense less interest income) was $100.5 million in fiscal 2019 compared to $108.8 million in fiscal 2018. The decrease in net interest expense was primarily due to lower debt outstanding during the fiscal 2019 as a result of the payment of $300.0 million aggregate principal amount of our 6.13% 10-year senior notes that matured on December 1, 2017. Also, during fiscal 2018, Cintas paid off the term loan balance of $250.0 million with cash on hand.

Income before income taxes was $1,102.4 million, an increase of $261.4 million, or 31.1%, compared to fiscal 2018. The increase in income before income taxes was primarily due to revenue growing at a faster pace than expenses, the gain on sale of a cost method investment and the decrease in integration expenses.

Cintas' effective tax rate on continuing operations was 19.9% for fiscal 2019 compared to 6.8% in fiscal 2018. The effective tax rate in both periods was impacted by certain discrete items (primarily the tax accounting for stock-based compensation). The effective tax rate for fiscal 2018 was also largely impacted by the one-time revaluation of deferred tax assets and liabilities as a result of the Tax Cuts and Jobs Act (Tax Act).

Net income from continuing operations for fiscal 2019 of $882.6 million was a 12.6% increase compared to fiscal 2018. Diluted earnings per share from continuing operations of $7.97 was a 13.4% increase compared to fiscal 2018. Diluted earnings per share from continuing operations increased primarily due to the increase in earnings from continuing operations explained above.

Uniform Rental and Facility Services Reportable Operating Segment

Uniform Rental and Facility Services reportable operating segment revenue increased $305.3 million, or 5.8%, and the cost of uniform rental and facility services increased $140.6 million, or 4.9%, due to the reasons previously discussed. The reportable operating segment's fiscal 2019 gross margin was 45.5% of revenue compared to 45.0% in fiscal 2018. The increase in gross margin was driven by new business sold by sales representatives, penetration of additional products and services into existing customers and continuous improvements in process efficiency.

Selling and administrative expenses for the Uniform Rental and Facility Services reportable operating segment increased $33.1 million in fiscal 2019 compared to fiscal 2018. Selling and administrative expense as a percent of revenue for fiscal 2019 was 27.6% compared to 28.6% in fiscal 2018. The decrease in selling and administrative expenses as a percent of revenue was due to revenue growing at a faster pace than labor and employee-partner related expenses and a one-time cash payment to employee-partners during fiscal 2018 following the enactment of the Tax Act.

The Uniform Rental and Facility Services reportable operating segment incurred $14.4 million and $41.9 million of integration expenses directly related to the G&K acquisition in fiscal 2019 and 2018, respectively. The expenses incurred in fiscal 2019 consisted primarily of facility closure expenses.

Income before income taxes increased $159.1 million to $976.7 million for fiscal 2019 compared to fiscal 2018. Income before income taxes as a percent of revenue at 17.6% increased 200 basis points from 15.6% in fiscal 2018. The increase was primarily due to the increase in sales, the one-time cash payment to employee-partners in the prior year and the reduction in G&K integration expenses.

First Aid and Safety Services Reportable Operating Segment

First Aid and Safety Services reportable operating segment revenue increased $54.8 million in fiscal 2019, an 9.7% increase compared to fiscal 2018. Revenue increased organically by 9.7% as a result of increased sales volume. Revenue growth was positively impacted by 0.1% due to acquisitions and negatively impacted by 0.1% due to foreign currency exchange rate fluctuations.

Cost of sales for the First Aid and Safety Services reportable operating segment increased $23.5 million, or 7.9%, in fiscal 2019, primarily due to higher sales volume. Gross margin for the First Aid and Safety Services reportable operating segment is defined as revenue less cost of goods, warehouse expenses, service expenses and training expenses. The gross margin as a percent of revenue was 48.0% for fiscal 2019 compared to 47.1% in fiscal 2018. The increase was primarily driven by improved sourcing, leveraging of existing warehouses and optimization of delivery routes.

Selling and administrative expenses for the First Aid and Safety Services reportable operating segment increased by $16.4 million, or 8.6%, in fiscal 2019 compared to fiscal 2018. Selling and administrative expenses as a percent of revenue were 33.4% in fiscal 2019 compared to 33.7% in fiscal 2018. The decrease in selling and administrative expenses as a percent of revenue was due to revenue growing at a faster pace than labor and employee-partner related expenses and the one-time cash payment to employee-partners during fiscal 2018.

Income before income taxes for the First Aid and Safety Services reportable operating segment was $90.1 million in fiscal 2019, an increase of $14.9 million, or 19.8%, compared to fiscal 2018. Income before income taxes as a percent of revenue at 14.5%, increased from 13.3% in fiscal 2018 due to the previously discussed growth in revenue, improvement in the gross margin percentage and improvement in selling and administrative expenses as a percent of revenue.

Fiscal 2018 Compared to Fiscal 2017

Fiscal 2018 total revenue was $6.5 billion, an increase of 21.7% over the prior fiscal year. Revenue increased organically by 7.1% as a result of increased sales volume. Organic growth adjusts for the impact of acquisitions, divestitures and foreign currency exchange rate fluctuations. Total revenue was positively impacted by 14.3% due to acquisitions, primarily G&K. Revenue growth was positively impacted by 0.3% due to foreign currency exchange rate fluctuations.

Organic growth by quarter for fiscal 2018 is as follows:

	Organic Growth
First Quarter Ended August 31, 2017	8.3%
Second Quarter Ended November 30, 2017	7.7%
Third Quarter Ended February 28, 2018	7.8%
Fourth Quarter Ended May 31, 2018	5.1%
For the Fiscal Year Ended May 31, 2018	7.1%

Uniform Rental and Facility Services reportable operating segment revenue consists predominantly of revenue derived from the rental of corporate identity uniforms and other garments, including flame resistant clothing, and the rental and/or sale of mats, mops, shop towels, restroom supplies and other rental services. Revenue from the Uniform Rental and Facility Services reportable operating segment increased 24.9% compared to fiscal 2017. Revenue was positively impacted by 17.9% due to acquisitions, primarily G&K. The remaining increase primarily resulted from an organic growth increase in revenue of 6.7%. The amount of new business grew, resulting from an increase in the number and productivity of sales representatives. Generally, sales productivity improvements are the result of increased tenure and improved training, which result in a higher number of products and services sold. Revenue growth was positively impacted by 0.3% due to foreign currency exchange rate fluctuations.

Other revenue, consisting of revenue from the First Aid and Safety Services reportable operating segment and All Other, increased 9.7% compared to fiscal 2017. Revenue increased organically by 8.6% due primarily to improved sales representative productivity. Revenue growth was positively impacted by 0.1% due to foreign currency exchange rate fluctuations. Acquisitions positively impacted revenue by 1.0%.

Cost of uniform rental and facility services increased 25.1% compared to fiscal 2017. Cost of uniform rental and facility services consists primarily of production expenses, delivery expenses and the amortization of in service inventory, including uniforms, mats, shop towels and other ancillary items. The cost of uniform rental and facility services increase compared to fiscal 2017 was due to increased Uniform Rental and Facility Services reportable operating segment sales volume from organic growth and the acquired G&K sales volume.

Cost of other consists primarily of cost of goods sold (predominantly first aid and safety products, uniforms and fire protection products), delivery expenses and distribution expenses in the First Aid and Safety Services reportable operating segment and All Other. Cost of other increased 7.2% in fiscal 2018 compared to fiscal 2017. The increase was primarily related to the increased sales volumes in the First Aid and Safety Services reportable operating segment and All Other.

Selling and administrative expenses increased $389.4 million, or 25.5%, compared to fiscal 2017 due primarily to a one-time cash payment to employee-partners, increased labor and other employee-partner related expenses as a result of the acquisition of G&K, increased amortization expense related to intangible assets acquired as a result of the G&K acquisition and increased costs related to investments in a new enterprise resource planning system. The one-time cash payment to employee-partners was made following the enactment of the Tax Act, which was signed into legislation by the President on December 22, 2017. The one-time cash payment to employee-partners amounted to an expense of approximately $40 million, or 0.6% of total revenue. Operating income for fiscal 2018 was negatively impacted by $41.9 millio n, or 0.6% of total revenue, from transaction and integration expenses incurred in connection with the G&K acquisition and $79.2 million, or 1.5% of total revenue, in fiscal 2017.

Net interest expense (interest expense less interest income) was $108.8 million in fiscal 2018 compared to $86.3 million in fiscal 2017. The increase in net interest expense is primarily due to the additional debt issued to finance the G&K acquisition.

Income before income taxes was $841.0 million, an increase of $153.6 million, or 22.3%, compared to fiscal 2017. The increase in income before income taxes was primarily due to revenue growing at a faster pace than expenses.

Cintas' effective tax rate on continuing operations was 6.8% for fiscal 2018 compared to 33.5% in fiscal 2017. The decrease was due to the impact of the Tax Act. The effective tax rate in fiscal 2017 was impacted by certain discrete items (primarily the tax accounting for stock-based compensation).

Net income from continuing operations for fiscal 2018 of $783.9 million was a 71.4% increase compared to fiscal 2017. Diluted earnings per share from continuing operations of $7.03 was a 68.6% increase compared to fiscal 2017. Diluted earnings per share from continuing operations increased primarily due to the lower effective tax rate as a result of the Tax Act, the gain on the sale of Discontinued Services and higher gross margin.

Uniform Rental and Facility Services Reportable Operating Segment

Uniform Rental and Facility Services reportable operating segment revenue increased $1,044.6 million, or 24.9%, and the cost of uniform rental and facility services increased $579.2 million, or 25.1%, as previously discussed. The reportable operating segment's fiscal 2018 gross margin was 45.0% of revenue compared to 45.1% in fiscal 2017. The slight decrease in gross margin was driven by the G&K acquisition, which had lower margins than the legacy Cintas margins. In addition, we incurred expected integration inefficiencies which impacted margins in the short-term.

Selling and administrative expenses for the Uniform Rental and Facility Services reportable operating segment increased $362.3 million in fiscal 2018 compared to fiscal 2017. Selling and administrative expense as a percent of revenue for fiscal 2018 was 28.6% compared to 27.1% in fiscal 2017. The increase in selling and administrative expenses for the Uniform Rental and Facility Services reportable operating segment was primarily related to a onetime cash payment to employee-partners, increased labor and employee-partner related expenses as a result of the G&K acquisition, increased amortization expense related to intangibles acquired as a result of the G&K acquisition and an investment in an enterprise resource planning system.

As a result of the G&K acquisition, the Uniform Rental and Facility Services reportable operating segment incurred $41.9 million of transaction and integration expenses directly related to the acquisition. The expenses incurred in fiscal 2018 consisted of lease cancellation costs, facility closure expenses and other integration related expenses.

Income before income taxes increased $140.5 million to $817.6 million for fiscal 2018 compared to fiscal 2017. Income before income taxes as a percent of revenue at 15.6% decreased 50 basis points from 16.1% in fiscal 2017. The decrease is primarily due to the increase in selling and administrative expenses as previously discussed.

First Aid and Safety Services Reportable Operating Segment

First Aid and Safety Services reportable operating segment revenue increased $56.5 million in fiscal 2018, an 11.1% increase compared to fiscal 2017. Revenue increased organically by 10.5% as a result of increased sales volume. Revenue growth was positively impacted by 0.5% due to acquisitions.

Cost of first aid and safety services increased $20.9 million, or 7.5%, in fiscal 2018, due primarily to higher sales volume. Gross margin for the First Aid and Safety Services reportable operating segment is defined as revenue less cost of goods, warehouse expenses, service expenses and training expenses. The gross margin as a percent of revenue was 47.1% for fiscal 2018 compared to 45.3% in fiscal 2017. The increase was driven primarily by improved sourcing, leveraging of existing warehouses and optimization of delivery routes.

Selling and administrative expenses for the First Aid and Safety Services reportable operating segment increased by $13.2 million, or 7.4%, in fiscal 2018 compared to fiscal 2017. The increase was due primarily to increased labor, including a one-time cash payment to employee-partners. Selling and administrative expenses as a percent of revenue were 33.7% in fiscal 2018 compared to 34.9% in fiscal 2017. The decrease in selling and administrative expenses as a percent of revenue was due to revenue growing at a faster pace than labor and employee-partner related expenses.

Income before income taxes was $75.2 million in fiscal 2018, an increase of $22.4 million, or 42.5%, compared to fiscal 2017. Income before income taxes as a percent of revenue at 13.3%, increased from 10.4% in fiscal 2017 due to the previously discussed growth in revenue, improvement in the gross margin percentage and improvement in selling and administrative expenses as a percent of revenue.

Liquidity and Capital Resources

The following table summarizes our cash flows and cash and cash equivalents as of and for the fiscal years ended May 31:

(In thousands)		**2019**		2018
Net cash provided by operating activities	$	1,067,862	$	964,160
Net cash used in investing activities	$	(235,638)	$	(135,698)
Net cash used in financing activities	$	(873,305)	$	(864,140)
Cash and cash equivalents at end of year	$	96,645	$	138,724

Cash and cash equivalents as of May 31, 2019 and 2018 include $28.5 million and $33.9 million, respectively, that is located outside of the United States.

Cash flows provided by operating activities have historically supplied us with a significant source of liquidity. We generally use these cash flows to fund most, if not all, of our operations and expansion activities and dividends on our common stock. We may also use cash flows provided by operating activities, as well as proceeds from long-term debt and short-term borrowings, to fund growth and expansion opportunities, as well as other cash requirements such as the repurchase of our common stock and payment of long-term debt.

Net cash provided by operating activities was $1.1 billion for fiscal 2019, which was an increase of $103.7 million compared to fiscal 2018. The increase was the result of higher net income and favorable changes in deferred taxes, partially offset by changes in working capital.

Net cash used in investing activities was $235.6 million in fiscal 2019 compared to $135.7 million in fiscal 2018. Capital expenditures were $276.7 million and $271.7 million for fiscal 2019 and fiscal 2018, respectively. Capital expenditures for fiscal 2019 included $220.4 million for the Uniform Rental and Facility Services reportable operating segment and $36.8 million for the First Aid and Safety Services reportable operating segment. Cash paid for acquisitions of businesses, net of cash acquired, was $9.8 million and $19.3 million for fiscal 2019 and fiscal 2018, respectively. The acquisitions in both fiscal 2019 and 2018 occurred in our Uniform Rental and Facility Services reportable operating segment, our First Aid and Safety Services reportable operating segment and our Fire Protection business, which is included in All Other. In fiscal 2019, investing activities included proceeds of $73.3 million from the sale of a cost method investment and $3.2 million from the sale of a business included in discontinued operations, and during fiscal 2018, included proceeds of $127.8 million related to the sale of Discontinued Services. Net cash used in investing activities also included $17.8 million of investment purchases during fiscal 2019 and net proceeds of $26.1 million from purchases and redemptions of marketable securities and investments during fiscal 2018.

Net cash used in financing activities was $873.3 million for fiscal 2019, compared to $864.1 million in fiscal 2018. The increase in fiscal 2019 from fiscal 2018 is primarily due to the repurchase of common stock in fiscal 2019. On August 2, 2016, we announced that the Board of Directors authorized a $500.0 million share buyback program. During fiscal 2019, under the August 2, 2016 share buyback program, we purchased a total of 2.1 million shares of Cintas common stock at an average price of $192.55 per share for a total purchase price of $410.0 million to complete the August 2, 2016 share buyback program. On October 30, 2018, we announced that the Board of Directors authorized a new $1.0 billion share buyback program, which does not have an expiration date. During fiscal 2019, under this new program, we purchased 2.7 million shares of Cintas common stock at an average price of $203.30 for a total purchase price of $543.4 million. During fiscal 2018, under the August 2, 2016 share buyback program, we purchased 0.5 million shares of Cintas common at an average price of $173.51 per share for a total purchase price of $90.0 million. Subsequent to May 31, 2019 through July 26, 2019, under the new share buyback program, Cintas purchased 0.8 million shares at an average price of $230.66 per share for a total purchase price of $193.1 million. From the inception of the October 30, 2018 share buyba ck program through July 26, 2019, Cintas has purchased a total of 3.5 million shares of Cintas common stock at an average price of $209.82 for a total purchase price of $736.5 million. Also, for the fiscal year ended May 31, 2019, Cintas acquired 0.3 million shares of Cintas common stock in satisfaction of employee payroll taxes due on restricted stock awards that vested during the fiscal year. These shares were acquired at an average price of $204.50 per share for a total purchase price of $62.9 million.

On October 30, 2018, Cintas declared an annual cash dividend of $2.05 per share on outstanding common stock, a 26.5% increase over the annual dividend paid in the prior year. The dividend was paid on December 7, 2018 to shareholders of record as of November 9, 2018. This marked the 36th consecutive year that Cintas has increased its annual dividend, every year since going public in 1983.

During the fiscal year ended May 31, 2019, Cintas issued a net total of $112.5 million of commercial paper and received proceeds of $200.0 million as a result of a new term loan. During fiscal 2018, Cintas paid a net total of $50.5 million of commercial paper and paid off the term loan balance of $250.0 million with cash on hand. On December 1, 2017, Cintas paid the $300.0 million aggregate principal amount of its 6.13% 10-year senior notes that matured on that date with cash on hand and proceeds from the issuance of commercial paper.

The following table summarizes Cintas' outstanding debt at May 31:

(In thousands)	Interest Rate	Fiscal Year Issued	Fiscal Year Maturity	**2019**	2018
Debt due within one year					
Commercial paper	2.68% (1)	2019	2020	$ 112,500	$ —
Term loan	3.06% (1)	2019	2020	200,000	—
Debt issuance costs				(236)	—
Total debt due within one year				$ 312,264	$ —
Debt due after one year					
Senior notes	4.30%	2012	2022	$ 250,000	$ 250,000
Senior notes	2.90%	2017	2022	650,000	650,000
Senior notes	3.25%	2013	2023	300,000	300,000
Senior notes (2)	2.78%	2013	2023	51,684	52,119
Senior notes (3)	3.11%	2015	2025	51,973	52,309
Senior notes	3.70%	2017	2027	1,000,000	1,000,000
Senior notes	6.15%	2007	2037	250,000	250,000
Debt issuance costs				(16,150)	(19,119)
Total debt due after one year				$ 2,537,507	$ 2,535,309

(1) Variable rate debt instrument. The rate presented is the variable borrowing rate at May 31, 2019.

(2) Cintas assumed these senior notes with the acquisition of G&K in the fourth quarter of fiscal 2017, and they were recorded at fair value. The interest rate shown above is the effective interest rate. The principal amount of these notes is $50.0 million with a stated interest rate of 3.73%.

(3) Cintas assumed these senior notes with the acquisition of G&K in the fourth quarter of fiscal 2017, and they were recorded at fair value. The interest rate shown above is the effective interest rate. The principal amount of these notes is $50.0 million with a stated interest rate of 3.88%.

The credit agreement that supports our commercial paper program was amended and restated on May 24, 2019. The amendment increased the capacity of the revolving credit facility from $600.0 million to $1.0 billion and created a new term loan of $200.0 million. The credit agreement has an accordion feature that provides Cintas the ability to request increases to the borrowing commitments under either the revolving credit facility or the term loan of up to $250.0 million in the aggregate, subject to customary conditions. The maturity date of the revolving credit facility is May 22, 2024, and the maturity date of the term loan is May 22, 2020, which can be extended 12 months, annually, for up to four years. As of May 31, 2019, there was $112.5 million of commercial paper outstanding with a weighted average interest rate of 2.7% and maturity dates less than 30 days and no borrowings on our revolving credit facility. No commercial paper or borrowings on our revolving credit facility were outstanding at May 31, 2018.

Cintas has certain covenants related to debt agreements. These covenants limit Cintas' ability to incur certain liens, to engage in sale-leaseback transactions and to merge, consolidate or sell all or substantially all of Cintas' assets. These covenants also require Cintas to maintain certain debt to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) and interest coverage ratios. Cross-default provisions exist between certain debt instruments. If a default of a significant covenant were to occur, the default could result in an acceleration of the maturity of the indebtedness, impair liquidity and limit the ability to raise future capital. Cintas was in compliance with all of the debt covenants for all periods presented.

Our access to the commercial paper and long-term debt markets has historically provided us with sources of liquidity. We do not anticipate having difficulty in obtaining financing from those markets in the future in view of our favorable experiences in the debt markets in the recent past. Our ability to continue to access the commercial paper and long-term debt markets on favorable interest rate and other terms will depend, to a significant degree, on the ratings assigned by the credit rating agencies to our indebtedness. As of May 31, 2019, our ratings were as follows:

Rating Agency	Outlook	Commercial Paper	Long-term Debt
Standard & Poor's	Stable	A-2	A-
Moody's Investors Service	Stable	P-2	A3

In the event that the ratings of our commercial paper or our outstanding long-term debt issues were substantially lowered or withdrawn for any reason, or if the ratings assigned to any new issue of long-term debt securities were significantly lower than those noted above, particularly if we no longer had investment grade ratings, our ability to access the debt markets may be adversely affected. In addition, in such a case, our cost of funds for new issues of commercial paper and long-term debt would be higher than our cost of funds would have been had the ratings of those new issues been at or above the level of the ratings noted above. The rating agency ratings are not recommendations to buy, sell or hold our commercial paper or debt securities. Each rating may be subject to revision or withdrawal at any time by the assigning rating organization and should be evaluated independently of any other rating. Moreover, each credit rating is specific to the security to which it applies.

To monitor our credit rating and our capacity for long-term financing, we consider various qualitative and quantitative factors. One such factor is the ratio of our total debt to EBITDA. For the purpose of this calculation, debt is defined as the sum of short-term borrowings, long-term debt due within one year, obligations under capital leases due in one year, long-term debt, long-term obligations under capital leases and standby letters of credit.

Contractual Obligations

	Payments Due by Period				
(In thousands)	Total	One year or less	Two to three years	Four to five years	After five years
Debt [1]	$ 2,862,500	$ 312,500	$ 900,000	$ 350,000	$ 1,300,000
Operating leases [2]	223,241	54,027	82,280	46,968	39,966
Interest payments [3]	708,985	102,802	185,685	115,370	305,128
Unconditional purchase obligations	—	—	—	—	—
Total contractual cash obligations	$ 3,794,726	$ 469,329	$ 1,167,965	$ 512,338	$ 1,645,094

(1) See Note 7 entitled Debt and Derivatives of "Notes to Consolidated Financial Statements" for a detailed presentation of Cintas' debt.

(2) Operating leases consist primarily of operational facility leases and vehicle leases.

(3) Interest payments could include interest on both fixed and variable rate debt. As of May 31, 2019, Cintas had approximately $312.5 million of variable rate debt outstanding, which consisted of $112.5 million of commercial paper and a $200.0 million term loan. The interest payments for variable rate debt were estimated using forecasted rates in future years.

Cintas also makes payments to defined contribution plans and may make payments to defined benefit plans to satisfy minimum funding requirements. The amount of contributions made to the defined contribution plans are at the discretion of the Board of Directors of Cintas. Future contributions to the defined contribution plans are expected to be $73.6 million in the next year, $158.4 million in the next two to three years and $174.7 million in the next four to five years. Future contributions to the defined benefit plans are expected to be $3.1 million in the next year, $6.1 million in the next two to three years and $6.1 million in the next four to five years.

Other Commitments

	Amount of Commitment Expiration per Period				
(In thousands)	Total	One year or less	Two to three years	Four to five years	After five years
Lines of credit [1]	$ 887,377	$ —	$ —	$ 887,377	$ —
Standby letters of credit and surety bonds [2]	120,637	120,637	—	—	—
Total other commitments	$ 1,008,014	$ 120,637	$ —	$ 887,377	$ —

(1) Back-up facility for the commercial paper program (reference Note 7 entitled Debt and Derivatives of "Notes to Consolidated Financial Statements" for further discussion).

(2) These standby letters of credit and surety bonds support certain outstanding debt (reference Note 7 entitled Debt and Derivatives of "Notes to Consolidated Financial Statements"), self-insured workers' compensation and general liability insurance programs.

Inflation and Changing Prices

Changes in wages, benefits and energy costs have the potential to materially impact Cintas' consolidated financial results. Management believes inflation has not had a material impact on Cintas' consolidated financial condition or a negative impact on consolidated results of operations.

Litigation and Other Contingencies

Cintas is subject to legal proceedings, insurance receipts, legal settlements and claims arising from the ordinary course of its business, including personal injury, customer contract, environmental and employment claims. In the opinion of management, the aggregate liability, if any, with respect to such ordinary course of business actions will not have a material adverse effect on the consolidated financial position, consolidated results of operations or consolidated cash flows of Cintas.

New Accounting Standards

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," to clarify revenue recognition principles. This guidance is intended to improve disclosure requirements and enhance the comparability of revenue recognition practices. Improved disclosures under the amended guidance relate to the nature, amount, timing and uncertainty of revenue that is recognized from contracts with customers. We adopted ASU 2014-09, and all the related amendments, effective June 1, 2018 using the modified retrospective method. ASU 2014-09 requires a company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Upon adoption of ASU 2014-09, we recorded an adjustment to the opening balance of retained earnings as of June 1, 2018. The adjustment to retained earnings primarily relates to the capitalization of certain direct and incremental contract costs required by the new guidance. Capitalized costs are amortized ratably over the anticipated period of benefit. We applied ASU 2014-09 only to contracts that were not completed prior to fiscal 2019. Results for reporting periods beginning after May 31, 2018 are presented under ASU 2014-09, while comparative prior period amounts have not been restated and continue to be presented under accounting standards in effect in those periods.

There were two implementation adjustments upon adoption of ASU 2014-09: (1) capitalization of certain direct and incremental contract costs and (2) the timing of revenue recognition for certain contracts with customers that create an asset with no alternative use to the Company and an enforceable right of payment from the customer upon termination. Adoption of ASU 2014-09 impacted the Company's previously reported results as of May 31, 2018 as follows:

Capitalization of Contract Costs. The Company has elected to apply the guidance, as a practical expedient, to a portfolio of contracts (or performance obligations) with similar characteristics because the Company reasonably expects that the effects on the consolidated financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within the portfolio. The Company also continues to expense certain costs to obtain a contract if those costs do not meet the criteria of the new standard or the amortization period of the asset would have been one year or less.

Assets With No Alternative Use. For our Uniform Direct Sale business, our revenue, prior to the adoption of ASU 2014-09, was primarily generated from the sale of finished products to customers as products are shipped and title passes to the customers. For certain contracts with customers, the Company creates an asset with no alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date. For these contracts, we have moved from a point-in-time model to an over-time model in which our measure of progress is finished goods with no alternative use in accordance with the provisions of ASU 2014-09. We expect ASU 2014-09 will have no cash impact and will not affect the economics of our underlying customer contracts.

(In thousands)	May 31, 2018	Impacts of Adopting ASU 2014-09: Capitalization of Contract Costs	Impacts of Adopting ASU 2014-09: Assets With No Alternative Use	June 1, 2018
Assets				
Accounts receivable, net	$ 804,583	$ —	$ 13,426	$ 818,009
Inventories, net	280,347	—	(11,265)	269,082
Prepaid expenses and other current assets	32,383	63,463	—	95,846
Total current assets	1,977,932	63,463	2,161	2,043,556
Other assets, net	29,315	187,503	—	216,818
Total assets	$ 6,958,214	$ 250,966	$ 2,161	$ 7,211,341
Liabilities and Shareholders' Equity				
Deferred income taxes	$ 352,581	$ 63,389	$ 546	$ 416,516
Total long-term liabilities	3,165,831	63,389	546	3,229,766
Retained earnings	5,837,827	187,577	1,615	6,027,019
Total shareholders' equity	3,016,526	187,577	1,615	3,205,718
Total liabilities and shareholders' equity	$ 6,958,214	$ 250,966	$ 2,161	$ 7,211,341

The impacts of adopting ASU 2014-09 on our fiscal 2019 consolidated financial statements are presented in the following tables:

Consolidated Statement of Income (In thousands)	**Fiscal year ended May 31, 2019** As Reported	Under Historical Guidance	Impact of Adopting ASU 2014-09
Revenue:			
Uniform rental and facility services	$ 5,552,430	$ 5,557,056	$ (4,626)
Other	1,339,873	1,337,954	1,919
Total revenue	6,892,303	6,895,010	(2,707)
Costs and expenses:			
Cost of other	736,116	735,703	413
Selling and administrative expenses	1,980,644	2,006,134	(25,490)
Operating income	1,133,534	1,111,164	22,370
Income before income taxes	1,102,399	1,080,029	22,370
Income taxes	219,764	214,306	5,458
Income from continuing operations	882,635	865,723	16,912
Net income	$ 884,981	$ 868,069	$ 16,912
Diluted earnings per share	$ 7.99	$ 7.84	$ 0.15

Consolidated Balance Sheet (In thousands)	As of May 31, 2019 As Reported	 Under Historical Guidance	 Impact of Adopting ASU 2014-09
Assets			
Accounts receivable, net	$ 910,120	$ 894,301	$ 15,819
Inventories, net	334,589	346,267	(11,678)
Income taxes, current	7,475	7,904	(429)
Prepaid expenses and other current assets	103,318	33,759	69,559
Total current assets	2,236,280	2,163,009	73,271
Other assets, net	240,315	38,518	201,797
Total assets	$ 7,436,662	$ 7,161,594	$ 275,068
Liabilities and Shareholders' Equity			
Long-term liabilities:			
Deferred income taxes	$ 438,179	$ 369,215	$ 68,964
Total long-term liabilities	3,306,208	3,237,244	68,964
Retained earnings	6,691,236	6,485,132	206,104
Total shareholders' equity	3,002,721	2,796,617	206,104
Total liabilities and shareholders' equity	$ 7,436,662	$ 7,161,594	$ 275,068

The adoption of ASU 2014-09 had no impact to the Company's fiscal 2019 operating cash flow, and the only impact of the adoption on our fiscal 2019 consolidated statement of comprehensive income was the impact to net income as presented in the table above.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," as amended. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Topic 842 provides a number of optional practical expedients in transition, and we have determined to use certain of these practical expedients. The Company plans to elect the package of practical expedients permitted under Topic 842, which allows a lessee to carryforward their population of existing leases, the classification of each lease, as well as the treatment of initial direct costs as of the period of adoption. The Company also plans to elect the practical expedient related to lease and non-lease components, as an accounting policy election for all asset classes, which allows a lessee to not separate non-lease from lease components and instead account for consideration paid in a contract as a single lease component. In addition, the Company plans to elect the short-term lease recognition exemption for all leases with a term of 12 months or less, which means it will not recognize right-of-use assets or lease liabilities for these leases. The Company does not expect to elect the use-of-hindsight practical expedient. This guidance will be adopted by the Company on June 1, 2019. In accordance with Topic 842, a registrant can elect not to present comparative financial information under Topic 842 if it recognizes a cumulative-effect adjustment to retained earnings upon adoption. The Company intends to make this transition election. The Company has implemented a new lease system in connection with the adoption of Topic 842. The majority of our lease spend relates to certain real estate with the remaining lease spend primarily related to vehicles and equipment. Based on the Company's portfolio of leases at May 31, 2019, approximately $160.0 million to $185.0 million of lease assets and liabilities will be recognized on the balance sheet upon adoption. We do not expect a material impact on the consolidated statements of income or consolidated statements of cash flows. The Company is substantially complete with its implementation efforts.

In August 2016, the FASB issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 makes eight targeted changes to how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company's adoption of this standard on June 1, 2018 did not have a material impact on its consolidated statements of cash flows.

In January 2017, the FASB issued ASU 2017-04, “Simplifying the Test for Goodwill Impairment.” ASU 2017-04 eliminates the two-step process that required identification of potential impairment and a separate measure of the actual impairment. Goodwill impairment charges, if any, would be determined by the difference between a reporting unit's carrying value and its fair value (impairment loss is limited to the carrying value). This standard is effective for annual or any interim goodwill impairment tests beginning after December 15, 2019. The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, “Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Costs.” ASU 2017-07 continues to require the service component of pension and other postretirement benefit costs to be presented in the same line item as other employee compensation costs on the consolidated statement of income and changes the presentation of other components of net benefit cost so that these items will be presented outside of operating income within the consolidated statements of income. Cintas retrospectively adopted ASU 2017-07 on June 1, 2017. The adoption of this standard did not have a material effect on the consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, “Targeted Improvements to Accounting for Hedging Activities.” ASU 2017-12 better aligns an entity’s risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. Among other amendments, the update allows entities to designate the variability in cash flows attributable to changes in a contractually specified component stated in the contract as the hedged risk in a cash flow hedge of a forecasted purchase or sale of a nonfinancial asset. This standard is effective for annual periods beginning after December 15, 2018. We adopted the standard effective as of June 1, 2018, and the effect of adoption of this standard did not have a material impact to our consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, "Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." ASU 2018-02 allows entities to elect to reclassify the income tax effects of the Tax Act on items within accumulated other comprehensive income to retained earnings and requires additional related disclosures. This standard is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Cintas is currently evaluating the impact that ASU 2018-02 will have on its consolidated financial statements.

In April 2019, the FASB issued ASU 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” ASU 2016-13 will replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. In connection with recognizing credit losses on receivables and other financial instruments, Cintas will be required to use a forward-looking expected loss model rather than the incurred loss model. This standard is effective for annual periods beginning after December 15, 2019, with early adoption permitted. The adoption of this standard will be through a cumulative-effect adjustment to retained earnings as of the effective date. Cintas is currently evaluating the impact that ASU 2016-13 will have on its consolidated financial statements.

No other new accounting pronouncement recently issued or newly effective had or is expected to have a material impact on the consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of Cintas' consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that have a significant effect on the amounts reported in the consolidated financial statements and accompanying notes. These critical accounting policies should be read in conjunction with Note 1 entitled Significant Accounting Policies of "Notes to Consolidated Financial Statements." Significant changes, estimates or assumptions related to any of the following critical accounting policies could possibly have a material impact on the consolidated financial statements.

Revenue recognition

Rental revenue, which is recorded in the Uniform Rental and Facility Services reportable operating segment, is recognized when services are performed. Other revenue, which is recorded in the First Aid and Safety Services reportable operating segments and All Other, is recognized when either services are performed or the obligations under the terms of a contract with a customer are satisfied. See Note 2 entitled Revenue Recognition of the "Notes to Consolidated Financial Statements" for more information on Cintas' revenue.

Uniforms and other rental items in service

Uniforms and other rental items in service are valued at cost less amortization, calculated using the straight-line method. Uniforms in service (other than cleanroom and flame resistant clothing) are amortized over their useful life of 18 months. Other rental items, including shop towels, mats, mops, cleanroom garments, flame resistant clothing, linens and restroom dispensers, are amortized over their useful lives, which range from 8 to 60 months. The amortization rates used are based on industry experience, Cintas' specific experience and wear tests performed by Cintas. These factors are critical to determining the amount of in service inventory and related cost of uniforms and ancillary products that are presented in the consolidated financial statements.

Property and equipment

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets based on industry and Cintas specific experience, which is typically 30 to 40 years for buildings, 5 to 20 years for building improvements, 3 to 10 years for equipment and 2 to 15 years for leasehold improvements. When events or circumstances indicate that the carrying amount of long-lived assets may not be recoverable, the estimated undiscounted future cash flows are compared to the carrying amount of the assets. If the estimated undiscounted future cash flows are less than the carrying amount of the assets, an impairment loss is recorded based on the excess of the carrying amount of the assets over their respective fair values. Fair value is generally determined by discounted cash flows or based on prices of similar assets, as appropriate. Cintas did not identify any indicators of impairment for the fiscal years ended May 31, 2019 and 2018.

Goodwill

Goodwill, obtained through acquisitions of businesses, is valued at cost less any impairment. Cintas completes an annual impairment test, that includes an assessment of qualitative factors including, but not limited to, macroeconomic conditions, industry and market conditions, and entity specific factors such as strategies and financial performance. We test for goodwill impairment at the reporting unit level. Cintas has identified four reporting units for purposes of evaluating goodwill impairment: Uniform Rental and Facility Services, First Aid and Safety Services and two reporting units within All Other. Based on the results of the annual impairment tests, Cintas was not required to recognize an impairment of goodwill for the fiscal years ended May 31, 2019, 2018 or 2017. Cintas will continue to perform impairment tests as of March 1 in future years and when indicators of impairment exist.

Service contracts and other assets

Service contracts and other assets, which consist primarily of noncompete and consulting agreements obtained through acquisitions of businesses, are amortized by use of the straight-line method over the estimated lives of the agreements, which are generally 5 to 10 years. The G&K service contract asset is being amortized over a period of 15 years, which represents the estimated life of the economic benefit and the asset amortization is based on the annual economic value of the underlying asset, which generally decreases over the 15-year term. Certain noncompete agreements, as well as all service contracts, require that a valuation be determined using a discounted cash flow model. The assumptions and judgments used in these models involve estimates of cash flows and discount rates, among other factors. Because of the assumptions used to value these intangible assets, actual results over time could vary from original estimates. Impairment of service contracts and other assets is accomplished through specific identification. No impairment has been recognized by Cintas for the fiscal years ended May 31, 2019, 2018 or 2017.

Business Combinations

Accounting for acquisitions requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of income.

General insurance liabilities

General insurance liabilities represent the estimated ultimate cost of all asserted and unasserted claims incurred, primarily related to worker's compensation, auto liability and other general liability exposure through the consolidated balance sheet dates. Our reserves are estimated through actuarial procedures of the insurance industry and by using industry assumptions, adjusted for specific expectations based on our claims history. Cintas records an increase or decrease in selling and administrative expenses related to development of prior claims, higher claims activity and other environmental factors in the period in which it becomes known. These changes in estimates may be material to the consolidated financial statements.

Stock-based compensation

Compensation expense is recognized for all share-based payments to employees, including stock options and restricted stock awards, in the consolidated statements of income based on the fair value of the awards that are granted. The fair value of stock options is estimated at the date of grant using the Black-Scholes option-pricing model. Generally, measured compensation cost, net of estimated forfeitures, is recognized on a straight-line basis over the vesting period of the related share-based compensation award. See Note 13 entitled Stock-Based Compensation of "Notes to Consolidated Financial Statements" for further information.

Litigation and other contingencies

Cintas is subject to legal proceedings and claims arising from the ordinary course of its business, including personal injury, customer contract, environmental and employment claims. U.S. GAAP requires that a liability for contingencies be recorded when it is probable that a liability has occurred and the amount of the liability can be reasonably estimated. Significant judgment is required to determine the existence of a liability, as well as the amount to be recorded. While a significant change in assumptions and judgments could have a material impact on the amounts recorded for contingent liabilities, Cintas does not believe that they will result in a material adverse effect on the consolidated financial statements.

Income taxes

Deferred tax assets and liabilities are determined by the differences between the consolidated financial statement carrying amounts and the tax basis of assets and liabilities. See Note 9 entitled Income Taxes of "Notes to Consolidated Financial Statements" for the types of items that give rise to significant deferred income tax assets and liabilities. Deferred income taxes are classified as assets or liabilities based on the classification of the related asset or liability for financial reporting purposes. Cintas regularly reviews deferred tax assets for recoverability based upon projected future taxable income and the expected timing of the reversals of existing temporary differences. Although realization is not assured, management believes it is more likely than not that the recorded deferred tax assets, as adjusted for valuation allowances, will be realized.

Accounting for uncertain tax positions requires the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Companies may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

Cintas is periodically reviewed by domestic and foreign tax authorities regarding the amount of taxes due. These reviews include questions regarding the timing and amount of deductions and the allocation of income among various tax jurisdictions. In evaluating the exposure associated with various filing positions, Cintas records reserves as deemed appropriate. Based on Cintas' evaluation of current tax positions, Cintas believes its tax related accruals are appropriate.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Earnings may be affected by changes in short-term interest rates due to investments, if any, in marketable securities and money market accounts and periodic issuances of commercial paper. If short-term rates changed by one-half percent (or 50 basis points), Cintas' income before income taxes would change by approximately $1.1 million. This estimated exposure considers the effects on investments. This analysis does not consider the effects of a change in economic activity or a change in Cintas' capital structure.

Through its foreign operations, Cintas is exposed to foreign currency risk. Foreign currency exposures arise from transactions denominated in a currency other than the functional currency and from foreign denominated revenue and profit translated into U.S. dollars. Foreign denominated revenue and profit represents less than 10% of Cintas' consolidated revenue and profit. Cintas periodically uses foreign currency hedges such as average rate options and forward contracts to mitigate the risk of foreign currency exchange rate movements resulting from foreign currency revenue and from international cash flows. The primary foreign currency to which Cintas is exposed is the Canadian dollar.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

Audited Consolidated Financial Statements for the Fiscal Years Ended May 31, 2019, 2018 and 2017

Management's Report on Internal Control over Financial Reporting

To the Shareholders of Cintas Corporation:

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act of 1934) to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even an effective system of internal control over financial reporting will provide only reasonable assurance with respect to financial statement preparation.

With the supervision of our Chairman and Chief Executive Officer and our Chief Financial Officer, management assessed our internal control over financial reporting as of May 31, 2019. Management based its assessment on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies and our overall control environment. This assessment is supported by testing and monitoring performed by our internal audit function.

Based on our assessment, management has concluded that our internal control over financial reporting was effective as of May 31, 2019, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States.

We reviewed the results of management's assessment with the Audit Committee of our Board of Directors. Additionally, our independent registered public accounting firm, Ernst & Young LLP, independently assessed the effectiveness of Cintas Corporation's internal control over financial reporting. Ernst & Young LLP has issued an attestation report, which is included in this Annual Report on Form 10-K.

Scott D. Farmer
Chairman and Chief Executive Officer

J. Michael Hansen
Executive Vice President and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Cintas Corporation

Opinion on Internal Control over Financial Reporting

We have audited Cintas Corporation's internal control over financial reporting as of May 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Cintas Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of May 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of May 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended May 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(a), and our report dated July 26, 2019, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Report of Management". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ ERNST & YOUNG LLP

Cincinnati, Ohio
July 26, 2019

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Cintas Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cintas Corporation (the Company) as of May 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended May 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at May 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended May 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of May 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated July 26, 2019, expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for revenue from contracts with customers and recognizing costs related to obtaining customer contracts in the period ended May 31, 2019.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 1968
Cincinnati, Ohio
July 26, 2019

Consolidated Statements of Income

(In thousands except per share data)	Fiscal Years Ended May 31, 2019	2018	2017
Revenue:			
Uniform rental and facility services	$ 5,552,430	$ 5,247,124	$ 4,202,490
Other	1,339,873	1,229,508	1,120,891
Total revenue	6,892,303	6,476,632	5,323,381
Costs and expenses:			
Cost of uniform rental and facility services	3,027,599	2,886,959	2,307,774
Cost of other	736,116	681,150	635,312
Selling and administrative expenses	1,980,644	1,916,792	1,527,380
G&K Services, Inc. transaction and integration expenses	14,410	41,897	79,224
Operating income	1,133,534	949,834	773,691
Gain on sale of a cost method investment	69,373	—	—
Interest income	(1,228)	(1,342)	(237)
Interest expense	101,736	110,175	86,524
Income before income taxes	1,102,399	841,001	687,404
Income taxes	219,764	57,069	230,118
Income from continuing operations	882,635	783,932	457,286
Income from discontinued operations, net of tax of $757, $35,313 and $15,057, respectively	2,346	58,654	23,422
Net income	$ 884,981	$ 842,586	$ 480,708
Basic earnings per share:			
Continuing operations	$ 8.23	$ 7.24	$ 4.27
Discontinued operations	0.02	0.54	0.22
Basic earnings per share	$ 8.25	$ 7.78	$ 4.49
Diluted earnings per share:			
Continuing operations	$ 7.97	$ 7.03	$ 4.17
Discontinued operations	0.02	0.53	0.21
Diluted earnings per share	$ 7.99	$ 7.56	$ 4.38
Dividends declared and paid per share	$ 2.05	$ 1.62	$ 1.33

See accompanying notes.

Consolidated Statements of Comprehensive Income

(In thousands)	Fiscal Years Ended May 31, 2019	2018	2017
Net income	$ 884,981	$ 842,586	$ 480,708
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(21,572)	19,276	(10,252)
Change in fair value of interest rate lock agreements	(27,659)	—	31,136
Amortization of interest rate lock agreements	(1,179)	(933)	1,076
Other	(5,085)	1,029	(115)
Other comprehensive (loss) income, net of tax (benefit) expense of ($9,635), $690 and $19,118, respectively	(55,495)	19,372	21,845
Comprehensive income	$ 829,486	$ 861,958	$ 502,553

See accompanying notes.

Consolidated
Balance Sheets

(In thousands except share data)	As of May 31, 2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 96,645	$ 138,724
Accounts receivable, principally trade, less allowance of $37,809 and $33,510, respectively	910,120	804,583
Inventories, net	334,589	280,347
Uniforms and other rental items in service	784,133	702,261
Income taxes, current	7,475	19,634
Prepaid expenses and other current assets	103,318	32,383
Total current assets	2,236,280	1,977,932
Property and equipment, net	1,430,685	1,382,730
Investments	192,346	175,581
Goodwill	2,842,441	2,846,888
Service contracts, net	494,595	545,768
Other assets, net	240,315	29,315
	$ 7,436,662	$ 6,958,214
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 226,020	$ 215,074
Accrued compensation and related liabilities	155,509	140,654
Accrued liabilities	433,940	420,129
Debt due within one year	312,264	—
Total current liabilities	1,127,733	775,857
Long-term liabilities:		
Debt due after one year	2,537,507	2,535,309
Deferred income taxes	438,179	352,581
Accrued liabilities	330,522	277,941
Total long-term liabilities	3,306,208	3,165,831
Shareholders' equity:		
Preferred stock, no par value:		
100,000 shares authorized, none outstanding	—	—
Common stock, no par value:		
425,000,000 shares authorized		
2019: 184,790,626 shares issued and 103,284,401 shares outstanding		
2018: 182,723,471 shares issued and 106,326,383 shares outstanding	840,328	618,464
Paid-in capital	227,928	245,211
Retained earnings	6,691,236	5,837,827
Treasury stock:		
2019: 81,506,225 shares		
2018: 76,397,088 shares	(4,717,619)	(3,701,319)
Accumulated other comprehensive (loss) income	(39,152)	16,343
Total shareholders' equity	3,002,721	3,016,526
	$ 7,436,662	$ 6,958,214

See accompanying notes.

Consolidated
Statements of Shareholders' Equity

	Common Stock				Other Accumulated Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
(In thousands)	Shares	Amount	Paid-In Capital	Retained Earnings		Shares	Amount	
Balance at June 1, 2016	179,598	$ 409,682	$ 205,260	$4,805,867	$ (24,874)	(75,385)	$ (3,553,276)	$ 1,842,659
Net income	—	—	—	480,708	—	—	—	480,708
Comprehensive income, net of tax	—	—	—	—	21,845	—	—	21,845
Dividends	—	—	—	(142,433)	—	—	—	(142,433)
Stock-based compensation	—	—	88,868	—	—	—	—	88,868
Vesting of stock-based compensation awards	429	43,516	(43,516)	—	—	—	—	—
Stock options exercised, net of shares surrendered	966	31,870	—	—	—	—	—	31,870
Repurchase of common stock	—	—	—	—	—	(207)	(20,724)	(20,724)
Adoption of new accounting guidance	—	—	(26,688)	26,688	—	—	—	—
Balance at May 31, 2017	180,993	485,068	223,924	5,170,830	(3,029)	(75,592)	(3,574,000)	2,302,793
Net income	—	—	—	842,586	—	—	—	842,586
Comprehensive income, net of tax	—	—	—	—	19,372	—	—	19,372
Dividends	—	—	—	(175,589)	—	—	—	(175,589)
Stock-based compensation	—	—	112,835	—	—	—	—	112,835
Vesting of stock-based compensation awards	701	91,548	(91,548)	—	—	—	—	—
Stock options exercised, net of shares surrendered	1,029	41,848	—	—	—	—	—	41,848
Repurchase of common stock	—	—	—	—	—	(805)	(127,319)	(127,319)
Balance at May 31, 2018	182,723	618,464	245,211	5,837,827	16,343	(76,397)	(3,701,319)	3,016,526
Net income	—	—	—	884,981	—	—	—	884,981
Comprehensive loss, net of tax	—	—	—	—	(55,495)	—	—	(55,495)
Dividends	—	—	—	(220,764)	—	—	—	(220,764)
Stock-based compensation	—	—	139,210	—	—	—	—	139,210
Vesting of stock-based compensation awards	766	156,493	(156,493)	—	—	—	—	—
Stock options exercised, net of shares surrendered	1,302	65,371	—	—	—	—	—	65,371
Repurchase of common stock	—	—	—	—	—	(5,109)	(1,016,300)	(1,016,300)
Cumulative effect of change in accounting principle	—	—	—	189,192	—	—	—	189,192
Balance at May 31, 2019	184,791	$ 840,328	$ 227,928	$6,691,236	$ (39,152)	(81,506)	$ (4,717,619)	$ 3,002,721

See accompanying notes.

Consolidated
Statements of Cash Flows

(In thousands)	Fiscal Years Ended May 31, 2019	2018	2017
Cash flows from operating activities:			
Net income	$ 884,981	$ 842,586	$ 480,708
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	223,631	215,476	171,565
Amortization of intangible assets and capitalized contract costs	136,462	63,940	25,030
Stock-based compensation	139,210	112,835	88,868
Gain on sale of a cost method investment	(69,373)	—	—
Gain on sale of business	(3,200)	(96,400)	(26,917)
Asset impairment charge	—	—	23,331
G&K Services, Inc. transaction and integration costs	—	—	31,445
Short-term debt financing fees included in net income	—	—	17,062
Settlement of cash flow hedges	—	—	30,194
Deferred income taxes	31,708	(119,295)	3,902
Change in current assets and liabilities, net of acquisitions of businesses:			
Accounts receivable, net	(94,918)	(66,267)	(93,557)
Inventories, net	(60,039)	(3,323)	(668)
Uniforms and other rental items in service	(90,228)	(64,299)	(8,732)
Prepaid expenses and other current assets and capitalized contract costs	(100,765)	(15,526)	24,201
Accounts payable	12,276	35,275	13,726
Accrued compensation and related liabilities	15,321	(9,392)	13,654
Accrued liabilities and other	30,910	42,468	(501)
Income taxes, current	11,886	26,082	(29,424)
Net cash provided by operating activities	1,067,862	964,160	763,887
Cash flows from investing activities:			
Capital expenditures	(276,719)	(271,699)	(273,317)
Proceeds from redemption of marketable securities and investments	—	179,857	218,324
Purchase of marketable securities and investments	(17,841)	(153,708)	(181,065)
Proceeds from sale of a cost method investment	73,342	—	—
Proceeds from sale of business	3,200	127,835	28,276
Acquisitions of businesses, net of cash acquired	(9,813)	(19,346)	(2,102,371)
Other, net	(7,807)	1,363	(196)
Net cash used in investing activities	(235,638)	(135,698)	(2,310,349)
Cash flows from financing activities:			
Issuance (payments) of commercial paper, net	112,500	(50,500)	50,500
Proceeds from issuance of debt, net	200,000	—	1,932,229
Repayment of debt	—	(550,000)	(250,000)
Payment of short-term debt financing fees	—	—	(17,062)
Proceeds from exercise of stock-based compensation awards	65,371	41,848	31,870
Dividends paid	(220,764)	(175,589)	(142,433)
Repurchase of common stock	(1,016,300)	(127,319)	(20,724)
Other, net	(14,112)	(2,580)	(5,878)
Net cash (used in) provided by financing activities	(873,305)	(864,140)	1,578,502
Effect of exchange rate changes on cash and cash equivalents	(998)	5,136	(2,131)
Net (decrease) increase in cash and cash equivalents	(42,079)	(30,542)	29,909
Cash and cash equivalents at beginning of year	138,724	169,266	139,357
Cash and cash equivalents at end of year	$ 96,645	$ 138,724	$ 169,266

See accompanying notes.

Notes to Consolidated Financial Statements

1. Significant Accounting Policies

Business description. Cintas Corporation (collectively with its majority-owned subsidiaries and any entities over which it has control, Cintas, Company, we, us or our) helps more than one million businesses of all types and sizes, primarily in North America, as well as Latin America, Europe and Asia, get **Ready™** to open their doors with confidence every day by providing a wide range of products and services that enhance our customers' image and help keep their facilities and employees clean, safe and looking their best. With products and services including uniforms, floor care, restroom supplies, first aid and safety products, fire extinguishers and testing, and safety and compliance training, Cintas helps customers get **Ready for the Workday™.**

Cintas' reportable operating segments are Uniform Rental and Facility Services and First Aid and Safety Services. The Uniform Rental and Facility Services reportable operating segment, consists of the rental and servicing of uniforms and other garments including flame resistant clothing, mats, mops and shop towels and other ancillary items. In addition to these rental items, restroom cleaning services and supplies, carpet and tile cleaning services and the sale of items from our catalogs to our customers on route are included within this reportable operating segment. The First Aid and Safety Services reportable operating segment consists of first aid and safety products and services. The remainder of Cintas' business, which consists of Fire Protection Services and its Uniform Direct Sale business, is included in All Other. Cintas evaluates operating segment performance based on revenue and income before income taxes. Revenue and income before income taxes for each of these reportable operating segments for the years ended May 31, 2019, 2018 and 2017 are presented in Note 15 entitled Operating Segment Information. The Company regularly reviews its operating segments for reporting purposes based on the information its chief operating decision maker (CODM) regularly reviews for purposes of allocating resources and assessing performance and makes changes when appropriate.

On March 21, 2017, Cintas completed the acquisition of G&K Services, Inc. (G&K). G&K is a wholly-owned subsidiary of Cintas that operates within the Uniform Rental and Facility Services operating segment. In fiscal 2018, Cintas sold a significant business referred to as "Discontinued Services." Prior to the sale of Discontinued Services, the operations were primarily included in All Other and classified as held for sale. In accordance with the applicable accounting guidance for the disposal of long-lived assets and discontinued operations, the results of Discontinued Services have been excluded from both continuing operations and operating segment results for all periods presented. See Note 17 entitled Discontinued Operations for additional information.

Principles of consolidation. The consolidated financial statements include the accounts of Cintas controlled majority-owned subsidiaries and any entities over which Cintas has control. Intercompany balances and transactions have been eliminated as appropriate.

Use of estimates. The preparation of consolidated financial statements in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company's results are affected by economic, political, legislative, regulatory and legal actions. Economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, government fiscal policies and changes in the prices of raw materials, can have a significant effect on operations. These factors and other events could cause actual results to differ from management's estimates.

Revenue recognition. Rental revenue, which is recorded in the Uniform Rental and Facility Services reportable operating segment, is recognized when services are performed. Other revenue, which is recorded in the First Aid and Safety Services reportable operating segment and All Other, is recognized when either services are performed or the performance obligation under the terms of a contract with a customer are satisfied. Revenue is measured as the amount of consideration we expect to receive in exchange for the performance of the service or transfer of the inventory. See Note 2 entitled Revenue Recognition.

Cost of uniform rental and facility services. Cost of uniform rental and facility services consists primarily of production expenses, delivery expenses and the amortization of in service inventory, including uniforms, mats, shop towels and other ancillary items. The Uniform Rental and Facility Services reportable operating segment inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs and other costs of distribution are included in the cost of uniform rental and facility services.

Cost of other. Cost of other consists primarily of cost of goods sold (predominantly first aid and safety products, uniforms and fire protection products), delivery expenses and distribution expenses in the First Aid and Safety Services reportable operating segment and All Other. Cost of other includes inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs and other costs of distribution.

Selling and administrative expenses. Selling and administrative expenses consist primarily of sales labor and commissions, management and administrative labor, payroll taxes, medical expense, insurance expense, legal and professional costs and amortization of finite-lived intangible assets and capitalized contract costs.

G&K transaction and integration expenses. As a result of the acquisition of G&K in fiscal 2017, the Company incurred various transaction and integration expenses in fiscal 2019, 2018 and 2017, which related primarily to facility closure expenses, asset impairment charges, legal and professional fees, employee termination expenses, the write-off of excess inventory and other miscellaneous expenses. See Note 18 entitled G&K Services, Inc. Transaction and Integration Expenses.

Cash and cash equivalents. Cintas considers all highly liquid domestic investments with a maturity of three months or less, at date of purchase, to be cash equivalents. At May 31, 2019 and 2018, cash and cash equivalents includes $31.4 million and $30.9 million, respectively, of restricted cash used as collateral associated with the general insurance program.

Marketable securities. Marketable securities are typically comprised of fixed income securities and are classified as available-for-sale.

Accounts receivable. Accounts receivable is comprised of amounts owed through product shipments and services provided and is presented net of an allowance for doubtful accounts. The allowance is an estimate based on historical rates of collections and allowances for specific accounts identified as uncollectible. The allowance that is an estimate based on Cintas' historical rates of collections is recorded for overdue amounts, beginning with a nominal percentage and increasing substantially as the account ages. The amount provided as the account ages will differ slightly between the Uniform Rental and Facility Services reportable operating segment, the First Aid and Safety Services reportable operating segment and All Other because of differences in customers served and the nature of each business. When an account is considered uncollectible, it is written off against the allowance for doubtful accounts.

Inventories, net. Inventories are valued at the lower of cost (first-in, first-out) or net realizable value. Cintas applies a commonly accepted practice of using inventory turns to apply variances between actual and standard costs to the inventory balances. The judgments and estimates used to calculate inventory turns will have an impact on the valuation of inventories at the lower of cost or net realizable value. Inventory is comprised of the following amounts at May 31:

(In thousands)	**2019**	2018
Raw materials	$ 17,812	$ 17,042
Work in process	28,820	27,350
Finished goods	287,957	235,955
	$ 334,589	$ 280,347

Inventories are recorded net of reserves for obsolete inventory of $32.7 million and $37.0 million at May 31, 2019 and 2018, respectively. The inventory obsolescence reserve is determined by specific identification, as well as an estimate based on Cintas' historical rates of obsolescence.

Uniforms and other rental items in service. These items are valued at cost less amortization, calculated using the straight-line method. Uniforms in service (other than cleanroom and flame resistant clothing) are amortized over their useful life of 18 months. Other rental items, including shop towels, mats, mops, cleanroom garments, flame resistant clothing, linens and restroom dispensers, are amortized over their useful lives, which range from 8 to 60 months. The amortization rates used are based on industry experience, Cintas' specific experience and wear tests performed by Cintas. These factors are critical to determining the amount of in service inventory and related cost of uniforms and facility services that are presented in the consolidated financial statements.

Property and equipment. Property and equipment is stated at cost, less accumulated depreciation or at fair value upon acquisition. Depreciation is calculated using the straight-line method primarily over the following estimated useful lives of the assets based on industry and Cintas specific experience, in years:

Buildings	30 to 40
Building improvements	5 to 20
Equipment	3 to 10
Leasehold improvements	2 to 15

Investments. Investments consists primarily of the cash surrender value of life insurance policies and equity method investments. The equity method is used to account for an investment if our investment gives us the ability to exercise significant influence over the operating and financial policies of the investee. In general, equity method investments are initially measured at cost. Cintas recognizes its share of the investee's earnings or losses in income. Equity method investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable.

Long-lived assets. When events or circumstances indicate that the carrying amount of long-lived assets may not be recoverable, the estimated undiscounted future cash flows are compared to the carrying amount of the assets. If the estimated undiscounted future cash flows are less than the carrying amount of the assets, an impairment loss is recorded based on the excess of the carrying amount of the assets over their respective fair values. Fair value is generally determined by discounted cash flows, prices of similar assets or third-party real estate valuations, as appropriate. Cintas did not identify any indicators of impairment for the fiscal years ended May 31, 2019 and 2018.

Goodwill. Goodwill, obtained through acquisitions of businesses, is valued at cost less any impairment. Cintas completes an annual impairment test, that includes an assessment of qualitative factors including, but not limited to, macroeconomic conditions, industry and market conditions, and entity specific factors such as strategies and financial performance. We test for goodwill impairment at the reporting unit level. Cintas has identified four reporting units for purposes of evaluating goodwill impairment: Uniform Rental and Facility Services, First Aid and Safety Services and two reporting units within All Other. The Company evaluated impairment indicators for all reporting units and noted none. Based on the results of the annual impairment tests, Cintas was not required to recognize an impairment of goodwill for the fiscal years ended May 31, 2019, 2018 or 2017. Cintas will continue to perform impairment tests as of March 1 in future years and when indicators of impairment exist.

Service contracts and other assets. Service contracts and other assets, which consist primarily of capitalized contract costs and noncompete and consulting agreements obtained through acquisitions of businesses, are generally amortized by use of the straight-line method over the estimated lives of the agreements, which are generally 5 to 10 years. The G&K service contract asset is being amortized over a period of 15 years, which represents the estimated life of the economic benefit. The G&K service contract asset amortization is based on the annual economic value of the underlying asset which generally decreases over the 15-year term. Certain noncompete agreements, as well as all service contracts, require that a valuation be determined using a discounted cash flow model. The assumptions and judgments used in these models involve estimates of cash flows and discount rates, among other factors. Because of the assumptions used to value these intangible assets, actual results over time could vary from original estimates. Impairment of service contracts and other assets is accomplished through specific identification. No impairment has been recognized by Cintas for the fiscal years ended May 31, 2019, 2018 and 2017.

Business Combinations. Accounting for acquisitions requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of income.

Debt Issuance Costs. Debt issuance costs for the revolving credit facility are included in other assets and all other debt issuance costs reduce the carrying amount of debt.

Accrued liabilities. Current accrued liabilities are recorded when it is probable that a liability has occurred and the amount of the liability can be reasonably estimated. Current accrued liabilities consist of the following at May 31:

(In thousands)		**2019**		2018
General insurance liabilities	$	165,667	$	163,400
Employee benefit related liabilities		123,794		112,801
Taxes and related liabilities		7,716		8,148
Accrued interest		24,687		24,763
Other		112,076		111,017
	$	433,940	$	420,129

General insurance liabilities represent the estimated ultimate cost of all asserted and unasserted claims incurred, primarily related to workers' compensation, auto liability and other general liability exposure through the consolidated balance sheet dates. Our reserves are estimated through actuarial procedures of the insurance industry and by using industry assumptions, adjusted for specific expectations based on our claims history. Cintas records an increase or decrease in selling and administrative expenses related to development of prior claims, higher claims activity and other environmental factors in the period in which it becomes known. These changes in estimates may be material to the consolidated financial statements.

Long-term accrued liabilities consist primarily of retirement obligations, which are described in more detail in Note 11 entitled Employee Benefit Plans, reserves associated with unrecognized tax benefits, which are described in more detail in Note 9 entitled Income Taxes and environmental obligations acquired primarily through the G&K acquisition, which are further described below.

Environmental Obligations. Environmental obligations, including obligations obtained through past business acquisitions, are recorded when it is probable that obligations have been incurred and the costs can be reasonably estimated. Cintas' environmental obligations are estimated based on an evaluation of various factors, including currently available facts, existing technology, presently enacted laws and regulations, and remediation experience. Where the available information is sufficient to estimate the amount of the obligation, that estimate has been recorded. Where the information is only sufficient to establish a range of probable liability and no point within the range is more likely than any other, the lower end of the range has been used. Management actively monitors all locations for compliance and changes in facts and circumstances. No one location or site is deemed to be material or in violation of the applicable laws and regulations, even though costs are being incurred. Costs estimated for environmental obligations are not discounted to their present value.

Pension Plans. The Company assumed G&K's noncontributory, defined benefit pension plan (the Pension Plan) covering substantially all employees who were employed as of July 1, 2005, except certain employees who are covered by union-administered plans. Benefits are based on the number of years of service and each employee's compensation near retirement. G&K froze the Pension Plan effective December 31, 2006. Future growth in benefits will not occur after this date. The Company's funding policy provides for contributions of an amount between the minimum required and maximum amount that can be deducted for federal income tax purposes. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at May 31, the measurement date. The benefit obligation is the projected benefit obligation (PBO). The PBO represents the actuarial present value of benefits expected to be paid upon retirement based on estimated future compensation levels. The measurement of the PBO is based on the Company's estimates and actuarial valuations. The fair value of plan assets represents the current market value of assets held by an irrevocable trust fund for the sole benefit of participants. These valuations reflect the terms of the Pension Plan and use participant-specific information such as compensation, age and years of service, as well as certain assumptions that require significant judgment, including estimates of discount rates, expected return on plan assets, rate of compensation increases, interest crediting rates and mortality rates. We recognize, as of a measurement date, any unrecognized actuarial net gains or losses that exceed ten percent of the larger of the projected benefit obligations or the plan assets, defined as the "corridor." Amounts outside the corridor are amortized over the plan participants' life expectancy. We determine the expected return on assets using the fair value of plan assets.

Stock-based compensation. Compensation expense is recognized for all share-based payments to employees, including stock options and restricted stock awards, in the consolidated statements of income based on the fair value of the awards that are granted. The fair value of stock options is estimated at the date of grant using the Black-Scholes option-pricing model. Generally, measured compensation cost, net of actual forfeitures, is recognized on a straight-line basis over the vesting period of the related share-based compensation award.

Derivatives and hedging activities. Cintas formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Derivatives are recorded at fair value on the consolidated balance sheet, and gains and losses are recorded as adjustments to income or other comprehensive income, as appropriate. For derivative financial instruments that are designated as a hedge, unrealized gains and losses related to the effective portion are either recognized in income immediately to offset the realized gain or loss on the hedged item, or are deferred and reported as a component of other comprehensive income in stockholders' equity and subsequently recognized in net income when the hedged item affects net income.

Income taxes. The provision for income taxes includes taxes paid, currently payable or receivable and those deferred. Deferred tax assets and liabilities are determined by the differences between the consolidated financial statement carrying amounts and the tax basis of assets and liabilities. See Note 9 entitled Income Taxes for the types of items that give rise to significant deferred income tax assets and liabilities. Deferred income taxes are classified as assets or liabilities based on the classification of the related asset or liability for financial reporting purposes. Cintas regularly reviews deferred tax assets for recoverability based upon projected future taxable income and the expected timing of the reversals of existing temporary differences. Although realization is not assured, management believes it is more likely than not that the recorded deferred tax assets, as adjusted for valuation allowances, will be realized.

Accounting for uncertain tax positions requires the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Companies may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

Cintas is periodically reviewed by domestic and foreign tax authorities regarding the amount of taxes due. These reviews include questions regarding the timing and amount of deductions and the allocation of income among various tax jurisdictions. In evaluating the exposure associated with various filing positions, Cintas records reserves as deemed appropriate. Based on Cintas' evaluation of current tax positions, Cintas believes its tax related accruals are appropriate.

Litigation and other contingencies. Cintas is subject to legal proceedings and claims arising from the ordinary course of its business, including personal injury, customer contract, environmental and employment claims. U.S. GAAP requires that a liability for contingencies be recorded when it is probable that a liability has occurred and the amount of the liability can be reasonably estimated. In the opinion of management, the aggregate liability, if any, with respect to such ordinary course of business actions will not have a material adverse effect on the consolidated financial position or consolidated results of operations of Cintas.

Fair value measurements. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk. It also establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Cintas' assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. There were no transfers between levels for the years ended May 31, 2019 or 2018. The carrying value of accounts receivable and accounts payable, and other current assets and liabilities, approximate fair value because of the short-term maturity of those instruments.

In order to meet the requirements of ASC 820, Cintas utilizes two basic valuation approaches to determine the fair value of its assets and liabilities required to be recorded on a recurring basis at fair value. The first approach is the cost approach. The cost approach is generally the value a market participant would expect to replace the respective asset or liability. The second approach is the market approach. The market approach looks at what a market participant would consider valuing an exact or similar asset or liability to that of Cintas, including those traded on exchanges.

Cintas' non-financial assets and liabilities not permitted or required to be measured at fair value on a recurring basis primarily relate to assets and liabilities acquired in a business acquisition unless otherwise noted in Note 3 entitled Fair Value Disclosures. Cintas is required to provide additional disclosures about fair value measurements as part of the consolidated financial statements for each major category of assets and liabilities measured at fair value on a non-recurring basis (including business acquisitions). Based on the nature of Cintas' business acquisitions, which occur regularly throughout the fiscal year, the majority of the assets acquired and liabilities assumed consist of working capital, primarily valued using Level 2 inputs, property and equipment, also primarily valued using Level 2 inputs and goodwill and other identified intangible assets valued using Level 3 inputs. In general, non-recurring fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities, which generally are not applicable to non-financial assets and liabilities. Fair values determined by Level 2 inputs utilize data points that are observable, such as definitive sales agreements, appraisals or established market values of comparable assets. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability and include situations where there is little, if any, market activity for the asset or liability, such as internal estimates of future cash flows and company specific discount rates.

New accounting pronouncements. In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)," to clarify revenue recognition principles. This guidance is intended to improve disclosure requirements and enhance the comparability of revenue recognition practices. Improved disclosures under the amended guidance relate to the nature, amount, timing and uncertainty of revenue that is recognized from contracts with customers. We adopted ASU 2014-09, and all the related amendments, effective June 1, 2018 using the modified retrospective method. ASU 2014-09 requires a company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Upon adoption of ASU 2014-09, we recorded an adjustment to the opening balance of retained earnings as of June 1, 2018. The adjustment to retained earnings primarily relates to the capitalization of certain direct and incremental contract costs required by the new guidance. Capitalized costs are amortized ratably over the anticipated period of benefit. We applied ASU 2014-09 only to contracts that were not completed prior to fiscal 2019. Results for reporting periods beginning after May 31, 2018 are presented under ASU 2014-09, while comparative prior period amounts have not been restated and continue to be presented under accounting standards in effect in those periods.

There were two implementation adjustments upon adoption of ASU 2014-09: (1) capitalization of certain direct and incremental contract costs and (2) the timing of revenue recognition for certain contracts with customers that create an asset with no alternative use to the Company and an enforceable right of payment from the customer upon termination. Adoption of ASU 2014-09 impacted the Company's previously reported results as of May 31, 2018 as follows:

Capitalization of Contract Costs. The Company has elected to apply the guidance, as a practical expedient, to a portfolio of contracts (or performance obligations) with similar characteristics because the Company reasonably expects that the effects on the consolidated financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within the portfolio. The Company also continues to expense certain costs to obtain a contract if those costs do not meet the criteria of the new standard or the amortization period of the asset would have been one year or less.

Assets With No Alternative Use. For our Uniform Direct Sale business, our revenue, prior to the adoption of ASU 2014-09, was primarily generated from the sale of finished products to customers as products are shipped and title passes to the customers. For certain contracts with customers, the Company creates an asset with no alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date. For these contracts, we have moved from a point-in-time model to an over-time model in which our measure of progress is finished goods with no alternative use in accordance with the provisions of ASU 2014-09. We expect ASU 2014-09 will have no cash impact and will not affect the economics of our underlying customer contracts.

		Impacts of Adopting ASU 2014-09		
(In thousands)	May 31, 2018	Capitalization of Contract Costs	Assets With No Alternative Use	June 1, 2018
Assets				
Accounts receivable, net	$ 804,583	$ —	$ 13,426	$ 818,009
Inventories, net	280,347	—	(11,265)	269,082
Prepaid expenses and other current assets	32,383	63,463	—	95,846
Total current assets	1,977,932	63,463	2,161	2,043,556
Other assets, net	29,315	187,503	—	216,818
Total assets	$ 6,958,214	$ 250,966	$ 2,161	$ 7,211,341
Liabilities and Shareholders' Equity				
Deferred income taxes	$ 352,581	$ 63,389	$ 546	$ 416,516
Total long-term liabilities	3,165,831	63,389	546	3,229,766
Retained earnings	5,837,827	187,577	1,615	6,027,019
Total shareholders' equity	3,016,526	187,577	1,615	3,205,718
Total liabilities and shareholders' equity	$ 6,958,214	$ 250,966	$ 2,161	$ 7,211,341

The impacts of adopting ASU 2014-09 on our fiscal 2019 consolidated financial statements are presented in the following tables:

	Fiscal year ended May 31, 2019		
Consolidated Statement of Income (In thousands)	As Reported	Under Historical Guidance	Impact of Adopting ASU 2014-09
Revenue:			
Uniform rental and facility services	$ 5,552,430	$ 5,557,056	$ (4,626)
Other	1,339,873	1,337,954	1,919
Total revenue	6,892,303	6,895,010	(2,707)
Costs and expenses:			
Cost of other	736,116	735,703	413
Selling and administrative expenses	1,980,644	2,006,134	(25,490)
Operating income	1,133,534	1,111,164	22,370
Income before income taxes	1,102,399	1,080,029	22,370
Income taxes	219,764	214,306	5,458
Income from continuing operations	882,635	865,723	16,912
Net income	$ 884,981	$ 868,069	$ 16,912
Diluted earnings per share	$ 7.99	$ 7.84	$ 0.15

Consolidated Balance Sheet (In thousands)	As of May 31, 2019 As Reported	 Under Historical Guidance	 Impact of Adopting ASU 2014-09
Assets			
Accounts receivable, net	$ 910,120	$ 894,301	$ 15,819
Inventories, net	334,589	346,267	(11,678)
Income taxes, current	7,475	7,904	(429)
Prepaid expenses and other current assets	103,318	33,759	69,559
Total current assets	2,236,280	2,163,009	73,271
Other assets, net	240,315	38,518	201,797
Total assets	$ 7,436,662	$ 7,161,594	$ 275,068
Liabilities and Shareholders' Equity			
Long-term liabilities:			
Deferred income taxes	$ 438,179	$ 369,215	$ 68,964
Total long-term liabilities	3,306,208	3,237,244	68,964
Retained earnings	6,691,236	6,485,132	206,104
Total shareholders' equity	3,002,721	2,796,617	206,104
Total liabilities and shareholders' equity	$ 7,436,662	$ 7,161,594	$ 275,068

The adoption of ASU 2014-09 had no impact to the Company's fiscal 2019 operating cash flow, and the only impact of the adoption on our fiscal 2019 consolidated statement of comprehensive income was the impact to net income as presented in the table above.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842),” as amended. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Topic 842 provides a number of optional practical expedients in transition, and we have determined to use certain of these practical expedients. The Company plans to elect the package of practical expedients permitted under Topic 842, which allows a lessee to carryforward their population of existing leases, the classification of each lease, as well as the treatment of initial direct costs as of the period of adoption. The Company also plans to elect the practical expedient related to lease and non-lease components, as an accounting policy election for all asset classes, which allows a lessee to not separate non-lease from lease components and instead account for consideration paid in a contract as a single lease component. In addition, the Company plans to elect the short-term lease recognition exemption for all leases with a term of 12 months or less, which means it will not recognize right-of-use assets or lease liabilities for these leases. The Company does not expect to elect the use-of-hindsight practical expedient. This guidance will be adopted by the Company on June 1, 2019. In accordance with Topic 842, a registrant can elect not to present comparative financial information under Topic 842 if it recognizes a cumulative-effect adjustment to retained earnings upon adoption. The Company intends to make this transition election. The Company has implemented a new lease system in connection with the adoption of Topic 842. The majority of our lease spend relates to certain real estate with the remaining lease spend primarily related to vehicles and equipment. Based on the Company's portfolio of leases at May 31, 2019, approximately $160.0 million to $185.0 million of lease assets and liabilities will be recognized on the balance sheet upon adoption. We do not expect a material impact on the consolidated statements of income or consolidated statements of cash flows. The Company is substantially complete with its implementation efforts.

In August 2016, the FASB issued ASU 2016-15, “Classification of Certain Cash Receipts and Cash Payments.” ASU 2016-15 makes eight targeted changes to how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company's adoption of this standard on June 1, 2018 did not have a material impact on its consolidated statements of cash flows.

In January 2017, the FASB issued ASU 2017-04, "Simplifying the Test for Goodwill Impairment." ASU 2017-04 eliminates the two-step process that required identification of potential impairment and a separate measure of the actual impairment. Goodwill impairment charges, if any, would be determined by the difference between a reporting unit's carrying value and its fair value (impairment loss is limited to the carrying value). This standard is effective for annual or any interim goodwill impairment tests beginning after December 15, 2019. The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Costs." ASU 2017-07 continues to require the service component of pension and other postretirement benefit costs to be presented in the same line item as other employee compensation costs on the consolidated statement of income and changes the presentation of other components of net benefit cost so that these items will be presented outside of operating income within the consolidated statements of income. Cintas retrospectively adopted ASU 2017-07 on June 1, 2017. The adoption of this standard did not have a material effect on the consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, "Targeted Improvements to Accounting for Hedging Activities." ASU 2017-12 better aligns an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. Among other amendments, the update allows entities to designate the variability in cash flows attributable to changes in a contractually specified component stated in the contract as the hedged risk in a cash flow hedge of a forecasted purchase or sale of a nonfinancial asset. This standard is effective for annual periods beginning after December 15, 2018. We adopted the standard effective as of June 1, 2018, and the effect of adoption of this standard did not have a material impact to our consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, "Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." ASU 2018-02 allows entities to elect to reclassify the income tax effects of the Tax Cuts and Jobs Act (Tax Act) on items within accumulated other comprehensive income to retained earnings and requires additional related disclosures. This standard is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Cintas is currently evaluating the impact that ASU 2018-02 will have on its consolidated financial statements.

In April 2019, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASU 2016-13 will replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. In connection with recognizing credit losses on receivables and other financial instruments, Cintas will be required to use a forward-looking expected loss model rather than the incurred loss model. This standard is effective for annual periods beginning after December 15, 2019, with early adoption permitted. The adoption of this standard will be through a cumulative-effect adjustment to retained earnings as of the effective date. Cintas is currently evaluating the impact that ASU 2016-13 will have on its consolidated financial statements.

No other new accounting pronouncement recently issued or newly effective had or is expected to have a material impact on the consolidated financial statements.

2. Revenue Recognition

The following table presents Cintas' total revenue disaggregated by service type for the fiscal years ended May 31:

	2019		2018		2017	
(In thousands)	Revenue	%	Revenue	%	Revenue	%
Uniform Rental and Facility Services	$ 5,552,430	80.6%	$ 5,247,124	81.0%	$ 4,202,490	78.9%
First Aid and Safety Services	619,470	9.0%	564,706	8.7%	508,233	9.5%
Fire Protection Services	405,467	5.9%	349,968	5.4%	311,445	5.9%
Uniform Direct Sales	314,936	4.5%	314,834	4.9%	301,213	5.7%
Total revenue	$ 6,892,303	100.0%	$ 6,476,632	100.0%	$ 5,323,381	100.0%

For the fiscal years ended May 31, 2019, 2018 and 2017, the percentage of revenue recognized over time as the services are performed was 95.6%, 95.4% and 94.9% respectively, of Uniform Rental and Facility Services revenue, 90.5%, 90.5% and 90.6%, respectively, of First Aid and Safety Services revenue and 100.0% for all fiscal years, of Fire Protection Services revenue. During the same periods, the Uniform Direct Sales business unit recognized 96.5%, 96.9% and 96.9%, respectively, of revenue at a point in time, which generally occurs when the goods are transferred to the customer. Fire Protection Services and Uniform Direct Sales are recorded within the All Other reportable segment disclosed in Note 15 entitled Operating Segment Information.

Revenue Recognition Policy

More than 95% of the Company's revenues are derived from fees for route servicing of Uniform Rental and Facility Services, First Aid and Safety Services and Fire Protection Services, performed by a Cintas employee-partner, at the customer's location of business. Revenues from our route servicing customer contracts represent a single-performance obligation. The Company recognizes these revenues over time as services are performed based on the nature of services provided and contractual rates (input method). The Company's remaining revenues, primarily within the Uniform Direct Sales operating segment, and representing less than 5% of the Company's total revenues, are recognized when the obligations under the terms of a contract with a customer are satisfied. This generally occurs when the goods are transferred to the customer.

Revenue recorded is presented net of sales and other taxes we collect on behalf of governmental authorities. Shipping and handling costs charged to customers are treated as fulfillment activities and are recorded in both revenue and cost of sales at the time control is transferred to the customer. Certain of our customer contracts, primarily within our Uniform Direct Sales business, include pricing terms and conditions that include components of variable consideration. The variable consideration is typically in the form of consideration paid to a customer based on performance metrics specified within the contract. Specifically, some contracts contain discounts or rebates that the customer can earn through the achievement of specified volume levels. Each component of variable consideration is earned based on the Company's actual performance during the measurement period specified within the contract. To determine the transaction price, the Company estimates the variable consideration using the most likely amount method, based on the specific contract provisions and known performance results during the relevant measurement period. When determining if variable consideration should be constrained, the Company considers whether factors outside its control could result in a significant reversal of revenue. In making these assessments, the Company considers the likelihood and magnitude of a potential reversal. The Company's performance period generally corresponds with the monthly invoice period. No constraints on our revenue recognition were applied during the year ended May 31, 2019. The Company reassesses these estimates during each reporting period. Cintas maintains a liability for these discounts and rebates within accrued liabilities on the consolidated balance sheet. Variable consideration also includes consideration paid to a customer at the beginning of a contract. Cintas capitalizes this consideration and amortizes it over the life of the contract as a reduction to revenue in accordance with ASC 606. These assets are included in other assets, net on the consolidated balance sheet.

Additionally, in accordance with ASC 606, certain Uniform Direct Sales customer contracts contain a provision with an enforceable right of payment and the underlying product has no alternative use to Cintas. Consequently, when both aforementioned provisions are prevalent in a customer contract, the revenue is recorded for finished goods that the customer is obligated to purchase under the termination terms of the contract.

Costs to Obtain a Contract

The Company capitalizes commission expenses paid to our employee-partners when the commissions are deemed to be incremental for obtaining the route servicing customer contract. The deferred commissions are amortized on a straight-line basis over the expected period of benefit. We review the deferred commission balances for impairment on an ongoing basis. Deferred commissions are classified as current or noncurrent based on the timing of when we expect to recognize the expense. The current portion is included in prepaid expenses and other current assets and the noncurrent portion is included in other assets, net on the Company's consolidated balance sheets. As of May 31, 2019, the current and noncurrent assets related to deferred commissions totaled $69.6 million and $206.0 million, respectively. We recorded amortization expense related to deferred commissions of $71.1 million during the fiscal year ended May 31, 2019. These expenses are classified in selling and administrative expense on the consolidated statements of income.

3. Fair Value Disclosures

All financial instruments that are measured at fair value on a recurring basis (at least annually) have been classified into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the consolidated balance sheet date. These financial instruments measured at fair value on a recurring basis are summarized below:

(In thousands)	As of May 31, 2019 Level 1	Level 2	Level 3	Fair Value
Cash and cash equivalents	$ 96,645	$ —	$ —	$ 96,645
Total assets at fair value	$ 96,645	$ —	$ —	$ 96,645
Long-term accrued liabilities:				
Interest rate lock agreements	$ —	$ 36,393	$ —	$ 36,393
Total liabilities at fair value	$ —	$ 36,393	$ —	$ 36,393

(In thousands)	As of May 31, 2018 Level 1	Level 2	Level 3	Fair Value
Cash and cash equivalents	$ 138,724	$ —	$ —	$ 138,724
Total assets at fair value	$ 138,724	$ —	$ —	$ 138,724

Cintas' cash and cash equivalents and marketable securities are generally classified within Level 1 or Level 2 of the fair value hierarchy. Financial instruments classified as Level 1 are based on quoted market prices in active markets, and financial instruments classified as Level 2 are based on quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. The types of financial instruments Cintas classifies within Level 1 include most bank deposits and money market securities. Cintas does not adjust the quoted market price for such financial instruments.

Interest, realized gains and losses and declines in value determined to be other than temporary on available-for-sale securities are included in interest income or expense. The cost of the securities sold is based on the specific identification method. There were no outstanding marketable securities as of May 31, 2019 or 2018. There were no purchases of marketable securities for the fiscal year ended May 31, 2019. For the fiscal years ended May 31, 2018 and 2017, purchases of marketable securities were $143.9 million and $171.3 million, respectively.

As of May 31, 2019, long-term accrued liabilities included the fair value of outstanding interest rate lock agreements. The fair values of Cintas' interest rate lock agreements are based on similar exchange traded derivatives (market approach) and are, therefore, included within Level 2 of the fair value hierarchy. The fair value was determined by comparing the locked rates against the benchmarked treasury rate. All other amounts included in long-term accrued liabilities are not recorded at fair value.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Cintas believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the consolidated balance sheet dates.

In addition to assets and liabilities that are recorded at fair value on a recurring basis, Cintas records assets and liabilities at fair value on a nonrecurring basis as required under U.S. GAAP.

4. Property and Equipment

Cintas' property and equipment is summarized as follows at May 31:

(In thousands)		2019		2018
Land	$	189,828	$	177,281
Buildings and improvements		684,699		644,322
Equipment		2,207,481		2,070,009
Leasehold improvements		43,227		34,891
Construction in progress		67,129		119,937
		3,192,364		3,046,440
Less: accumulated depreciation		1,761,679		1,663,710
Property and equipment, net	$	1,430,685	$	1,382,730

Interest expense is net of capitalized interest of $0.7 million, $1.0 million and $2.1 million for the fiscal years ended May 31, 2019, 2018 and 2017, respectively. Cintas capitalizes certain expenditures for software that are purchased or internally developed for use in business. Included in equipment at May 31, 2019 and 2018 were $259.5 million and $253.8 million, respectively, of internal use software. Depreciation of internal use software begins when the software is ready for service and continues on the straight-line method over the estimated useful life, generally 10 years. Accumulated depreciation related to internal use software was $110.2 million and $88.8 million at May 31, 2019 and 2018, respectively.

5. Investments

Investments at May 31, 2019 of $192.3 million include the cash surrender value of insurance policies of $170.5 million, equity method investments of $18.6 million and cost method investments of $3.2 million. Investments at May 31, 2018 of $175.6 million include the cash surrender value of insurance policies of $154.0 million, equity method investments of $16.4 million and cost method investments of $5.2 million. Investments are evaluated for impairment on an annual basis or when indicators of impairment exist. For fiscal years 2019, 2018 and 2017, no losses due to impairment were recorded.

During fiscal 2019, Cintas sold a cost method investment to a third party. Proceeds from the sale were $73.3 million, which resulted in a pre-tax gain of $69.4 million.

6. Goodwill, Service Contracts and Other Assets

Changes in the carrying amount of goodwill and service contracts by reportable operating segment and All Other, are presented in the following tables:

Goodwill (in thousands)		Uniform Rental and Facility Services		First Aid and Safety Services		All Other		Total
Balance at June 1, 2017	$	2,448,070	$	243,112	$	91,153	$	2,782,335
Goodwill acquired [(1)]		55,152		370		5,939		61,461
Foreign currency translation		2,254		797		41		3,092
Balance at May 31, 2018		2,505,476		244,279		97,133		2,846,888
Goodwill acquired		1,153		—		5,484		6,637
Foreign currency translation		(10,227)		(820)		(37)		(11,084)
Balance at May 31, 2019	$	2,496,402	$	243,459	$	102,580	$	2,842,441

[(1)] Adjustments to the G&K preliminary purchase price allocation represents $52.7 million of the acquired goodwill in fiscal 2018 in the Uniform Rental and Facility Services reportable operating segment.

Service Contracts (in thousands)	Uniform Rental and Facility Services	First Aid and Safety Services	All Other	Total
Balance at June 1, 2017	$ 529,923	$ 30,062	$ 27,003	$ 586,988
Service contracts acquired	4,098	985	4,310	9,393
Service contracts amortization	(45,296)	(3,842)	(4,906)	(54,044)
Foreign currency translation	3,342	89	—	3,431
Balance at May 31, 2018	492,067	27,294	26,407	545,768
Service contracts acquired	2,864	14	5,186	8,064
Service contracts amortization	(46,943)	(3,853)	(5,394)	(56,190)
Foreign currency translation	(2,972)	(75)	—	(3,047)
Balance at May 31, 2019	$ 445,016	$ 23,380	$ 26,199	$ 494,595

Information regarding Cintas' service contracts and other assets is as follows:

	As of May 31, 2019		
(In thousands)	Carrying Amount	Accumulated Amortization	Net
Service contracts	$ 928,635	$ 434,040	$ 494,595
Capitalized contract costs [1]	$ 277,016	$ 71,062	$ 205,954
Noncompete and consulting agreements	42,308	40,524	1,784
Other	50,306	17,729	32,577
Other assets	$ 369,630	$ 129,315	$ 240,315

[1] The current portion of capitalized contract costs included in prepaid expenses and other current assets on the consolidated balance sheet as of May 31, 2019, is $69.6 million.

	As of May 31, 2018		
(In thousands)	Carrying Amount	Accumulated Amortization	Net
Service contracts	$ 924,978	$ 379,210	$ 545,768
Noncompete and consulting agreements	$ 41,710	$ 39,877	$ 1,833
Other	38,787	11,305	27,482
Other assets	$ 80,497	$ 51,182	$ 29,315

Amortization expense for service contracts and other assets for continuing operations was $134.0 million, $61.2 million and $22.8 million for the fiscal years ended May 31, 2019, 2018 and 2017, respectively. Estimated amortization expense for service contracts and other assets for continuing operations, excluding any future acquisitions and commissions to be earned, for each of the next five full fiscal years and thereafter is $131.9 million, $116.9 million, $104.7 million, $86.3 million, $74.6 million and $264.5 million, respectively. At May 31, 2019, the weighted average amortization period for service contracts, capitalized contract costs, noncompete and consulting agreements and other was 14 years, 7 years, 5 years and 3 years, respectively.

7. Debt and Derivatives

Cintas' debt is summarized as follows at May 31:

(In thousands)	Interest Rate	Fiscal Year Issued	Fiscal Year Maturity	**2019**	2018
Debt due within one year					
Commercial paper	2.68% (1)	2019	2020	$ 112,500	$ —
Term loan	3.06% (1)	2019	2020	200,000	—
Debt issuance costs				(236)	—
Total debt due within one year				$ 312,264	$ —
Debt due after one year					
Senior notes	4.30%	2012	2022	$ 250,000	$ 250,000
Senior notes	2.90%	2017	2022	650,000	650,000
Senior notes	3.25%	2013	2023	300,000	300,000
Senior notes (2)	2.78%	2013	2023	51,684	52,119
Senior notes (3)	3.11%	2015	2025	51,973	52,309
Senior notes	3.70%	2017	2027	1,000,000	1,000,000
Senior notes	6.15%	2007	2037	250,000	250,000
Debt issuance costs				(16,150)	(19,119)
Total debt due after one year				$ 2,537,507	$ 2,535,309

(1) Variable rate debt instrument. The rate presented is the variable borrowing rate at May 31, 2019.

(2) Cintas assumed these senior notes with the acquisition of G&K in the fourth quarter of fiscal 2017, and they were recorded at fair value. The interest rate shown above is the effective interest rate. The principal amount of these notes is $50.0 million with a stated interest rate of 3.73%.

(3) Cintas assumed these senior notes with the acquisition of G&K in the fourth quarter of fiscal 2017, and they were recorded at fair value. The interest rate shown above is the effective interest rate. The principal amount of these notes is $50.0 million with a stated interest rate of 3.88%.

The average interest rate for all Cintas debt at May 31, 2019 was 3.7% with maturity dates through fiscal year 2037. Cintas' senior notes, excluding the G&K senior notes assumed with the acquisition of G&K in fiscal 2017, and term loan are recorded at cost, net of debt issuance costs. The fair value of the long-term debt is estimated using Level 2 inputs based on general market prices. The carrying value and fair value of Cintas' debt as of May 31, 2019 were $2,866.2 million and $2,998.7 million, respectively, and as of May 31, 2018 were $2,550.0 million and $2,582.0 million, respectively. During the twelve months ended May 31, 2019, Cintas issued $112.5 million, net of commercial paper.

Letters of credit outstanding were $120.6 million and $143.0 million at May 31, 2019 and 2018, respectively. Maturities of debt during each of the next five years are $312.5 million, $0.0 million, $900.0 million, $350.0 million and $0.0 million, respectively.

Interest paid was $101.8 million, $122.1 million and $76.6 million for the fiscal years ended May 31, 2019, 2018 and 2017, respectively. Interest paid in fiscal 2017 included the payment of $17.1 million in short-term debt financing fees, which were related to the acquisition of G&K and are not reoccurring.

The credit agreement that supports our commercial paper program was amended and restated on May 24, 2019. The amendment increased the capacity of the revolving credit facility from $600.0 million to $1.0 billion and created a new term loan of $200.0 million. The credit agreement has an accordion feature that provides Cintas the ability to request increases to the borrowing commitments under either the revolving credit facility or the term loan of up to $250.0 million in the aggregate, subject to customary conditions. The maturity date of the revolving credit facility is May 22, 2024, and the maturity date of the term loan is May 22, 2020, which can be extended 12 months, annually, for up to four years. As of May 31, 2019, there was $112.5 million of commercial paper outstanding with a weighted average interest rate of 2.7% and maturity dates less than 30 days and no borrowings on our revolving credit facility. No commercial paper or borrowings on our revolving credit facility were outstanding at May 31, 2018. The fair value of the commercial paper, which approximates the carrying value, is estimated using Level 2 inputs based on general market prices.

Cintas uses interest rate locks to manage its overall interest expense as interest rate locks effectively change the interest rate of specific debt issuances. The interest rate locks are entered into to protect against unfavorable movements in the benchmark treasury rate related to forecasted debt issuances. Cintas used interest rate lock agreements to hedge against movements in the treasury rates at the time Cintas issued its senior notes in fiscal 2007, fiscal 2012, fiscal 2013 and fiscal 2017. The amortization of the cash flow hedges resulted in a decrease to other comprehensive income of $1.2 million and $0.9 million in the fiscal years ended May 31, 2019 and 2018, respectively and an increase to other comprehensive income of $1.1 million in the fiscal year ended May 31, 2017. During fiscal 2019, Cintas entered into interest rate lock agreements with a notional value of $500.0 million for a forecasted debt issuance. As of the May 31, 2019, the fair value of these interest rate locks was a liability of $36.4 million that was recorded in long-term accrued liabilities and in other comprehensive income, net of tax. These interest rate locks had no impact on net income or cash flows from continuing operations for fiscal 2019.

To hedge the exposure of movements in the foreign currency rates, Cintas may use foreign currency hedges. These hedges reduce the impact on cash flows from movements in the foreign currency exchange rates. Examples of foreign currency hedge instruments that Cintas may use are average rate options and forward contracts. There were no foreign currency hedge instruments outstanding during fiscal 2019, 2018 or 2017. Cintas had no foreign currency forward contracts as of May 31, 2019 or 2018.

Cintas has certain covenants related to debt agreements. These covenants limit Cintas' ability to incur certain liens, to engage in sale-leaseback transactions and to merge, consolidate or sell all or substantially all of Cintas' assets. These covenants also require Cintas to maintain certain debt to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) and interest coverage ratios. Cross-default provisions exist between certain debt instruments. If a default of a significant covenant were to occur, the default could result in an acceleration of the maturity of the indebtedness, impair liquidity and limit the ability to raise future capital. Cintas was in compliance with all of the debt covenants for all periods presented.

8. Leases

Cintas conducts certain operations from leased facilities and leases certain vehicles and equipment. Most leases contain renewal options for periods from 1 to 10 years. The lease agreements provide for increases in rent expense if the options are exercised based on increases in certain price level factors or other prearranged factors. Step rent provisions, escalation clauses, capital improvements funding and other lease concessions are taken into account in computing minimum lease payments. Minimum lease payments are recognized on a straight-line basis over the minimum lease term. Cintas has no lease payments dependent on an existing index or rate, and as such, are not included in minimum lease payments. It is anticipated that expiring leases will be renewed or replaced.

The minimum rental payments under noncancelable lease arrangements for each of the next five years and thereafter are $54.0 million, $46.2 million, $36.1 million, $28.3 million, $18.6 million and $40.0 million, respectively.

Rent expense for continuing operations under operating leases during the fiscal years ended May 31, 2019, 2018 and 2017, was $69.7 million, $70.0 million and $49.6 million, respectively.

9. Income Taxes

Income before income taxes for continuing operations consists of the following components for the fiscal years ended May 31:

(In thousands)	**2019**	2018	2017
U.S. operations	$ 1,061,505	$ 798,215	$ 673,055
Foreign operations	40,894	42,786	14,349
	$ 1,102,399	$ 841,001	$ 687,404

Income tax expense (benefit) for continuing operations consists of the following components for the fiscal years ended May 31:

(In thousands)	**2019**	2018	2017
Current:			
Federal	$ 134,174	$ 124,861	$ 184,130
State and local	40,949	32,322	30,201
Foreign	9,882	15,103	6,996
	185,005	172,286	221,327
Deferred	34,759	(115,217)	8,791
	$ 219,764	$ 57,069	$ 230,118

Reconciliation of income tax expense for continuing operations using the statutory rate and actual income tax expense is as follows for the fiscal years ended May 31:

(In thousands)	**2019**	2018	2017
Income taxes at the U.S. federal statutory rate	$ 231,503	$ 245,322	$ 240,677
Permanent differences [1]	(51,201)	(47,137)	(29,414)
State and local income taxes, net of federal benefit	31,687	24,783	19,210
Other [2]	6,506	(4,451)	(355)
Impact of the Tax Act:			
Deemed repatriation of non-U.S. earnings, net of foreign tax credits and other (collectively, transition tax)	153	9,768	—
Non-U.S. withholding taxes related to certain non-U.S. earnings subject to repatriation	690	4,363	—
Remeasurement of U.S. net deferred tax liabilities from 35% to 21%	426	(175,579)	—
	$ 219,764	$ 57,069	$ 230,118

(1) Includes the excess tax benefits related to share based compensation.

(2) Primarily consists of adjustments for uncertain tax positions, tax credits and return to provision adjustments.

The components of deferred income taxes included on the consolidated balance sheets are as follows at May 31:

(In thousands)	**2019**	2018
Deferred tax assets:		
Allowance for doubtful accounts	$ 9,495	$ 8,209
Inventory obsolescence	9,257	10,425
Insurance and contingencies	45,339	43,482
Stock-based compensation	77,697	64,376
Net operating loss and foreign related carry-forwards [1]	9,109	12,882
Treasury locks	5,806	—
Deferred compensation and other	48,922	37,319
	205,625	176,693
Valuation allowance	(7,308)	(11,302)
	198,317	165,391
Deferred tax liabilities:		
Uniform and other rental items in service	194,939	170,157
Property and equipment	159,186	126,273
Service contracts and other intangible assets	210,531	215,455
Treasury locks	—	4,185
Capitalized contract costs	70,228	—
State taxes and other	1,612	1,902
	636,496	517,972
Net deferred tax liability	$ 438,179	$ 352,581

(1) The majority of these net operating losses and carryforwards have a five-year expiration period and generally expire in fiscal year 2020 to 2025.

Although realization is not assured, management has evaluated its deferred tax assets to determine whether a valuation allowance is required or should be adjusted. This evaluation considers, among other items, the nature, frequency and amount of recent losses, reversal periods of taxable temporary differences, duration of statutory periods and tax planning strategies. As a result of this analysis, Management believes it is more likely than not that the recorded deferred tax assets, net of valuation allowances, will be realized.

The progression of the valuation allowance is as follows at May 31:

(In thousands)	**2019**	2018
Balance at beginning of year	$ (11,302)	$ (18,088)
Additions	—	(3,268)
Subtractions [1]	3,994	10,054
Balance at end of year	$ (7,308)	$ (11,302)

(1) Primarily related to expiration of net operating loss carryforwards.

Income taxes paid were $173.2 million, $175.3 million and $269.6 million for the fiscal years ended May 31, 2019, 2018 and 2017, respectively.

As of May 31, 2019 and 2018, there was $37.3 million and $26.9 million, respectively, in total unrecognized tax benefits, which, if recognized, would favorably impact Cintas' effective tax rate. Cintas recognizes interest accrued related to unrecognized tax benefits and penalties in income tax expense in the consolidated statements of income, which is consistent with the recognition of these items in prior reporting periods. The total amount accrued for interest and penalties as of May 31, 2019 and 2018, was $2.8 million and $1.8 million, respectively. Cintas records this tax liability in long-term accrued liabilities on the consolidated balance sheets, as appropriate.

A reconciliation of the beginning and ending amount of the gross unrecognized tax benefits (exclusive of interest and penalties) is as follows:

(In thousands)		
Balance at June 1, 2017	$	17,357
Additions for tax positions of the current year		10,164
Additions from G&K acquisition [(1)]		6,394
Additions for tax positions of prior years		5,675
Statute expirations		(2,943)
Balance at May 31, 2018	$	36,647
Additions for tax positions of the current year		3,641
Additions for tax positions of prior years		10,239
Statute expirations		(1,812)
Balance at May 31, 2019	$	48,715

(1) Increase in unrecognized tax benefit associated with unrecognized benefits assumed in the G&K acquisition.

The majority of Cintas' operations are in North America. Cintas is required to file federal income tax returns, as well as state income tax returns in a majority of the domestic states and also in certain Canadian provinces. At times, Cintas is subject to audits in these jurisdictions. The audits, by nature, are sometimes complex and can require several years to resolve. The final resolution of any such tax audit could result in either a reduction in Cintas' accruals or an increase in its income tax provision, either of which could have an impact on the consolidated results of operation in any given period.

All U.S. federal income tax returns are closed to audit through fiscal 2015. Cintas is currently in various audits in certain foreign jurisdictions and certain domestic states. The years under foreign and domestic state audits cover fiscal years back to 2014. Based on the resolution of the various audits and other potential regulatory developments, it is expected that the balance of unrecognized tax benefits will not change for the fiscal year ending May 31, 2020.

The Tax Act

In fiscal year 2018, the Company's tax expense and effective tax rate was impacted by the enactment of the Tax Act in the United States on December 22, 2017, which provided for a reduction of the U.S. corporate income tax rate from 35% to 21% effective January 1, 2018 and required companies to pay a one-time transition tax on earnings of foreign subsidiaries. The Tax Act also included provisions that were expected to offset some of the benefit of the U.S. corporate tax rate reduction, including the repeal of the deduction for domestic production activities and the expansion of the limitation on the deduction of certain executive compensation. In addition, the Tax Act altered the landscape of taxation of non-U.S. operations and provided immediate deductions for certain new investments, among other provisions.

As a result of the statutory rate reduction to 21% during fiscal year 2018, the Company recorded an income tax benefit of $175.6 million related to the remeasurement of its deferred taxes and additional tax expense of $9.8 million relating to the Tax Act's transition tax liability. The Company considered the effects of the Tax Act to be provisional pursuant to the guidance in SEC Staff Accounting Bulletin No. 118, primarily due to lack of implementation guidance at the balance sheet date related to among other items the state tax impacts of federal tax reform, which resulted in the use of estimates to compute the future blended tax rate. During the third quarter of fiscal 2019, Cintas finalized the accounting for the tax effects of the Tax Act. The Company recorded $0.4 million and $0.2 million to income tax expense as an adjustment to the provisional amounts recorded as of fiscal 2018 relating to the deferred tax remeasurement and transition tax liability, respectively.

Cintas also analyzed and recorded the impact of the Tax Act on executive compensation, the foreign derived intangible income deduction and global intangible low-taxed income and determined that the impact was immaterial for the year ended May 31, 2019. Cintas has elected to account for Global Intangible Low-Taxed Income (GILTI) as a current-period expense when incurred. Therefore, the Company has not recorded deferred taxes for basis differences expected to reverse in future periods.

Foreign Withholding Tax

In fiscal 2018, Cintas revised its position regarding unrepatriated foreign earnings to a partially reinvested assertion. The Company asserts that all foreign earnings will be indefinitely reinvested, with the exception of certain foreign investments in which earnings and cash generation are in excess of local needs. With the passage of the Tax Act, dividends of earnings from non-U.S. operations are generally no longer subject to U.S. income tax. Cintas continues to analyze and adjust the estimated impact of the non-U.S. income and withholding tax liabilities based on the source of these earnings, as well as the expected means through which those earnings may be taxed. Cintas has accrued a withholding tax estimate of $0.7 million related to fiscal 2019 earnings that are not deemed to be permanently reinvested. The unrecognized tax liability associated with the operations in which Cintas asserts permanent reinvestment is $5.4 million as of May 31, 2019. We will continue to monitor all foreign earnings and profits we believe to be permanently reinvested in foreign operations.

10. Acquisitions

The purchase price paid for each acquisition has been allocated to the fair value of the assets acquired and liabilities assumed. During fiscal 2019, Cintas acquired five businesses included in the Uniform Rental and Facility Services reportable operating segment, one business included in the First Aid and Safety Services reportable operating segment and seven businesses included in All Other. During fiscal 2018, Cintas acquired five businesses included in the Uniform Rental and Facility Services reportable operating segment, three businesses included in the First Aid and Safety Services reportable operating segment and six businesses included in All Other.

The following summarizes the aggregate purchase price and fair value allocations for all businesses acquired during the fiscal years ended May 31:

(In thousands)	**2019**	2018
Fair value of tangible assets acquired	$ 840	$ 421
Fair value of service contracts acquired	8,064	9,271
Fair value of other intangibles acquired	1,035	892
Net goodwill recognized	6,637	12,094
Total fair value of assets acquired	16,576	22,678
Fair value of liabilities assumed	6,763	3,332
Total cash paid for acquisitions, net of cash acquired	$ 9,813	$ 19,346

Cintas is required to provide additional disclosures about fair value measurements as part of the consolidated financial statements for each major category of assets and liabilities measured at fair value on a nonrecurring basis (including business acquisitions). The working capital assets and liabilities, as well as the property and equipment acquired, were valued using Level 2 inputs which included data points that are observable, such as definitive sales agreements, appraisals or established market values of comparable assets (market approach). Goodwill, service contracts and other intangibles were valued using Level 3 inputs, which are unobservable by nature, and included internal estimates of future cash flow using a discount rate of 9.5% (income approach). Significant increases (decreases) in any of those unobservable inputs in isolation would result in a significantly lower (higher) fair value measurement. As necessary, Management utilizes third-party valuation firms to assist in the determination of purchase accounting fair values, and specifically those considered Level 3 measurements. Management ultimately oversees the third-party valuation firms to ensure that the transaction-specific assumptions are appropriate for Cintas.

11. Employee Benefit Plans

Pension Plans

In conjunction with the acquisition of G&K, Cintas assumed G&K's noncontributory defined benefit pension plan (the Pension Plan) that covers substantially all G&K employees who were employed as of July 1, 2005, except certain employees who were covered by union-administered plans. Benefits are based on the number of years of service and each employee’s compensation near retirement. We will make annual contributions to the Pension Plan consistent with federal funding requirements. The Pension Plan was frozen by G&K effective December 31, 2006. Future growth in benefits will not occur beyond this date. Applicable accounting standards require that the consolidated balance sheet reflect the funded status of the pension plan. The funded status of the Pension Plan is measured as the difference between the plan assets at fair value and the projected benefit obligation. The net pension liability at May 31, 2019 and 2018 is included in the long-term accrued liabilities on the consolidated balance sheet. Unrecognized differences between actual amounts and estimates based on actuarial assumptions are included in accumulated other comprehensive income in our consolidated balance sheet. The difference between actual amounts and estimates based on actuarial assumptions are recognized in other comprehensive income in the period in which they occur. The estimated amortization from accumulated other comprehensive income into net periodic benefit cost during fiscal year 2020 is immaterial.

Obligations and Funded Status at May 31:

(in thousands)		**2019**		2018
Change in benefit obligation:				
Projected benefit obligation, beginning of year	$	86,341	$	87,387
Interest cost		3,124		2,818
Actuarial loss (gain)		5,455		(940)
Benefits paid		(2,985)		(2,924)
Projected benefit obligation, end of year	$	91,935	$	86,341
Change in plan assets:				
Fair value of plan assets, beginning of year	$	58,781	$	59,396
Actual return on plan assets		2,437		2,309
Employer contributions		4,034		—
Benefits paid		(2,985)		(2,924)
Fair value of plan assets, end of year	$	62,267	$	58,781
Funded status-net amount recognized	$	(29,668)	$	(27,560)

The accrued benefit liability of $29.7 million and $27.6 million was included in long-term accrued liabilities on the consolidated balance sheet as of May 31, 2019 and 2018, respectively. An unrecognized net actuarial loss of $6.7 million and $0.8 million related to the Pension Plan was included in "other" within in the accumulated other comprehensive income on the consolidated balance sheet at May 31, 2019 and 2018, respectively.

Components of Net Periodic Benefit Cost

(in thousands)		**2019**		2018
Interest cost	$	3,124	$	2,818
Expected return on assets		(2,882)		(2,832)
Net periodic benefit cost	$	242	$	(14)

Assumptions

The following weighted average assumptions were used to determine benefit obligations for the Pension Plan for the fiscal years ended May 31 :

	2019	2018
Discount rate	3.54%	3.95%
Rate of compensation increase	N/A	N/A

The following weighted average assumptions were used to determine net periodic benefit cost for the Pension Plan for the fiscal years ended May 31:

	2019	2018
Discount rate	3.95%	3.79%
Expected return on plan assets	4.90%	4.90%
Rate of compensation increase	N/A	N/A

Plan Assets

The asset allocations in the Pension Plan at May 31, 2019 and 2018 are as follows:

	2019	**2019**	2018
	Target Asset Allocation	Actual Asset Allocation	Actual Asset Allocation
Large cap equity	26.0%	26.4%	26.5%
Small cap equity	5.0%	5.3%	5.6%
International equity	8.0%	7.8%	7.9%
Fixed income	45.0%	45.0%	44.2%
Absolute return strategy funds	16.0%	13.3%	15.8%
Cash	—%	2.2%	—%
Total	100.0%	100.0%	100.0%

Our investment committee, assisted by outside consultants, evaluates the objectives and investment policies concerning our long-term investment goals and asset allocation strategies. Plan assets are invested in various asset classes that are expected to produce a sufficient level of diversification and investment return over the long term. To develop the expected long-term rate of return on asset assumptions, we consider the historical returns and future expectations of returns for each asset class, as well as the target asset allocation, changes in investments expenses and investment goals of the pension portfolio. This resulted in the selection of 4.90% expected return on plan assets for fiscal year 2019 and 4.90% expected return on plan assets for fiscal year 2018. The investment goals are (1) to meet or exceed the assumed actuarial rate of return over the long term within reasonable and prudent levels of risk, and (2) to preserve the real purchasing power of assets to meet future obligations. The nature and duration of benefit obligations, along with assumptions concerning asset class returns and return correlations, are considered when determining an appropriate asset allocation to achieve the investment objectives. Pension plan assets for our qualified pension plans are held in a trust for the benefit of the plan participants and are invested in a diversified portfolio of equity investments, fixed income investments and cash. Risk targets are established and monitored against acceptable ranges. All investment policies and procedures are designed to ensure that the plans' investments are in compliance with the Employee Retirement Income Security Act. Guidelines are established defining permitted investments within each asset class.

The implementation of the investment strategy discussed above is executed through a variety of investment types, including U.S. government securities, corporate debt and mutual funds. These investments are valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Information on the Pension Plan investments as of May 31, 2019 and 2018, using the fair value hierarchy discussed in Note 1 entitled Significant Accounting Polices, is as follows:

	May 31, 2019			
(in thousands)	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 1,379	$ —	$ —	$ 1,379
U.S. government securities	2,113	3,974	—	6,087
Corporate debt	—	21,970	—	21,970
Mutual funds:				
U.S. securities	27,984	—	—	27,984
International securities	4,847	—	—	4,847
Total	$ 36,323	$ 25,944	$ —	$ 62,267

	May 31, 2018			
(in thousands)	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 487	$ —	$ —	$ 487
U.S. government securities	2,426	3,458	—	5,884
Corporate debt	—	19,826	—	19,826
Mutual funds:				
U.S. securities	27,901	—	—	27,901
International securities	4,683	—	—	4,683
Total	$ 35,497	$ 23,284	$ —	$ 58,781

We expect to make contributions of approximately $3.1 million to the Pension Plan during the next 12 months. The Pension Plan benefit payments expected to be paid for each of the next five years and thereafter are $3.7 million, $3.9 million, $4.0 million, $4.2 million, $4.3 million and $23.5 million, respectively.

Future changes in plan asset returns, assumed discount rates and various other factors related to the Pension Plan will impact future pension expense and liabilities. We cannot predict the impact of these changes in the future, and any changes may have a material impact on our results of operations and financial position.

Cintas administers a pension plan that was assumed in a previous acquisition and has historically been deemed immaterial for disclosure purposes. As of May 31, 2019 and 2018, the fair value of this pension plan's total assets was $7.3 million and $7.5 million, respectively, and the projected benefit obligation was $7.9 million and $7.4 million, respectively. For the years ended May 31, 2019 and 2018, the net periodic benefit cost recorded for this plan was expense of $0.6 million and income of $0.1 million, respectively.

Non-Contributory Retirement Plans

Cintas' Partners' Plan (the Plan) is a non-contributory profit sharing plan and Employee Stock Ownership Plan (ESOP) for the benefit of substantially all U.S. Cintas employee-partners who have completed one year of service. The Plan also includes a 401(k) savings feature covering substantially all U.S. employee-partners. The amounts of contributions to the Plan and ESOP, as well as the matching contribution to the 401(k), are made at the discretion of the Board of Directors. During fiscal 2018, the G&K 401(k) plan was merged into the Plan. There were no changes to the Plan as a result of the merger. Total contributions, including Cintas' matching contributions, which approximate cost, were $67.6 million, $56.7 million and $47.5 million for the fiscal years ended May 31, 2019, 2018 and 2017, respectively.

Cintas has a non-contributory deferred profit sharing plan (DPSP), which covers substantially all Canadian employee-partners. In addition, a registered retirement savings plan (RRSP) is offered to those employees. The amounts of contributions to the DPSP, as well as the matching contribution to the RRSP, are made at the discretion of the Board of Directors. Total contributions, which approximate cost, were $2.5 million, $2.8 million and $1.8 million for the fiscal years ended May 31, 2019, 2018 and 2017, respectively.

Cintas has a supplemental executive retirement plan (SERP) subject to Section 409A of the Internal Revenue Code for the benefit of certain highly compensated Cintas employee-partners. The SERP allows participants to defer the receipt of compensation which would otherwise become payable to them. Matching contributions are made at the discretion of the Board of Directors. Total matching contributions were $8.6 million, $8.2 million and $6.9 million for the fiscal years ended May 31, 2019, 2018 and 2017, respectively.

12. Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share from continuing operations using the two-class method for amounts attributable to Cintas' common shares for the fiscal years ended May 31:

Basic Earnings per Share from Continuing Operations (In thousands except per share data)		**2019**		2018		2017
Income from continuing operations	$	882,635	$	783,932	$	457,286
Less: income from continuing operations allocated to participating securities		9,568		11,794		8,168
Income from continuing operations available to common shareholders	$	873,067	$	772,138	$	449,118
Basic weighted average common shares outstanding		106,080		106,593		104,964
Basic earnings per share from continuing operations	$	8.23	$	7.24	$	4.27

Diluted Earnings per Share from Continuing Operations (In thousands except per share data)		**2019**		2018		2017
Income from continuing operations	$	882,635	$	783,932	$	457,286
Less: income from continuing operations allocated to participating securities		9,568		11,794		8,168
Income from continuing operations available to common shareholders	$	873,067	$	772,138	$	449,118
Basic weighted average common shares outstanding		106,080		106,593		104,964
Effect of dilutive securities – employee stock options		3,415		3,217		2,819
Diluted weighted average common shares outstanding		109,495		109,810		107,783
Diluted earnings per share from continuing operations	$	7.97	$	7.03	$	4.17

Basic and diluted earnings per share from discontinued operations were calculated using the two-class method. Basic earnings per share from discontinued operations were $0.02, $0.54 and $0.22 for the fiscal years ended May 31, 2019, 2018 and 2017, respectively. Diluted earnings per share from discontinued operations were $0.02, $0.53 and $0.21 for the fiscal years ended May 31, 2019, 2018 and 2017, respectively.

For the fiscal years ended May 31, 2019, 2018 and 2017, options granted to purchase 0.5 million, 0.8 million and 0.6 million shares of Cintas common stock, respectively, were excluded from the computation of diluted earnings per share. The exercise prices of these options were greater than the average market price of the common shares (anti-dilutive).

On August 4, 2015, we announced that the Board of Directors authorized a $500.0 million share buyback program. This program was completed in June 2016. On August 2, 2016, we announced that the Board of Directors authorized a $500.0 million share buyback program. This program was completed in November 2018. On October 30, 2018, we announced that the Board of Directors authorized a new $1.0 billion share buyback program, which does not have an expiration date. The following table summarizes the buyback activity by program and fiscal year ended May 31:

(In thousands except per share data)	**2019**			2018			2017		
Buyback Program	Shares	Avg. Price per Share	Purchase Price	Shares	Avg. Price per Share	Purchase Price	Shares	Avg. Price per Share	Purchase Price
August 4, 2015	—	$ —	$ —	—	$ —	$ —	39	$ 94.09	$ 3,691
August 2, 2016	2,130	$ 192.55	$ 410,003	518	$ 173.51	$ 89,997	—	$ —	$ —
October 30, 2018	2,673	$ 203.30	$ 543,442	—	$ —	$ —	—	$ —	$ —
	4,803	$ 198.53	$ 953,445	518	$ 173.51	$ 89,997	39	$ 94.09	$ 3,691

Subsequent to May 31, 2019 through July 26, 2019, Cintas purchased 0.8 million shares at an average price of $230.66 per share for a total purchase price of $193.1 million. Under the October 30, 2018 program through July 26, 2019, Cintas has purchased a total of 3.5 million shares of Cintas common stock at an average price of $209.82 per share for a total purchase price of $736.5 million.

In addition to the buyback program, Cintas acquired shares of Cintas common stock in satisfaction of employee payroll taxes due on restricted stock awards that vested during the fiscal year. For the fiscal year ended May 31, 2019, Cintas acquired 0.3 million shares at an average price of $204.50 per share for a total purchase price of $62.9 million. For the fiscal year ended May 31, 2018, Cintas acquired 0.3 million shares at an average price of $130.30 per share for a total purchase price of $37.3 million. For the fiscal year ended May 31, 2017, Cintas acquired 0.2 million shares at an average price of $101.37 per share for a total purchase price of $17.0 million.

13. Stock-Based Compensation

On August 2, 2016, the Board of Directors approved and adopted the Cintas Corporation 2016 Equity and Incentive Compensation Plan (the 2016 Plan) to replace the Cintas' 2005 Equity Compensation Plan, as amended (the 2005 Plan). The 2016 Plan was approved by Cintas shareholders at its Annual Meeting on October 18, 2016, at which time the 2016 Plan became effective. Under the 2016 Plan, Cintas may grant officers and key employee-partners equity compensation in the form of stock options, stock appreciation rights, restricted and unrestricted stock awards, performance awards and other stock unit awards representing up to an aggregate of 12,500,000 shares of Cintas' common stock. Any shares of common stock that remained available under the 2005 Plan became part of the total available share balance of 12,500,000 shares under the 2016 Plan. At May 31, 2019, 8,230,432 shares of common stock were reserved for future issuance under the 2016 Plan. Total compensation cost for stock-based awards for continuing operations was $139.2 million, $110.7 million and $87.5 million for the fiscal years ended May 31, 2019, 2018 and 2017, respectively. Cintas accounts for forfeitures of stock-based awards as they occur. The total income tax benefit recognized in the consolidated income statement for share-based compensation arrangements for continuing operations was $34.0 million, $32.3 million and $32.5 million for the fiscal years ended May 31, 2019, 2018 and 2017, respectively.

Stock Options

Stock options are granted at the fair market value of the underlying common stock on the date of grant. The option terms are determined by the Compensation Committee of the Board of Directors, but no stock option may be exercised later than 10 years after the date of the grant. The option awards generally have 10-year terms with graded vesting in years 3 through 5 based on continuous service during that period. Cintas recognizes compensation expense for these options using the straight-line recognition method over the vesting period.

The fair value of options was estimated at the date of grant using a Black-Scholes option-pricing model with the following assumptions for the fiscal years ended May 31:

	2019	2018	2017
Risk-free interest rate	2.7%	1.8%	1.2%
Dividend yield	1.2%	1.2%	1.3%
Expected volatility of Cintas' common stock	17.9%	17.2%	21.6%
Expected life of the option in years	6.0	6.5	7.5

The risk-free interest rate is based on U.S. government issues with a remaining term equal to the expected life of the stock options. The determination of expected volatility is based on historical volatility of Cintas' common stock over the period commensurate with the expected term of stock options, as well as other relevant factors. The weighted average expected term was determined based on the historical employee exercise behavior of the options. The weighted-average fair value of stock options granted during fiscal 2019, 2018 and 2017 was $43.71, $37.62 and $23.34, respectively.

The information presented in the following table relates primarily to stock options granted and outstanding under either the 2016 Plan or under previously adopted plans:

	Shares	Weighted Average Exercise Price
Outstanding, June 1, 2016 (1,649,236 shares exercisable)	8,419,907	$ 61.83
Granted	1,343,180	126.51
Canceled	(5,368)	32.45
Forfeited	(165,452)	73.43
Exercised	(1,004,217)	35.95
Outstanding, May 31, 2017 (1,795,898 shares exercisable)	8,588,050	74.77
Granted	1,664,867	175.86
Canceled	(7,809)	45.10
Forfeited	(255,627)	94.73
Exercised	(1,059,295)	44.06
Outstanding, May 31, 2018 (2,006,922 shares exercisable)	8,930,186	96.71
Granted	1,013,005	219.37
Canceled	(3,045)	58.03
Forfeited	(397,304)	155.39
Exercised	(1,333,908)	54.14
Outstanding, May 31, 2019 (1,919,976 shares exercisable)	8,208,934	$ 123.80

The intrinsic value of stock options exercised was $193.6 million, $110.9 million and $76.5 million for the fiscal years ended May 31, 2019, 2018 and 2017, respectively. The total cash received from employees as a result of employee stock option exercises for the fiscal years ended May 31, 2019, 2018 and 2017 was $65.4 million, $41.8 million and $31.9 million, respectively.

The fair value of stock options vested was $22.4 million, $17.9 million and $12.7 million for the fiscal years ended May 31, 2019, 2018 and 2017, respectively.

The following table summarizes the information related to stock options outstanding at May 31, 2019:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Number Outstanding	Average Remaining Option Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$22.61 - $63.45	1,938,231	3.96	$ 49.30	1,549,449	$ 45.75
$63.46 - $108.39	2,516,838	6.61	96.18	335,335	84.71
$108.40 - $204.48	1,696,559	8.23	141.26	35,192	128.42
$204.49 - $221.83	2,057,306	9.52	213.39	—	—
$22.61 - $221.83	8,208,934	7.05	$ 123.80	1,919,976	$ 54.07

At May 31, 2019, the aggregate intrinsic value of stock options outstanding and exercisable was $804.7 million and $322.1 million, respectively. The weighted-average remaining contractual term of stock options exercisable is 4.2 years.

Restricted Stock Awards

Restricted stock awards consist of Cintas' common stock that is subject to such conditions, restrictions and limitations as the Compensation Committee of the Board of Directors determines to be appropriate. The vesting period is generally three years after the grant date. The recipient of restricted stock awards will have all rights of a shareholder of Cintas, including the right to vote and the right to receive cash dividends during the vesting period. Cintas recognizes compensation expense for these restricted stock awards using the straight-line recognition method over the vesting period.

The information presented in the following table relates to restricted stock awards granted and outstanding under either the 2016 Plan or under previously adopted plans:

	Shares	Weighted Average Grant Price
Outstanding, unvested grants at June 1, 2016	2,603,436	$ 75.94
Granted	614,076	128.63
Forfeited	(46,766)	81.23
Vested	(428,672)	48.67
Outstanding, unvested grants at May 31, 2017	2,742,074	91.91
Granted	669,932	183.83
Forfeited	(69,416)	102.96
Vested	(701,476)	64.64
Outstanding, unvested grants at May 31, 2018	2,641,114	122.18
Granted	425,614	221.27
Forfeited	(109,393)	169.48
Vested	(765,647)	93.37
Outstanding, unvested grants at May 31, 2019	2,191,688	$ 149.12

The remaining unrecognized compensation cost related to unvested stock options and restricted stock at May 31, 2019 was $253.8 million. The weighted-average period of time over which this cost will be recognized is 1.9 years.

14. Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive income (loss), net of tax:

(In thousands)	Foreign Currency	Unrealized Income (Loss) on Interest Rate Hedges	Other	Total
Balance at June 1, 2017	$ (12,726)	$ 11,382	$ (1,685)	$ (3,029)
Other comprehensive income before reclassifications	19,276	—	1,029	20,305
Amounts reclassified from accumulated other comprehensive income (loss)	—	(933)	—	(933)
Net current period other comprehensive income (loss)	19,276	(933)	1,029	19,372
Balance at May 31, 2018	6,550	10,449	(656)	16,343
Other comprehensive loss before reclassifications	(21,572)	(27,659)	(5,085)	(54,316)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(1,179)	—	(1,179)
Net current period other comprehensive loss	(21,572)	(28,838)	(5,085)	(55,495)
Balance at May 31, 2019	$ (15,022)	$ (18,389)	$ (5,741)	$ (39,152)

The following table summarizes the reclassifications out of accumulated other comprehensive income (loss) during the fiscal years ended May 31:

Reclassifications out of Accumulated Other Comprehensive Income (Loss)

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line in the Consolidated Statements of Income
(in thousands)	**2019**	2018	
Amortization of interest rate locks	$ 1,896	$ 1,504	Interest expense
Tax expense	(717)	(571)	Income taxes
Amortization of interest rate locks, net of tax	$ 1,179	$ 933	Net of tax

15. Operating Segment Information

Cintas' reportable operating segments are Uniform Rental and Facility Services and First Aid and Safety Services. The Uniform Rental and Facility Services reportable operating segment, consists of the rental and servicing of uniforms and other garments including flame resistant clothing, mats, mops and shop towels and other ancillary items. In addition to these rental items, restroom cleaning services and supplies, carpet and tile cleaning services and the sale of items from our catalogs to our customers on route are included within this reportable operating segment. The First Aid and Safety Services reportable operating segment consists of first aid and safety products and services. The remainder of Cintas' business, which consists of Fire Protection Services and its Uniform Direct Sale business, is included in All Other.

Cintas evaluates the performance of each operating segment based on several factors of which the primary financial measures are operating segment revenue and income before income taxes. The accounting policies of the operating segments are the same as those described in Note 1 entitled Significant Accounting Policies. Information related to the operations of Cintas' operating segments is set forth below:

(In thousands)	Uniform Rental and Facility Services	First Aid and Safety Services	All Other	Corporate [1]	Total
May 31, 2019					
Revenue	$ 5,552,430	$ 619,470	$ 720,403	$ —	$ 6,892,303
Gross margin	$ 2,524,831	$ 297,074	$ 306,683	$ —	$ 3,128,588
Selling and administrative expenses	1,533,711	206,990	239,943	—	1,980,644
G&K Services, Inc. integration expenses	14,410	—	—	—	14,410
Gain on sale of a cost method investment	—	—	—	69,373	69,373
Interest expense, net	—	—	—	100,508	100,508
Income before income taxes	$ 976,710	$ 90,084	$ 66,740	$ (31,135)	$ 1,102,399
Depreciation and amortization	$ 301,328	$ 36,824	$ 21,941	$ —	$ 360,093
Capital expenditures	$ 220,373	$ 36,783	$ 19,563	$ —	$ 276,719
Total assets	$ 6,442,461	$ 504,920	$ 392,636	$ 96,645	$ 7,436,662
May 31, 2018					
Revenue	$ 5,247,124	$ 564,706	$ 664,802	$ —	$ 6,476,632
Gross margin	$ 2,360,165	$ 265,785	$ 282,573	$ —	$ 2,908,523
Selling and administrative expenses	1,500,644	190,567	225,581	—	1,916,792
G&K Services, Inc. transaction and integration expenses	41,897	—	—	—	41,897
Interest expense, net	—	—	—	$ 108,833	108,833
Income before income taxes	$ 817,624	$ 75,218	$ 56,992	$ (108,833)	$ 841,001
Depreciation and amortization	$ 236,773	$ 21,898	$ 20,745	$ —	$ 279,416
Capital expenditures	$ 225,694	$ 27,932	$ 18,073	$ —	$ 271,699
Total assets	$ 5,977,314	$ 471,165	$ 371,011	$ 138,724	$ 6,958,214
May 31, 2017					
Revenue	$ 4,202,490	$ 508,233	$ 612,658	$ —	$ 5,323,381
Gross margin	$ 1,894,716	$ 230,166	$ 255,413	$ —	$ 2,380,295
Selling and administrative expenses	1,138,345	177,378	211,657	—	1,527,380
G&K Services, Inc. transaction and integration expenses	79,224	—	—	—	79,224
Interest expense, net	—	—	—	86,287	86,287
Income before income taxes	$ 677,147	$ 52,788	$ 43,756	$ (86,287)	$ 687,404
Depreciation and amortization	$ 156,998	$ 19,962	$ 17,905	$ 1,730	$ 196,595
Capital expenditures	$ 232,832	$ 26,863	$ 12,645	$ 977	$ 273,317
Total assets	$ 5,801,680	$ 444,717	$ 367,562	$ 230,098	$ 6,844,057

(1) Corporate assets include cash and marketable securities in all periods presented. Corporate assets as of May 31, 2017 also include the assets of Discontinued Services. Corporate depreciation, amortization and capital expenditures includes depreciation and amortization of Discontinued Services.

16. Quarterly Financial Data (Unaudited)

The following is a summary of the results of operation for each of the quarters within the fiscal years ended May 31, 2019 and 2018:

May 31, 2019 (in thousands)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 1,697,975	$ 1,718,268	$ 1,682,330	$ 1,793,730
Gross margin	$ 774,712	$ 775,158	$ 755,153	$ 823,565
Net income, continuing operations	$ 212,547	$ 242,994	$ 200,923	$ 226,171
Basic earnings per share, continuing operations	$ 1.96	$ 2.25	$ 1.89	$ 2.13
Diluted earnings per share, continuing operations	$ 1.89	$ 2.18	$ 1.83	$ 2.06
Weighted average number of shares outstanding	106,835	106,475	105,080	105,018

May 31, 2018 (in thousands)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 1,611,503	$ 1,606,441	$ 1,589,138	$ 1,669,550
Gross margin	$ 739,353	$ 716,369	$ 700,463	$ 752,338
Net income, continuing operations	$ 161,108	$ 137,737	$ 295,789	$ 189,298
Basic earnings per share, continuing operations	$ 1.50	$ 1.27	$ 2.73	$ 1.74
Diluted earnings per share, continuing operations	$ 1.45	$ 1.24	$ 2.66	$ 1.68
Weighted average number of shares outstanding	105,740	106,340	106,558	106,593

17. Discontinued Operations

In fiscal 2018, Cintas sold a significant business referred to as Discontinued Services and received $127.8 million of proceeds from the sale. Prior to the sale, Discontinued Services was primarily included in All Other and was classified as held for sale. In fiscal 2015 and 2016, Cintas sold the storage business (Storage) and the investment in the Shred-it Partnership (Shred-it), respectively. In accordance with the applicable accounting guidance for the disposal of long-lived assets, the results of Discontinued Services, Storage and Shred-it have been excluded from both continuing operations and operating segment results for all periods presented.

In fiscal 2017, we received additional proceeds related to the sale of Storage and Shred-it and realized a pre-tax gain of $2.4 million and $25.5 million, respectively, as a result of the additional consideration received. During fiscal 2019, we received the final proceeds related to contingent consideration on the sale of Shred-it and realized a pre-tax gain of $3.2 million.

Following is selected financial information included in net income from discontinued operations for Discontinued Services, Storage and Shred-it for the fiscal years ended May 31:

(In thousands)	**2019**	2018	2017
Revenue	$ —	$ 10,773	$ 105,559
(Loss) income before income taxes, excluding gains from sale transactions and investments	(97)	(2,433)	10,622
Income tax benefit (expense)	24	706	(3,930)
Gain on sale of business	3,200	96,400	27,857
Income tax expense on net gain	(781)	(36,019)	(11,127)
Net income from discontinued operations	$ 2,346	$ 58,654	$ 23,422

18. G&K Services, Inc. Transaction and Integration Expenses

As a result of the acquisition of G&K in fiscal 2017, the Company incurred $14.4 million, $41.9 million and $79.2 million, in transaction and integration expenses in fiscal 2019, 2018 and 2017, respectively. In fiscal 2019, the Company incurred integration expenses directly related to the acquisition of $16.9 million, which primarily consisted of facility closure expenses, partially offset by a $2.5 million adjustment to the accrual for employee termination expenses previously recognized under ASC Topic 712, "Compensation - Nonretirement Postemployment Benefits" (Topic 712). The $41.9 million of costs incurred in fiscal 2018 related to lease cancellation costs, facility closure expenses and other integration expenses directly related to the acquisition. In fiscal 2017, the expenses related to asset impairment charges of $23.3 million and other transaction and integration expenses of $55.9 million, which consisted of the following: $17.4 million of legal and professional fees directly related to the acquisition, $31.0 million of employee termination expenses recognized under Topic 712, $5.5 million write-off of excess inventory and $2.0 million of other miscellaneous integration expenses.

The transaction and integration expenses for all fiscal years are included in a single line in the consolidated statements of income and are reported by operating segment in Note 15 entitled Operating Segment Information. Our accounting policy for long-lived assets is described in Note 1 entitled Significant Accounting Policies. The asset impairment charges in fiscal 2017 of $23.3 million relate to the write-down of machinery and equipment and other fixed assets to their fair value in G&K plants and branches that were identified by the Company on April 30, 2017 for future closure. The Company determined that these assets cannot be used for other purposes, and the undiscounted projected future cash flows associated with these assets are less than their carrying value at April 30, 2017. The fair value utilized for purposes of the asset impairment analysis was determined by using Level 2 inputs based on both the cost and market approaches.

The amount of employee termination benefits paid during the fiscal year ended May 31, 2019, 2018 and 2017 was $3.8 million, $15.2 million and $6.7 million, respectively, which resulted in a related liability balance of $2.8 million, $9.1 million and $24.3 million, respectively. We anticipate the remaining accrued employee termination benefits to be paid by the end of the next fiscal year.

19. Supplemental Guarantor Information

Cintas Corporation No. 2 (Corp. 2) is the indirectly, wholly-owned principal operating subsidiary of Cintas. Corp. 2 is the issuer of the $112.5 million aggregate principal amount of commercial paper, term loan of $200.0 million and the $2,550.0 million aggregate principal amount of senior notes outstanding as of May 31, 2019, which are unconditionally guaranteed, jointly and severally, by Cintas Corporation and its wholly-owned, direct and indirect domestic subsidiaries.

As allowed by Securities and Exchange Commission rules, the following condensed consolidating financial statements are provided as an alternative to filing separate financial statements of the guarantors. Each of the subsidiaries presented in the following condensed consolidating financial statements has been fully consolidated in Cintas' consolidated financial statements. The following condensed consolidating financial statements should be read in conjunction with the consolidated financial statements of Cintas and notes thereto of which this note is an integral part.

Condensed consolidating financial statements for Cintas, Corp. 2, the subsidiary guarantors and non-guarantors are presented on the following pages:

Condensed Consolidating Income Statement

Year Ended May 31, 2019 (in thousands)	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Revenue:						
Uniform rental and facility services	$ —	$ 4,506,235	$ 728,463	$ 404,226	$ (86,494)	$ 5,552,430
Other	—	2,125,827	190	96,545	(882,689)	1,339,873
Equity in net income of affiliates	882,635	—	—	—	(882,635)	—
Total revenue	882,635	6,632,062	728,653	500,771	(1,851,818)	6,892,303
Costs and expenses (income):						
Cost of uniform rental and facility services	—	2,518,588	445,116	260,366	(196,471)	3,027,599
Cost of other	—	1,479,797	(66,349)	72,066	(749,398)	736,116
Selling and administrative expenses	—	2,233,197	(343,532)	125,864	(34,885)	1,980,644
G&K Services, Inc. integration expenses	—	8,709	3,559	2,142	—	14,410
Operating income	882,635	391,771	689,859	40,333	(871,064)	1,133,534
Gain on sale of a cost method investment	—	—	69,373	—	—	69,373
Interest income	—	(812)	(371)	(52)	7	(1,228)
Interest expense (income)	—	102,466	(745)	15	—	101,736
Income before income taxes	882,635	290,117	760,348	40,370	(871,071)	1,102,399
Income tax expense	—	58,378	151,861	9,630	(105)	219,764
Income from continuing operations	882,635	231,739	608,487	30,740	(870,966)	882,635
Income from discontinued operations, net of tax	2,346	2,346	—	—	(2,346)	2,346
Net income	$ 884,981	$ 234,085	$ 608,487	$ 30,740	$ (873,312)	$ 884,981

Condensed Consolidating Income Statement

Year Ended May 31, 2018 (in thousands)	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Revenue:						
Uniform rental and facility services	$ —	$ 4,361,716	$ 681,846	$ 400,792	$ (197,230)	$ 5,247,124
Other	—	1,778,845	112	88,092	(637,541)	1,229,508
Equity in net income of affiliates	783,932	—	—	—	(783,932)	—
Total revenue	783,932	6,140,561	681,958	488,884	(1,618,703)	6,476,632
Costs and expenses (income):						
Cost of uniform rental and facility services	—	2,511,854	418,722	254,718	(298,335)	2,886,959
Cost of other	—	1,183,036	(57,220)	62,368	(507,034)	681,150
Selling and administrative expenses	—	2,093,655	(271,222)	125,545	(31,186)	1,916,792
G&K Services, Inc. transaction and integration expenses	—	15,383	22,148	4,366	—	41,897
Operating income	783,932	336,633	569,530	41,887	(782,148)	949,834
Interest income	—	(310)	(242)	(793)	3	(1,342)
Interest expense (income)	—	111,292	(1,017)	(100)	—	110,175
Income before income taxes	783,932	225,651	570,789	42,780	(782,151)	841,001
Income tax (benefit) expense	—	(48,907)	90,886	15,212	(122)	57,069
Income from continuing operations	783,932	274,558	479,903	27,568	(782,029)	783,932
Income (loss) from discontinued operations, net of tax	58,654	68,293	(9,688)	—	(58,605)	58,654
Net income	$ 842,586	$ 342,851	$ 470,215	$ 27,568	$ (840,634)	$ 842,586

Condensed Consolidating Income Statement

Year Ended May 31, 2017 (in thousands)	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Revenue:						
Uniform rental and facility services	$ —	$ 3,511,483	$ 604,679	$ 257,288	$ (170,960)	$ 4,202,490
Other	—	1,604,877	1,810	73,006	(558,802)	1,120,891
Equity in net income of affiliates	457,286	—	—	—	(457,286)	—
Total revenue	457,286	5,116,360	606,489	330,294	(1,187,048)	5,323,381
Costs and expenses (income):						
Cost of uniform rental and facility services	—	2,021,365	378,404	164,969	(256,964)	2,307,774
Cost of other	—	1,070,780	(41,509)	56,210	(450,169)	635,312
Selling and administrative expenses	—	1,686,209	(220,887)	87,672	(25,614)	1,527,380
G&K Services, Inc. transaction and integration expenses	—	51,868	19,060	8,296	—	79,224
Operating income	457,286	286,138	471,421	13,147	(454,301)	773,691
Interest income	—	(26)	(191)	(22)	2	(237)
Interest expense (income)	—	89,706	(2,978)	(204)	—	86,524
Income before income taxes	457,286	196,458	474,590	13,373	(454,303)	687,404
Income tax expense	—	65,829	159,025	5,365	(101)	230,118
Income from continuing operations	457,286	130,629	315,565	8,008	(454,202)	457,286
Income from discontinued operations, net of tax	23,422	22,287	—	1,135	(23,422)	23,422
Net income	$ 480,708	$ 152,916	$ 315,565	$ 9,143	$ (477,624)	$ 480,708

Condensed Consolidating Statement of Comprehensive Income

Year Ended May 31, 2019 (in thousands)	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Net income	$ 884,981	$ 234,085	$ 608,487	$ 30,740	$ (873,312)	$ 884,981
Other comprehensive (loss) income, net of tax:						
Foreign currency translation adjustments	(21,572)	—	—	(21,572)	21,572	(21,572)
Change in fair value of interest rate lock agreements	(27,659)	(27,659)	—	—	27,659	(27,659)
Amortization of interest rate lock agreements	(1,179)	(1,179)	—	—	1,179	(1,179)
Other	(5,085)	(4,489)	(596)	—	5,085	(5,085)
Other comprehensive loss	(55,495)	(33,327)	(596)	(21,572)	55,495	(55,495)
Comprehensive income	$ 829,486	$ 200,758	$ 607,891	$ 9,168	$ (817,817)	$ 829,486

Condensed Consolidating Statement of Comprehensive Income

Year Ended May 31, 2018 (in thousands)	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Net income	$ 842,586	$ 342,851	$ 470,215	$ 27,568	$ (840,634)	$ 842,586
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments	19,276	—	—	19,276	(19,276)	19,276
Amortization of interest rate lock agreements	(933)	(933)	—	—	933	(933)
Other	1,029	267	762	—	(1,029)	1,029
Other comprehensive income (loss)	19,372	(666)	762	19,276	(19,372)	19,372
Comprehensive income	$ 861,958	$ 342,185	$ 470,977	$ 46,844	$ (860,006)	$ 861,958

Condensed Consolidating Statement of Comprehensive Income

Year Ended May 31, 2017 (in thousands)	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Net income	$ 480,708	$ 152,916	$ 315,565	$ 9,143	$ (477,624)	$ 480,708
Other comprehensive (loss) income, net of tax:						
Foreign currency translation adjustments	(10,252)	—	—	(10,252)	10,252	(10,252)
Change in fair value of cash flow hedges	31,136	31,136	—	—	(31,136)	31,136
Amortization of interest rate lock agreements	1,076	1,076	—	—	(1,076)	1,076
Other	(115)	—	(115)	—	115	(115)
Other comprehensive income (loss)	21,845	32,212	(115)	(10,252)	(21,845)	21,845
Comprehensive income (loss)	$ 502,553	$ 185,128	$ 315,450	$ (1,109)	$ (499,469)	$ 502,553

Condensed Consolidating Balance Sheet

As of May 31, 2019 (in thousands)	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ —	$ 54,963	$ 13,151	$ 28,531	$ —	$ 96,645
Accounts receivable, net	—	719,914	121,803	68,403	—	910,120
Inventories, net	—	278,666	35,081	20,842	—	334,589
Uniforms and other rental items in service	—	645,862	90,458	60,061	(12,248)	784,133
Income taxes, current	—	(9,728)	11,722	5,481	—	7,475
Prepaid expenses and other current assets	—	81,117	20,334	1,867	—	103,318
Total current assets	—	1,770,794	292,549	185,185	(12,248)	2,236,280
Property and equipment, net	—	948,830	369,006	112,849	—	1,430,685
Investments (1)	321,083	3,589,234	964,802	1,716,870	(6,399,643)	192,346
Goodwill	—	—	2,586,406	256,147	(112)	2,842,441
Service contracts, net	—	427,437	—	67,158	—	494,595
Other assets, net	2,216,391	211,102	5,424,413	1,716	(7,613,307)	240,315
	$ 2,537,474	$ 6,947,397	$ 9,637,176	$ 2,339,925	$ (14,025,310)	$ 7,436,662
Liabilities and Shareholders' Equity						
Current liabilities:						
Accounts payable	$ (465,247)	$ (2,090,954)	$ 2,793,558	$ (48,769)	$ 37,432	$ 226,020
Accrued compensation and related liabilities	—	117,404	26,870	11,235	—	155,509
Accrued liabilities	—	84,296	328,267	21,377	—	433,940
Debt due within one year	—	312,264	—	—	—	312,264
Total current liabilities	(465,247)	(1,576,990)	3,148,695	(16,157)	37,432	1,127,733
Long-term liabilities:						
Debt due after one year	—	2,537,507	—	—	—	2,537,507
Deferred income taxes	—	307,334	100,162	30,683	—	438,179
Accrued liabilities	—	116,469	197,934	16,119	—	330,522
Total long-term liabilities	—	2,961,310	298,096	46,802	—	3,306,208
Total shareholders' equity	3,002,721	5,563,077	6,190,385	2,309,280	(14,062,742)	3,002,721
	$ 2,537,474	$ 6,947,397	$ 9,637,176	$ 2,339,925	$ (14,025,310)	$ 7,436,662

(1) Investments include inter company investment activity. Corp 2 and Subsidiary Guarantors hold $19.8 million and $172.5 million, respectively, of the $192.3 million consolidated net investments.

Condensed Consolidating Balance Sheet

As of May 31, 2018 (in thousands)	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ —	$ 44,499	$ 60,310	$ 33,915	$ —	$ 138,724
Accounts receivable, net	—	620,920	120,767	62,896	—	804,583
Inventories, net	—	225,581	38,844	15,922	—	280,347
Uniforms and other rental items in service	—	585,108	81,494	54,248	(18,589)	702,261
Income taxes, current	—	5,546	9,258	4,830	—	19,634
Prepaid expenses and other current assets	—	9,453	21,688	1,242	—	32,383
Total current assets	—	1,491,107	332,361	173,053	(18,589)	1,977,932
Property and equipment, net	—	900,014	370,186	112,530	—	1,382,730
Investments [1]	321,083	3,595,668	950,239	1,716,070	(6,407,479)	175,581
Goodwill	—	—	2,579,769	267,231	(112)	2,846,888
Service contracts, net	—	468,283	—	77,485	—	545,768
Other assets, net	2,230,196	593	4,381,476	8,656	(6,591,606)	29,315
	$ 2,551,279	$ 6,455,665	$ 8,614,031	$ 2,355,025	$ (13,017,786)	$ 6,958,214
Liabilities and Shareholders' Equity						
Current liabilities:						
Accounts payable	$ (465,247)	$ (1,724,844)	$ 2,395,434	$ (28,216)	$ 37,947	$ 215,074
Accrued compensation and related liabilities	—	104,560	24,878	11,216	—	140,654
Accrued liabilities	—	88,949	308,485	22,695	—	420,129
Total current liabilities	(465,247)	(1,531,335)	2,728,797	5,695	37,947	775,857
Long-term liabilities:						
Debt due after one year	—	2,534,919	—	390	—	2,535,309
Deferred income taxes	—	215,881	104,559	32,141	—	352,581
Accrued liabilities	—	63,073	198,181	16,687	—	277,941
Total long-term liabilities	—	2,813,873	302,740	49,218	—	3,165,831
Total shareholders' equity	3,016,526	5,173,127	5,582,494	2,300,112	(13,055,733)	3,016,526
	$ 2,551,279	$ 6,455,665	$ 8,614,031	$ 2,355,025	$ (13,017,786)	$ 6,958,214

[1] Investments include inter company investment activity. Corp 2 and Subsidiary Guarantors hold $17.6 million and $158.0 million, respectively, of the $175.6 million consolidated net investments.

Condensed Consolidating Statement of Cash Flows

Year Ended May 31, 2019 (in thousands)	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Cash flows from operating activities:						
Net income	$ 884,981	$ 234,085	$ 608,487	$ 30,740	$ (873,312)	$ 884,981
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation	—	155,778	53,519	14,334	—	223,631
Amortization of intangible assets and capitalized contract costs	—	123,133	5,118	8,211	—	136,462
Stock-based compensation	139,210	—	—	—	—	139,210
Gain on sale of a cost method investment	—	—	(69,373)	—	—	(69,373)
Gain on sale of business	—	(3,200)	—	—	—	(3,200)
Deferred income taxes	—	36,254	(4,416)	(130)	—	31,708
Changes in current assets and liabilities, net of acquisitions of businesses:						
Accounts receivable, net	—	(85,568)	(1,037)	(8,313)	—	(94,918)
Inventories, net	—	(64,149)	8,314	(4,204)	—	(60,039)
Uniforms and other rental items in service	—	(60,745)	(13,514)	(9,628)	(6,341)	(90,228)
Prepaid expenses and other current assets and capitalized contract costs	—	(98,528)	(1,538)	(699)	—	(100,765)
Accounts payable	—	(359,733)	368,519	4,005	(515)	12,276
Accrued compensation and related liabilities	—	12,844	1,992	485	—	15,321
Accrued liabilities and other	—	15,624	15,521	(235)	—	30,910
Income taxes, current	—	15,274	(2,472)	(916)	—	11,886
Net cash provided by (used in) operating activities	1,024,191	(78,931)	969,120	33,650	(880,168)	1,067,862
Cash flows from investing activities:						
Capital expenditures	—	(204,601)	(52,622)	(19,496)	—	(276,719)
Purchase of marketable securities and investments	—	6,434	(14,439)	—	(9,836)	(17,841)
Proceeds from sale of a cost method investment	—	—	73,342	—	—	73,342
Proceeds from sale of business	—	3,200	—	—	—	3,200
Acquisitions of businesses, net of cash acquired	—	(9,813)	—	—	—	(9,813)
Other, net	147,409	(4,213)	(1,025,822)	(15,185)	890,004	(7,807)
Net cash provided by (used in) investing activities	147,409	(208,993)	(1,019,541)	(34,681)	880,168	(235,638)
Cash flows from financing activities:						
Issuance of commercial paper, net	—	112,500	—	—	—	112,500
Proceeds from issuance of debt, net	—	200,000	3,262	(3,262)	—	200,000
Proceeds from exercise of stock-based compensation awards	65,371	—	—	—	—	65,371
Dividends paid	(220,671)	—	—	(93)	—	(220,764)
Repurchase of common stock	(1,016,300)	—	—	—	—	(1,016,300)
Other, net	—	(14,112)	—	—	—	(14,112)
Net cash (used in) provided by financing activities	(1,171,600)	298,388	3,262	(3,355)	—	(873,305)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(998)	—	(998)
Net increase (decrease) in cash and cash equivalents	—	10,464	(47,159)	(5,384)	—	(42,079)
Cash and cash equivalents at beginning of year	—	44,499	60,310	33,915	—	138,724
Cash and cash equivalents at end of year	$ —	$ 54,963	$ 13,151	$ 28,531	$ —	$ 96,645

Condensed Consolidating Statement of Cash Flows

Year Ended May 31, 2018 (in thousands)	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Cash flows from operating activities:						
Net income	$ 842,586	$ 342,851	$ 470,215	$ 27,568	$ (840,634)	$ 842,586
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation	—	143,301	58,206	13,969	—	215,476
Amortization of intangible assets	—	50,231	5,102	8,607	—	63,940
Stock-based compensation	112,835	—	—	—	—	112,835
(Gain) loss on sale of business	—	(111,921)	15,521	—		(96,400)
Deferred income taxes	—	(80,328)	(38,906)	(61)	—	(119,295)
Changes in current assets and liabilities, net of acquisitions of businesses:						
Accounts receivable, net	—	(76,945)	17,129	(6,451)	—	(66,267)
Inventories, net	—	15,080	(17,377)	360	(1,386)	(3,323)
Uniforms and other rental items in service	—	(51,682)	(3,483)	(8,730)	(404)	(64,299)
Prepaid expenses and other current assets	—	3,676	(19,421)	219	—	(15,526)
Accounts payable	—	(60,978)	108,724	(12,310)	(161)	35,275
Accrued compensation and related liabilities	—	9,522	(18,595)	(319)	—	(9,392)
Accrued liabilities and other	—	(133,671)	173,905	2,234	—	42,468
Income taxes, current	—	11,874	15,898	(1,690)	—	26,082
Net cash provided by operating activities	955,421	61,010	766,918	23,396	(842,585)	964,160
Cash flows from investing activities:						
Capital expenditures	—	(192,668)	(65,211)	(13,820)	—	(271,699)
Proceeds from redemption of marketable securities	—	13,589	(1,189)	167,457	—	179,857
Purchase of marketable securities and investments	—	9,789	(24,636)	(143,861)	5,000	(153,708)
Proceeds from sale of business	—	127,835	—	—	—	127,835
Acquisitions of businesses, net of cash acquired	—	(19,346)	—	—	—	(19,346)
Other, net	(694,429)	599,192	(633,629)	(107,356)	837,585	1,363
Net cash (used in) provided by investing activities	(694,429)	538,391	(724,665)	(97,580)	842,585	(135,698)
Cash flows from financing activities:						
Payments of commercial paper, net	—	(50,500)	—	—	—	(50,500)
Repayment of debt	—	(550,000)	—	—	—	(550,000)
Proceeds from exercise of stock-based compensation awards	41,848	—	—	—	—	41,848
Dividends paid	(175,521)	—	—	(68)	—	(175,589)
Repurchase of common stock	(127,319)	—	—	—	—	(127,319)
Other, net	—	(3,060)	755	(275)	—	(2,580)
Net cash (used in) provided by financing activities	(260,992)	(603,560)	755	(343)	—	(864,140)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	5,136	—	5,136
Net (decrease) increase in cash and cash equivalents	—	(4,159)	43,008	(69,391)	—	(30,542)
Cash and cash equivalents at beginning of year	—	48,658	17,302	103,306	—	169,266
Cash and cash equivalents at end of year	$ —	$ 44,499	$ 60,310	$ 33,915	$ —	$ 138,724

Condensed Consolidating Statement of Cash Flow

Year Ended May 31, 2017 (in thousands)	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Cash flows from operating activities:						
Net income	$ 480,708	$ 152,916	$ 315,565	$ 9,143	$ (477,624)	$ 480,708
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation	—	117,578	43,660	10,327	—	171,565
Amortization of intangible assets	—	21,496	1,178	2,356	—	25,030
Stock-based compensation	88,868	—	—	—	—	88,868
Gain on sale of business	—	(24,976)	—	(1,941)	—	(26,917)
Asset impairment charge	—	20,966	—	2,365	—	23,331
G&K Services, Inc. transaction and integration costs	—	26,453	—	4,992	—	31,445
Short-term debt financing fees included in net income	—	17,062	—	—	—	17,062
Settlement of cash flow hedges	—	30,194	—	—	—	30,194
Deferred income taxes	—	(26,289)	26,058	4,133	—	3,902
Changes in current assets and liabilities, net of acquisitions of businesses:						
Accounts receivable, net	—	(50,012)	(40,380)	(3,165)	—	(93,557)
Inventories, net	—	7,787	(2,317)	(3,679)	(2,459)	(668)
Uniforms and other rental items in service	—	(4,951)	(5,011)	1,959	(729)	(8,732)
Prepaid expenses and other current assets	—	21,119	2,775	307	—	24,201
Accounts payable	—	1,765,713	(1,509,215)	(242,875)	103	13,726
Accrued compensation and related liabilities	—	(7,498)	19,815	1,337	—	13,654
Accrued liabilities and other	—	2,813	(5,675)	2,361	—	(501)
Income taxes, current	—	(5,205)	(22,445)	(1,774)	—	(29,424)
Net cash provided by (used in) operating activities	569,576	2,065,166	(1,175,992)	(214,154)	(480,709)	763,887
Cash flows from investing activities:						
Capital expenditures	—	(153,963)	(102,682)	(16,672)	—	(273,317)
Proceeds from redemption of marketable securities	—	—	—	218,324	—	218,324
Purchase of marketable securities and investments	—	18,150	(797,559)	598,344	—	(181,065)
Proceeds from sale of business	—	26,335	—	1,941	—	28,276
Acquisitions of businesses, net of cash acquired	—	(2,112,015)	—	9,644	—	(2,102,371)
Other, net	(438,344)	(1,562,294)	2,039,740	(520,007)	480,709	(196)
Net cash (used in) provided by investing activities	(438,344)	(3,783,787)	1,139,499	291,574	480,709	(2,310,349)
Cash flows from financing activities:						
Proceeds from issuance of commercial paper, net	—	50,500	—	—	—	50,500
Proceeds from the issuance of debt, net	—	1,932,229	(2,000)	2,000	—	1,932,229
Repayment of debt	—	(250,000)	—	—	—	(250,000)
Payment of short-term debt financing fees	—	(17,062)	—	—	—	(17,062)
Proceeds from exercise of stock-based compensation awards	31,870	—	—	—	—	31,870
Dividends paid	(142,378)	—	—	(55)	—	(142,433)
Repurchase of common stock	(20,724)	—	—	—	—	(20,724)
Other, net	—	(6,282)	404	—	—	(5,878)
Net cash (used in) provided by financing activities	(131,232)	1,709,385	(1,596)	1,945	—	1,578,502
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(2,131)	—	(2,131)
Net (decrease) increase in cash and cash equivalents	—	(9,236)	(38,089)	77,234	—	29,909
Cash and cash equivalents at beginning of year	—	57,894	55,391	26,072	—	139,357
Cash and cash equivalents at end of year	$ —	$ 48,658	$ 17,302	$ 103,306	$ —	$ 169,266

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

With the participation of Cintas' management, including Cintas' Chairman and Chief Executive Officer, Chief Financial Officer, General Counsel and Controllers, Cintas has evaluated the effectiveness of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act) as of May 31, 2019. Based on such evaluation, Cintas' management, including Cintas' Chairman and Chief Executive Officer, Chief Financial Officer, General Counsel and Controllers, have concluded that Cintas' disclosure controls and procedures were effective as of May 31, 2019, in ensuring (i) information required to be disclosed by Cintas in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) information required to be disclosed by Cintas in the reports that it files or submits under the Exchange Act is accumulated and communicated to Cintas' management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

Management's Report on Internal Control over Financial Reporting and the Report of Ernst & Young LLP, Independent Registered Public Accounting Firm thereon are set forth in Part II, Item 8 of this Annual Report on Form 10-K and are incorporated by reference herein.

There were no changes in Cintas' internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended May 31, 2019, that have materially affected, or are reasonably likely to materially affect, Cintas' internal control over financial reporting.

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required under this item is incorporated herein by reference to the material contained in Cintas' definitive proxy statement for the 2019 annual meeting of shareholders to be filed with the SEC pursuant to Regulation 14A not later than 120 days after the close of the fiscal year (the Proxy Statement).

Item 11. Executive Compensation

The information required under this item is incorporated herein by reference to the material contained in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under this item is incorporated herein by reference to the material contained in the Proxy Statement, except that the information required by Item 201(d) of Regulation S-K can be found below.

The following table provides information about Cintas' common stock that may be issued under Cintas' equity compensation plans as of May 31, 2019.

Equity Compensation Plan Information

Plan category	Number of shares to be issued upon exercise of outstanding options [1]	Weighted average exercise price of outstanding options [1]	Number of shares remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders	8,208,934	$ 123.80	8,230,432
Equity compensation plans not approved by shareholders	—	—	—
Total	8,208,934	$ 123.80	8,230,432

[1] Excludes 2,191,688 unvested restricted stock units.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required under this item is incorporated herein by reference to the material contained in the Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required under this item is incorporated herein by reference to the material contained in the Proxy Statement.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) Financial Statements. All financial statements required to be filed by Item 8 of Form 10-K and included in this Annual Report are listed in Item 8. No additional financial statements are filed because the requirements of paragraph (c) under Item 15 are not applicable to Cintas.

(a) (2) Financial Statement Schedule:

For each of the three years in the period ended May 31, 2019.

Schedule II: Valuation and Qualifying Accounts and Reserves.

All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or Notes thereto.

(a) (3) Exhibits.

All documents referenced below were filed pursuant to the Exchange Act by Cintas Corporation, file number 000-11399, unless otherwise noted.

Exhibit Number		Description of Exhibit
2.1	***	Agreement and Plan of Merger, among Cintas Corporation, G&K Services, Inc. and Bravo Merger Sub, Inc., dated as of August 15, 2016 (Incorporated by reference to Exhibit 2.1 to Cintas' Current Report on Form 8-K filed on August 16, 2016).
3.1		Restated Articles of Incorporation, as amended (Incorporated by reference to Exhibit 4.1 to Post Effective Amendment No. 1 to Cintas' Registration Statement No. 333-136631-09 on Form S-3 filed on December 3, 2007).
3.2		Amended and Restated By-laws (Incorporated by reference to Exhibit 3.1 to Cintas' Current Report on Form 8-K filed on August 3, 2018).
4.1		Indenture dated as of May 28, 2002, among Cintas Corporation No. 2, as issuer, Cintas Corporation, as parent guarantor, the subsidiary guarantors thereto and Wachovia Bank, National Association, as trustee (Incorporated by reference to Exhibit 4.1 to Cintas' Annual Report on Form 10-K for the year ended May 31, 2002).
4.2		Form of 6.15% Senior Note due 2036 (Incorporated by reference to Exhibit 4.3 to Cintas' Current Report on Form 8-K filed on August 21, 2006).
4.3		Form of 4.30% Senior Note due 2021 (Incorporated by reference to Exhibit 4.2 to Cintas' Current report on Form 8-K filed on May 23, 2011).
4.4		Form of 3.25% Senior Note due 2022 (Incorporated by reference to Exhibit 4.1 to Cintas' Current Report on Form 8-K filed on June 8, 2012).
4.5		Form of 2.900% Senior Notes due 2022 (Incorporated by reference to Exhibit 4.1 to Cintas' Current Report on Form 8-K filed on March 14, 2017).
4.6		Form of 3.700% Senior Notes due 2027 (Incorporated by reference to Exhibit 4.2 to Cintas' Current Report on Form 8-K filed on March 14, 2017).
4.7		Form of 3.250% Senior Notes due 2022 (Incorporated by reference to Exhibit 4.3 to Cintas' Current Report on Form 8-K filed on March 14, 2017).
4.8		Description of Securities
10.1		Second Amended and Restated Credit Agreement, dated as of May 24, 2019, among Cintas No. 2, the Lenders party thereto and KeyBank National Association, as Administrative Agent (Incorporated by reference to Exhibit 10.1 to Cintas' Current Report on Form 8-K filed on May 30, 2019).
10.2		Amended and Restated Note Purchase Agreement, dated as of March 21, 2017, among G&K Services, Inc. and the Note holders (Incorporated by reference to Exhibit 4.1 to Cintas' Current Report on Form 8-K filed on March 21, 2017).
10.3	*	Partners' Plan (Incorporated by reference to Cintas' Annual Report on Form 10-K for the year ended May 31, 1993).
10.4	*	First Amendment to Partners' Plan (Incorporated by reference to Exhibit 4.2 to Cintas' Registration Statement No. 33-56623 on Form S-8 filed on November 28, 1994).
10.5	*	Second Amendment to Partners' Plan (Incorporated by reference to Exhibit 4.3 to Cintas' Registration Statement No. 33-56623 on Form S-8 filed on November 28, 1994).
10.6	*	Directors' Deferred Compensation Plan (Incorporated by reference to Exhibit 10.12 to Cintas' Quarterly Report on Form 10-Q for the quarter ended November 30, 2000).
10.7	*	Form of agreement signed by Officers, General/Branch Managers, Professionals and Key Managers, including Executive Officers (Incorporated by reference to Exhibit 10 to Cintas' Quarterly Report on Form 10-Q for the quarter ended February 28, 2005).
10.8	*	President and CEO Executive Compensation Plan (Incorporated by reference to Exhibit 10.18 to Cintas' Annual Report on Form 10-K for the year ended May 31, 2005).

10.9	*	2006 Executive Incentive Plan (Incorporated by reference to Exhibit 10.19 to Cintas' Annual Report on Form 10-K for the year ended May 31, 2005).
10.10	*	2005 Equity Compensation Plan (Incorporated by reference to Cintas' Definitive Proxy Statement on Schedule 14A filed on September 1, 2005).
10.11	*	Criteria for Performance Evaluation of the President and CEO (Incorporated by reference to Exhibit 10.21 to Cintas' Annual Report on Form 10-K for the year ended May 31, 2006).
10.12	*	2007 Executive Incentive Plan (Incorporated by reference to Exhibit 10.22 to Cintas' Annual Report on Form 10-K for the year ended May 31, 2006).
10.13	*	Amendment No. 1 to 2005 Equity Compensation Plan (Incorporated by reference to Exhibit 10.17 to Cintas' Annual Report on Form 10-K for the year ended May 31, 2011).
10.14	*	Form of Restricted Stock Agreement (Incorporated by reference to Exhibit 10.18 to Cintas' Annual Report on Form 10-K for the year ended May 31, 2011).
10.15	*	Amendment No. 2 to Cintas Corporation 2005 Equity Compensation Plan (Incorporated by reference to Exhibit 10.1 to Cintas' Current Report on Form 8-K filed on July 27, 2012).
10.16	*	Form of Restricted Stock Agreement (Incorporated by reference to Exhibit 10.2 to Cintas' Current Report on Form 8-K filed on July 27, 2012).
10.17	*	Amendment No. 3 to Cintas Corporation 2005 Equity Compensation Plan (Incorporated by reference to Exhibit 10.4 to Cintas' Current Report on Form 8-K filed on October 23, 2013).
10.18	*	Amendment No. 4 to Cintas Corporation 2005 Equity Compensation Plan (Incorporated by reference to Exhibit 10.5 to Cintas' Current Report on Form 8-K filed on October 22, 2014).
10.19	*	Cintas Corporation Management Incentive Plan (Incorporated by reference to Exhibit 10.5 to Cintas' Current Report on Form 8-K filed on October 23, 2013).
10.20	*	Cintas Corporation 2016 Equity and Incentive Compensation Plan (Incorporated by reference to Exhibit 10.1 to Cintas' Current Report on Form 8-K filed on October 20, 2016).
10.21	*	Amendment No. 1 to Cintas Corporation 2016 Equity and Incentive Compensation Plan (Incorporated by reference to Exhibit 10.1 to Cintas' Quarterly Report on Form 10-Q for the quarter ended November 30, 2017).
14		Code of Ethics (Incorporated by reference to Exhibit 14 to Cintas' Annual Report on Form 10-K for the year ended May 31, 2004).
21	**	Subsidiaries of the Registrant.
23	**	Consent of Independent Registered Public Accounting Firm.
31.1	**	Certification of Principal Executive Officer, Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	**	Certification of Principal Financial Officer, Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	**	Certification of Chief Executive Officer, Pursuant to 18 U.S.C. § 1350.
32.2	**	Certification of Chief Financial Officer, Pursuant to 18 U.S.C. § 1350.
101.INS	**	XBRL Instance Document.
101.SCH	**	XBRL Taxonomy Extension Schema Document.
101.CAL	**	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	**	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	**	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	**	XBRL Taxonomy Extension Presentation Linkbase Document.

* Management compensatory contracts

** Filed herewith

*** Certain exhibits and schedules have been omitted and Cintas agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted exhibits upon request.

Item 16. Form 10-K Summary

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

CINTAS CORPORATION

By: /s/ Scott D. Farmer

Scott D. Farmer

Chairman and Chief Executive Officer

DATE SIGNED: July 26, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Scott D. Farmer Scott D. Farmer	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	July 26, 2019
/s/ Ronald W. Tysoe Ronald W. Tysoe	Director	July 26, 2019
/s/ John F. Barrett John F. Barrett	Director	July 26, 2019
/s/ James J. Johnson James J. Johnson	Director	July 26, 2019
/s/ Robert E. Coletti Robert E. Coletti	Director	July 26, 2019
/s/ J. Michael Hansen J. Michael Hansen	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	July 26, 2019

Cintas Corporation
Schedule II — Valuation and Qualifying Accounts and Reserves

(In thousands)	Balance at Beginning of Year	Additions (1)	Deductions (2)	Balance at End of Year
Allowance for Doubtful Accounts				
May 31, 2017	$ 19,103	$ 6,446	$ 5,024	$ 20,525
May 31, 2018	$ 20,525	$ 13,358	$ 373	$ 33,510
May 31, 2019	$ 33,510	$ 10,761	$ 6,462	$ 37,809
Reserve for Obsolete Inventory				
May 31, 2017	$ 32,716	$ 10,049	$ 4,460	$ 38,305
May 31, 2018	$ 38,305	$ 1,335	$ 2,597	$ 37,043
May 31, 2019	$ 37,043	$ 2,346	$ 6,711	$ 32,678

(1) Represents amounts charged to expense to increase reserve for estimated future bad debts or to increase reserve for obsolete inventory. Amounts related to inventory are computed by performing a thorough analysis of future marketability by specific inventory item as well as an estimate based on Cintas' historical rates of obsolescence.

(2) Represents reductions in the balance sheet reserve due to the actual write-off of non-collectible accounts receivable or the physical disposal of obsolete inventory items. These amounts do not impact Cintas' consolidated income statement.