UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

August 25, 2016

Autodesk, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**000-14338**	**94-2819853**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

111 McInnis Parkway
San Rafael, California 94903
(Address of principal executive offices, including zip code)

(415) 507-5000
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On August 25, 2016, Autodesk, Inc. (“Autodesk” or the “Company”) issued a press release and prepared remarks reporting financial results for the second quarter ended July 31, 2016. The press release and prepared remarks are furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively, and are incorporated herein by reference.

These exhibits shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Non-GAAP Financial Measures

To supplement Autodesk’s consolidated financial statements presented on a GAAP basis, the press release and prepared remarks furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively, provide investors with certain non-GAAP measures, including but not limited to historical non-GAAP net earnings and historical and future non-GAAP net earnings per diluted share and billings. For our internal budgeting and resource allocation process and as a means to evaluate period-to-period comparisons, Autodesk uses non-GAAP measures to supplement our consolidated financial statements presented on a GAAP basis. These non-GAAP measures do not include certain items that may have a material impact upon our reported financial results. Autodesk uses non-GAAP measures in making operating decisions because Autodesk believes those measures provide meaningful supplemental information regarding our earning potential and performance for management by excluding certain expenses and charges that may not be indicative of our core business operating results. For the reasons set forth below, Autodesk believes these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business. This allows investors and others to better understand and evaluate our operating results and future prospects in the same manner as management, compare financial results across accounting periods and to those of peer companies and to better understand the long-term performance of our core business. Autodesk also uses some of these measures for purposes of determining company-wide incentive compensation.

As described above, Autodesk may exclude the following items from its non-GAAP measures:

A. *Stock-based compensation expenses.* Autodesk excludes stock-based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses and management finds it useful to exclude certain non-cash charges to assess the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future periods. Moreover, because of varying available valuation methodologies, subjective assumptions and the variety of award types that companies can use under FASB ASC Topic 718, Autodesk believes excluding stock-based compensation expenses allows investors to make meaningful comparisons between our recurring core business operating results and those of other companies.

B. *Amortization of developed technologies and purchased intangibles.* Autodesk incurs amortization of acquisition-related developed technology and purchased intangibles in connection with acquisitions of certain businesses and technologies. Amortization of developed technologies and purchased intangibles is inconsistent in amount and frequency and is significantly affected by the timing and size of our acquisitions. Management finds it useful to exclude these variable charges from our cost of revenues to assist in budgeting, planning and forecasting future periods. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of developed technologies and purchased intangible assets will recur in future periods.

C. *Goodwill impairment.* This is a non-cash charge to write-down goodwill to fair value when there was an indication that the asset was impaired. As explained above, management finds it useful to exclude certain non-cash charges to assess the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future periods.

D. *Restructuring charges and other facility exit costs (benefits), net.* These expenses are associated with realigning our business strategies based on current economic conditions. In connection with these restructuring actions or other exit actions, Autodesk recognizes costs related to termination benefits for former employees whose positions were eliminated, the closure of facilities and cancellation of certain contracts. Autodesk excludes these charges because these expenses are not reflective of ongoing business and operating results. Autodesk believes it is useful for investors to understand the effects of these items on our total operating expenses.

E. *Loss (gain) on strategic investments.* Autodesk excludes gains and losses related to our strategic investments from our non-GAAP measures primarily because management finds it useful to exclude these variable gains and losses on these investments in assessing our financial results. Included in these amounts are non-cash unrealized gains and losses on the derivative components and realized gains and losses on the sale or losses on the impairment of these investments. Autodesk believes excluding these items is useful to investors because these excluded items do not correlate to the underlying performance of our business and these losses or gains were incurred in connection with strategic investments which do not occur regularly.

F. *Establishment of a valuation allowance on certain net deferred tax assets.* This is a non-cash charge to record a valuation allowance on certain deferred tax assets. As explained above, management finds it useful to exclude certain non-cash charges to assess the appropriate level of various cash expenses to assist in budgeting, planning and forecasting future periods.

G. Discrete tax items. Autodesk excludes the GAAP tax provision, including discrete items, from the non-GAAP measure of income, and includes a non-GAAP tax provision based upon the projected annual non-GAAP effective tax rate. Discrete tax items include income tax expenses or benefits that do not relate to ordinary income from continuing operations in the current fiscal year, unusual or infrequently occurring items, or the tax impact of certain stock-based compensation. Examples of discrete tax items include, but are not limited to, certain changes in judgment and changes in estimates of tax matters related to prior fiscal years, certain costs related to business combinations, certain changes in the realizability of deferred tax assets or changes in tax law. Management believes this approach assists investors in understanding the tax provision and the effective tax rate related to ongoing operations. Autodesk believes the exclusion of these discrete tax items provides investors with useful supplemental information about the Company's operational performance.

H. *Income tax effects on the difference between GAAP and non-GAAP costs and expenses*. The income tax effects that are excluded from the non-GAAP measures relate to the tax impact on the difference between GAAP and non-GAAP costs and expenses, primarily due to stock-based compensation, purchased intangibles and restructuring for GAAP and non-GAAP measures.

There are limitations in using non-GAAP financial measures because non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which charges are excluded from the non-GAAP financial measures. Autodesk compensates for these limitations by analyzing current and future results on a GAAP basis as well as a non-GAAP basis and also by providing GAAP measures in our public disclosures. The presentation of non-GAAP financial information is meant to be considered in addition to, not as a substitute for or in isolation from, the directly comparable financial measures prepared in accordance with GAAP. Autodesk urges investors to review the reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures included below, and not to rely on any single financial measure to evaluate our business.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press release dated as of August 25, 2016.
99.2	Prepared remarks dated as of August 25, 2016.

SIGNATURES

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

AUTODESK, INC.

By: /s/ PAUL UNDERWOOD

Paul Underwood
Vice President and Corporate Controller (Principal Accounting Officer)

Date: August 25, 2016

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release dated as of August 25, 2016.
99.2	Prepared remarks dated as of August 25, 2016.

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AUTODESK REPORTS STRONG SECOND QUARTER RESULTS
Continued Subscription and ARR Growth Demonstrate Progress on Business Model Transition

SAN RAFAEL, Calif., AUGUST 25, 2016-- Autodesk, Inc. (NASDAQ: ADSK) today reported financial results for the second quarter of fiscal 2017.

Second Quarter Fiscal 2017

- Total subscriptions increased 109,000 from the first quarter of fiscal 2017 to 2.82 million at the end of the second quarter. New model subscriptions increased 125,000 from the first quarter of fiscal 2017 to 692,000.

- Total annualized recurring revenue (ARR) was $1.47 billion, an increase of 10 percent compared to the second quarter last year as reported, and 14 percent on a constant currency basis. New model ARR was $371 million and increased 82 percent compared to the second quarter last year as reported, and 86 percent on a constant currency basis.

- Deferred revenue increased 23 percent to $1.52 billion, compared to $1.24 billion in the second quarter last year.

- Revenue was $551 million, a decrease of 10 percent compared to the second quarter last year as reported, and 6 percent on a constant currency basis. During Autodesk's business model transition, revenue is negatively impacted as more revenue is recognized ratably rather than up front and as new offerings generally have a lower initial purchase price.

- Total GAAP spend (cost of revenue plus operating expenses) was $614 million, an increase of 1 percent compared to the second quarter last year. GAAP spend includes a charge of $16 million for a previously announced restructuring and other facility exit costs.

- Total non-GAAP spend was $525 million, a decrease of 4 percent compared to the second quarter last year. A reconciliation of GAAP to non-GAAP results is provided in the accompanying tables.

- GAAP diluted net loss per share was $(0.44). GAAP diluted net loss per share was $(1.18) in the second quarter last year.

- Non-GAAP diluted net income per share was $0.05, compared to non-GAAP diluted net income per share of $0.19 in the second quarter last year.

"We posted terrific second quarter results driven by growth in new model subscriptions, the end of perpetual license sales, and diligent cost control," said Carl Bass, Autodesk president and CEO. "We've now seen several quarters of strong growth from our new model subscriptions, as our customers and partners embrace a model that has greater flexibility and a better user experience. Finally, we continued to extend our leadership in the cloud during a quarter that delivered our largest-ever increase in cloud subscriptions led by BIM 360 and Fusion 360."

Second Quarter Operational Overview

"Continued adoption of product subscription drove strong growth in new model subscriptions, new model ARR, and deferred revenue," said Scott Herren, Autodesk Chief Financial Officer. "We saw record volume of product subscription for suites while also experiencing greater than expected volume of perpetual licenses for suites, stemming from the final availability of that offering. Based on our strong second quarter results and progress on our business model transition, we remain confident in our long-term goals of growing our subscription base by a 20% CAGR through our fiscal year 2020, which will drive a 24% CAGR in ARR and $6 per share in free cash flow."

Total subscriptions were 2.82 million, a net increase of 109,000 from the first quarter of fiscal 2017. Of total subscriptions, new model subscriptions (product, enterprise flexible license, and cloud subscription) were 692,000, a net increase of 125,000. The increase in new model subscriptions was led by product subscriptions. Maintenance subscriptions were 2.13 million, a net decrease of 16,000 from the first quarter of fiscal 2017.

Total ARR for the second quarter increased 10 percent to $1.47 billion compared to the second quarter last year as reported, and 14 percent on a constant currency basis. New model ARR was $371 million and increased 82 percent compared to the second quarter last year as reported, and 86 percent on a constant currency basis.
Maintenance ARR was $1.10 billion and decreased 3 percent compared to the second quarter last year as reported, and increased 1 percent on a constant currency basis. Total recurring revenue in the second quarter was 67 percent of total revenue compared to 55 percent of total revenue in the second quarter last year.

As a reminder, during the business model transition, revenue has been and will be negatively impacted as more revenue is recognized ratably rather than up front and as new product offerings generally have a lower initial purchase price. As part of the business model transition, Autodesk discontinued new perpetual license sales for most individual products at the end of the fourth quarter of fiscal 2016 and suites at the end of the second quarter of fiscal 2017.

Revenue in the Americas was $230 million, a decrease of 2 percent compared to the second quarter last year as reported, and on a constant currency basis. Revenue in EMEA was $221 million, a decrease of 2 percent compared to the second quarter last year as reported, and an increase of 5 percent on a constant currency basis. Revenue in APAC was $100 million, a decrease of 32 percent compared to the second quarter last year as reported, and 30 percent on a constant currency basis.

Revenue from our Architecture, Engineering and Construction (AEC) business segment was $253 million, an increase of 8 percent compared to the second quarter last year. Revenue from our Manufacturing business segment was $177 million, an increase of 3 percent compared to the second quarter last year. Revenue from our Platform Solutions and Emerging Business (PSEB) segment was $86 million, a decrease of 47 percent compared to the second quarter last year. Revenue from our Media and Entertainment (M&E) business segment was $34 million, a decrease of 16 percent compared to the second quarter last year.

Business Outlook

The following are forward-looking statements based on current expectations and assumptions, and involve risks and uncertainties some of which are set forth below under "Safe Harbor Statement." Autodesk's business outlook for the third quarter and full year fiscal 2017 assumes, among other things, a continuation of the current economic environment and foreign exchange currency rate environment and the continued success of our business model transition. A reconciliation between the fiscal 2017 GAAP and non-GAAP estimates is provided below or in the tables following this press release.

Third Quarter Fiscal 2017

Q3 FY17 Guidance Metrics	**Q3 FY17 (ending October 31, 2016)**
Revenue (in millions)	$470 - $485
EPS GAAP	($0.81) - ($0.74)
EPS non-GAAP (1)	($0.27) - ($0.22)

(1) Non-GAAP earnings per diluted share excludes $0.27 related to stock-based compensation expense, between $0.15 and $0.13 related to GAAP-only tax charges, $0.08 for the amortization of acquisition related intangibles, and $0.04 related to restructuring charges and other facility exit costs.

Full Year Fiscal 2017

FY17 Guidance Metrics	**FY17 (ending January 31, 2017)**
Revenue (in millions) (1)	$2,000 - $2,050
GAAP spend growth (cost of revenue plus operating expenses)	Approx. 2%
Non-GAAP spend growth (cost of revenue plus operating expenses) (2)	Approx. (2%)
EPS GAAP	($2.97) - ($2.74)
EPS non-GAAP (3)	($0.70) - ($0.55)
Net subscription additions	475,000 - 525,000

(1) Excluding the impact of foreign currency exchange rates and hedge gains/losses, revenue guidance would be $2,045 - $2,095 million.
(2) Non-GAAP spend excludes $226 million related to stock-based compensation expense, $86 million related to restructuring charges and other facility exit costs, and $69 million for the amortization of acquisition-related intangibles.
(3) Non-GAAP earnings per diluted share excludes $1.01 related to stock-based compensation expense, between $0.56 and $0.48 of GAAP-only tax charges, $0.39 related to restructuring charges and other facility exit costs, and $0.31 for the amortization of acquisition-related intangibles.

The third quarter and full year fiscal 2017 outlook assume a projected annual effective tax rate of (12) percent and 26 percent for GAAP and non-GAAP results, respectively. Assumptions for the annual effective tax rate are regularly evaluated and may change based on the projected geographic mix of earnings. At this stage of the business model transition, small shifts in geographic profitability significantly impact the effective tax rate.

Earnings Conference Call and Webcast

Autodesk will host its second quarter conference call today at 5:00 p.m. ET. The live broadcast can be accessed at http://www.autodesk.com/investors. Supplemental financial information and prepared remarks for the conference call will be posted to the investor relations section of Autodesk's website simultaneously with this press release.

A replay of the broadcast will be available at 7:00 p.m. ET at http://www.autodesk.com/investors. This replay will be maintained on Autodesk's website for at least 12 months.

Glossary of Terms

Annualized Recurring Revenue (ARR): Represents the annualized value of our average monthly recurring revenue for the preceding three months. "Maintenance plan ARR" captures ARR relating to traditional maintenance attached to perpetual licenses. "New Model ARR" captures ARR relating to new model subscription offerings. Recurring revenue acquired with the acquisition of a business may cause variability in the comparison of this calculation.

ARR is currently our key performance metric to assess the health and trajectory of our business. ARR should be viewed independently of revenue and deferred revenue as ARR is a performance metric and is not intended to be combined with any of these items.

Constant Currency (CC) Growth Rates: We attempt to represent the changes in the underlying business operations by eliminating fluctuations caused by changes in foreign currency exchange rates as well as eliminating hedge gains or losses recorded within the current and comparative periods. Our constant currency methodology removes all hedging gains and losses from the calculation and applies a constant exchange rate across periods.

Safe Harbor Statement

This press release contains forward-looking statements that involve risks and uncertainties, including statements regarding our long-term subscription, ARR and free cash flow targets, statements in the paragraphs under “Business Outlook” above, other statements about our short-term and long-term goals, statements regarding the impacts and results of our business model transition, expectations regarding the transition of product offerings to subscription and acceptance by our customers and partners of subscriptions, and other statements regarding our strategies, market and product positions, performance, and results. There are a significant number of factors that could cause actual results to differ materially from statements made in this press release, including: failure to achieve our revenue and profitability objectives; failure to successfully manage transitions to new business models and markets, including the introduction of additional ratable revenue streams and our continuing efforts to attract customers to our cloud-based offerings and expenses related to the transition of our business model; difficulty in predicting revenue from new businesses and the potential impact on our financial results from changes in our business models; general market, political, economic and business conditions; the impact of non-cash charges on our financial results; fluctuation in foreign currency exchange rates; the success of our foreign currency hedging program; failure to control our expenses; our performance in particular geographies, including emerging economies; the ability of governments around the world to meet their financial and debt obligations, and finance infrastructure projects; weak or negative growth in the industries we serve; slowing momentum in subscription billings or revenues; difficulties encountered in integrating new or acquired businesses and technologies; the inability to identify and realize the anticipated benefits of acquisitions; the financial and business condition of our reseller and distribution channels; dependence on and the timing of large transactions; failure to achieve sufficient sell-through in our channels for new or existing products; pricing pressure; unexpected fluctuations in our tax rate; the timing and degree of expected investments in growth and efficiency opportunities; changes in the timing of product releases and retirements; and any unanticipated accounting charges.

Further information on potential factors that could affect the financial results of Autodesk are included in Autodesk's Annual Report on Form 10-K for the fiscal year ended January 31, 2016 and Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2016, which are on file with the U.S. Securities and Exchange

Commission. Autodesk disclaims any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

About Autodesk

Autodesk makes software for people who make things. If you've ever driven a high-performance car, admired a towering skyscraper, used a smartphone, or watched a great film, chances are you've experienced what millions of Autodesk customers are doing with our software. Autodesk gives you the power to make anything. For more information visit autodesk.com or follow @autodesk.

Autodesk, Inc.

Condensed Consolidated Statements of Operations (1)

(In millions, except per share data)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2016	2015	2016	2015
	(Unaudited)			
Net revenue:				
Subscription	$ 322.0	$ 319.0	$ 648.0	$ 638.8
License and other	228.7	290.5	414.6	617.2
Total net revenue	550.7	609.5	1,062.6	1,256.0
Cost of revenue:				
Cost of subscription revenue	38.2	40.0	78.0	78.7
Cost of license and other revenue	46.9	53.0	99.5	106.1
Total cost of revenue	85.1	93.0	177.5	184.8
Gross profit	465.6	516.5	885.1	1,071.2
Operating expenses:				
Marketing and sales	243.1	240.8	483.9	494.7
Research and development	193.0	193.1	386.5	387.6
General and administrative	68.6	70.1	143.3	146.0
Amortization of purchased intangibles	7.8	8.2	15.7	17.1
Restructuring charges and other facility exit costs, net	16.0	—	68.3	—
Total operating expenses	528.5	512.2	1,097.7	1,045.4
(Loss) income from operations	(62.9)	4.3	(212.6)	25.8
Interest and other expense, net	(10.1)	(3.4)	(13.7)	(3.1)
(Loss) income before income taxes	(73.0)	0.9	(226.3)	22.7
Provision for income taxes	(25.2)	(269.5)	(39.6)	(272.2)
Net loss	$ (98.2)	$ (268.6)	$ (265.9)	$ (249.5)
Basic net loss per share	$ (0.44)	$ (1.18)	$ (1.19)	$ (1.10)
Diluted net loss per share	$ (0.44)	$ (1.18)	$ (1.19)	$ (1.10)
Weighted average shares used in computing basic net loss per share	223.2	227.0	223.8	227.1
Weighted average shares used in computing diluted net loss per share	223.2	227.0	223.8	227.1

(1) As Autodesk has elected to early adopt ASU 2016-09 in the second quarter of fiscal 2017, we are required to reflect any adjustments as of February 1, 2016, the beginning of the annual period that includes the interim period of adoption. As a result of recording forfeitures as they occur, our stock based compensation expense decreased by $5.3 million for the three months ended April 30, 2016. Incorporating these non-cash, GAAP only, revisions results in a GAAP net loss of $167.7 million, and a GAAP diluted net loss per share of $0.75 for the three months ended April 30, 2016, which is reflected in the results for the six months ended July 31, 2016 above.

Autodesk, Inc.
Condensed Consolidated Balance Sheets
(In millions)

	July 31, 2016	January 31, 2016
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,467.3	$ 1,353.0
Marketable securities	597.6	897.9
Accounts receivable, net	306.9	653.6
Prepaid expenses and other current assets	114.7	88.6
Total current assets	2,486.5	2,993.1
Marketable securities	505.6	532.3
Computer equipment, software, furniture and leasehold improvements, net	173.0	169.3
Developed technologies, net	66.6	70.8
Goodwill	1,597.4	1,535.0
Deferred income taxes, net	9.8	9.2
Other assets	208.5	205.6
Total assets	$ 5,047.4	$ 5,515.3
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable	$ 110.3	$ 119.9
Accrued compensation	160.0	243.3
Accrued income taxes	54.1	29.4
Deferred revenue	1,107.1	1,068.9
Other accrued liabilities	128.1	129.5
Total current liabilities	1,559.6	1,591.0
Long term deferred revenue	412.9	450.3
Long term income taxes payable	42.7	161.4
Long term deferred income taxes	66.6	67.7
Long term notes payable, net	1,489.2	1,487.7
Other liabilities	144.7	137.6
Stockholders’ equity:		
Preferred stock	—	—
Common stock and additional paid-in capital	1,857.1	1,821.5
Accumulated other comprehensive loss	(129.8)	(121.1)
Retained earnings	(395.6)	(80.8)
Total stockholders’ equity	1,331.7	1,619.6
Total liabilities and stockholders' equity	$ 5,047.4	$ 5,515.3

Autodesk, Inc.

Condensed Consolidated Statements of Cash Flows

(In millions)

	Six Months Ended July 31,	
	2016	2015
	(Unaudited)	
Operating activities:		
Net loss	$ (265.9)	$ (249.5)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, amortization and accretion	70.4	74.0
Stock-based compensation expense	105.9	90.9
Deferred income taxes	(9.2)	223.0
Restructuring charges and other facility exit costs, net	68.3	—
Other operating activities	(6.2)	(15.3)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	346.9	64.4
Prepaid expenses and other current assets	(23.3)	(19.4)
Accounts payable and accrued liabilities	(44.6)	(80.3)
Deferred revenue	(1.4)	79.2
Accrued income taxes	(94.5)	(3.3)
Net cash provided by operating activities	146.4	163.7
Investing activities:		
Purchases of marketable securities	(810.9)	(1,314.2)
Sales of marketable securities	354.7	187.0
Maturities of marketable securities	791.3	541.0
Capital expenditures	(42.6)	(29.8)
Acquisitions, net of cash acquired	(85.2)	(37.5)
Other investing activities	(6.7)	(13.1)
Net cash provided by (used in) investing activities	200.6	(666.6)
Financing activities:		
Proceeds from issuance of common stock, net of issuance costs	54.2	61.9
Taxes paid related to net share settlement of equity awards	(19.9)	(28.7)
Repurchase and retirement of common stock	(270.0)	(207.7)
Proceeds from debt, net of discount	—	748.3
Other financing activities	—	(6.3)
Net cash (used in) provided by financing activities	(235.7)	567.5
Effect of exchange rate changes on cash and cash equivalents	3.0	(2.1)
Net increase in cash and cash equivalents	114.3	62.5
Cash and cash equivalents at beginning of the period	1,353.0	1,410.6
Cash and cash equivalents at end of the period	$ 1,467.3	$ 1,473.1

Autodesk, Inc.

Reconciliation of GAAP financial measures to non-GAAP financial measures

(In millions, except per share data)

To supplement our consolidated financial statements presented on a GAAP basis, Autodesk provides investors with certain non-GAAP measures including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating margin, non-GAAP net income, non-GAAP net income per share, and non-GAAP diluted shares used in per share calculation. These non-GAAP financial measures are adjusted to exclude certain costs, expenses, gains and losses, including stock-based compensation expense, restructuring charges and other facility exit costs, amortization of purchased intangibles, gain and loss on strategic investments, and related income tax expenses. See our reconciliation of GAAP financial measures to non-GAAP financial measures herein. We believe these exclusions are appropriate to enhance an overall understanding of our past financial performance and also our prospects for the future, as well as to facilitate comparisons with our historical operating results. These adjustments to our GAAP results are made with the intent of providing both management and investors a more complete understanding of Autodesk's underlying operational results and trends and our marketplace performance. For example, non-GAAP results are an indication of our baseline performance before gains, losses or other charges that are considered by management to be outside our core operating results. In addition, these non-GAAP financial measures are among the indicators management uses as a basis for our planning and forecasting of future periods.

There are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP in the United States. Investors should review the reconciliation of the non-GAAP financial measures to their most directly comparable GAAP financial measures as provided in the tables accompanying this press release.

The following table shows Autodesk's non-GAAP results reconciled to GAAP results included in this release.

	Three Months Ended July 31,		Six Months Ended July 31,	
	2016	2015	2016	2015
	(Unaudited)		(Unaudited)	
GAAP cost of subscription revenue	$ 38.2	$ 40.0	$ 78.0	$ 78.7
Stock-based compensation expense	(1.7)	(1.2)	(3.5)	(2.6)
Amortization of developed technology	(0.1)	(0.8)	(0.4)	(1.9)
Non-GAAP cost of subscription revenue	$ 36.4	$ 38.0	$ 74.1	$ 74.2
GAAP cost of license and other revenue	$ 46.9	$ 53.0	$ 99.5	$ 106.1
Stock-based compensation expense	(1.7)	(1.2)	(3.3)	(2.7)
Amortization of developed technology	(10.6)	(11.2)	(21.2)	(23.6)
Non-GAAP cost of license and other revenue	$ 34.6	$ 40.6	$ 75.0	$ 79.8
GAAP gross profit	$ 465.6	$ 516.5	$ 885.1	$ 1,071.2
Stock-based compensation expense	3.4	2.4	6.8	5.3
Amortization of developed technology	10.7	12.0	21.6	25.5
Non-GAAP gross profit	$ 479.7	$ 530.9	$ 913.5	$ 1,102.0
GAAP marketing and sales	$ 243.1	$ 240.8	$ 483.9	$ 494.7
Stock-based compensation expense	(23.3)	(17.3)	(44.8)	(39.0)
Non-GAAP marketing and sales	$ 219.8	$ 223.5	$ 439.1	$ 455.7
GAAP research and development	$ 193.0	$ 193.1	$ 386.5	$ 387.6
Stock-based compensation expense	(20.2)	(14.8)	(39.1)	(32.4)

Non-GAAP research and development	$ 172.8	$ 178.3	$ 347.4	$ 355.2
GAAP general and administrative	$ 68.6	$ 70.1	$ 143.3	$ 146.0
Stock-based compensation expense	(7.4)	(6.2)	(15.2)	(14.2)
Non-GAAP general and administrative	$ 61.2	$ 63.9	$ 128.1	$ 131.8
GAAP amortization of purchased intangibles	$ 7.8	$ 8.2	$ 15.7	$ 17.1
Amortization of purchased intangibles	(7.8)	(8.2)	(15.7)	(17.1)
Non-GAAP amortization of purchased intangibles	$ —	$ —	$ —	$ —
GAAP restructuring charges and other facility exit costs, net	$ 16.0	$ —	$ 68.3	$ —
Restructuring charges and other facility exit costs, net	(16.0)	—	(68.3)	—
Non-GAAP restructuring charges and other facility exit costs, net	$ —	$ —	$ —	$ —
GAAP operating expenses	$ 528.5	$ 512.2	$ 1,097.7	$ 1,045.4
Stock-based compensation expense	(50.9)	(38.3)	(99.1)	(85.6)
Amortization of purchased intangibles	(7.8)	(8.2)	(15.7)	(17.1)
Restructuring charges and other facility exit costs, net	(16.0)	—	(68.3)	—
Non-GAAP operating expenses	$ 453.8	$ 465.7	$ 914.6	$ 942.7
GAAP (loss) income from operations	$ (62.9)	$ 4.3	$ (212.6)	$ 25.8
Stock-based compensation expense	54.3	40.7	105.9	90.9
Amortization of developed technology	10.7	12.0	21.6	25.5
Amortization of purchased intangibles	7.8	8.2	15.7	17.1
Restructuring charges and other facility exit costs, net	16.0	—	68.3	—
Non-GAAP income (loss) from operations	$ 25.9	$ 65.2	$ (1.1)	$ 159.3
GAAP interest and other expense, net	$ (10.1)	$ (3.4)	$ (13.7)	$ (3.1)
Loss (gain) on strategic investments	0.3	(2.4)	(0.2)	(3.4)
Non-GAAP interest and other expense, net	$ (9.8)	$ (5.8)	$ (13.9)	$ (6.5)
GAAP provision for income taxes	$ (25.2)	$ (269.5)	$ (39.6)	$ (272.2)
Discrete GAAP tax benefit items	14.9	4.3	13.0	1.2
Establishment of valuation allowance on deferred tax assets	—	230.9	—	230.9
Income tax effect of non-GAAP adjustments	6.1	18.9	30.5	0.4
Non-GAAP (provision) benefit for income tax	$ (4.2)	$ (15.4)	$ 3.9	$ (39.7)
GAAP net loss	$ (98.2)	$ (268.6)	$ (265.9)	$ (249.5)
Stock-based compensation expense	54.3	40.7	105.9	90.9
Amortization of developed technology	10.7	12.0	21.6	25.5
Amortization of purchased intangibles	7.8	8.2	15.7	17.1
Restructuring charges and other facility exit costs, net	16.0	—	68.3	—
Loss (gain) on strategic investments	0.3	(2.4)	(0.2)	(3.4)
Discrete GAAP tax benefit items	14.9	4.3	13.0	1.2
Establishment of valuation allowance on deferred tax assets	—	230.9	—	230.9
Income tax effect of non-GAAP adjustments	6.1	18.9	30.5	0.4
Non-GAAP net income (loss)	$ 11.9	$ 44.0	$ (11.1)	$ 113.1
GAAP diluted net loss per share	$ (0.44)	$ (1.18)	$ (1.19)	$ (1.10)

Stock-based compensation expense	0.24	0.18	0.47	0.39
Amortization of developed technology	0.05	0.05	0.10	0.11
Amortization of purchased intangibles	0.03	0.04	0.07	0.07
Restructuring charges and other facility exit costs, net	0.07	—	0.30	—
Loss (gain) on strategic investments	—	(0.01)	—	(0.01)
Discrete GAAP tax benefit items	0.07	0.02	0.06	0.02
Establishment of valuation allowance on deferred tax assets	—	1.01	—	1.01
Income tax effect of non-GAAP adjustments	0.03	0.08	0.14	—
Non-GAAP diluted net income (loss) per share	$ 0.05	$ 0.19	$ (0.05)	$ 0.49
GAAP diluted shares used in per share calculation	223.2	227.0	223.8	227.1
Shares included in non-GAAP net income per share, but excluded from GAAP net loss per share as they would have been anti-dilutive	4.2	4.1	—	4.5
Non-GAAP diluted weighted average shares used in per share calculation	227.4	231.1	223.8	231.6

AUTODESK, INC. (ADSK)
SECOND QUARTER FISCAL 2017 EARNINGS ANNOUNCEMENT
AUGUST 25, 2016
PREPARED REMARKS

Autodesk posts its prepared remarks and press release to its IR website to provide shareholders and analysts with additional detail to analyze results prior to its quarterly conference call. The call begins today, August 25, 2016 at 2:00 p.m. PT (5:00 p.m. ET) and will include only brief comments followed by Q&A.

To access the broadcast of the Q&A session, visit the IR section of our website at www.autodesk.com/investor. A reconciliation of GAAP and non-GAAP results is provided in the tables following the company's earnings release.

Business Model Transition

Autodesk is undergoing a business model transition in which it has discontinued most new perpetual license sales in favor of subscriptions and flexible license arrangements. During the transition, revenue, margins, EPS, deferred revenue, billings and cash flow from operations will be impacted as more revenue is recognized ratably rather than up front and as new product offerings generally have a lower initial purchase price. The company has introduced new metrics to help investors understand its financial performance during and after the transition, as shown below.

Second Quarter Fiscal 2017 Overview

	2Q 2017	QoQ Change	Management Comments
New model subscriptions*	692,000	125,000	Increase driven by growth in all new model subscription types, led by product subscription.
Maintenance subscriptions	2,127,000	(16,000)	Decrease related to the discontinuation of new perpetual license sales for most individual products at the end of Q4 FY2016.
Total subscriptions	2,819,000	109,000	Increase driven by new model subscription additions.

(in millions)		2Q 2017	YoY %	YoY CC %	Management Comments
New model ARR	$	371	82 %	86 %	Increase driven by growth in all new model subscription types, led by product subscription.
Maintenance ARR	$	1,098	(3)%	1 %	Decrease driven by changes in foreign currency exchange rates and the discontinuation of new perpetual license sales for most individual products at the end of Q4 FY2016.
Total ARR	$	1,469	10 %	14 %	Increase driven by growth in new model ARR.
Deferred revenue	$	1,520	23 %	N/A	Increase driven by the growth in subscription billings over the past four quarters.
Revenue	$	551	(10)%	(6)%	Decrease driven, as planned, by the business model transition.
GAAP spend	$	614	1 %	3 %	Increase driven by a $16 million charge related to the previously announced restructuring action and other facility exit costs.
Non-GAAP spend	$	525	(4)%	(2)%	Decrease driven by lower employee-related costs related to the restructuring action.

* For definitions, please view the Glossary of Terms later in this document.

Subscription Review

(in thousands)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
New model subscriptions*	319	366	427	567	692
Maintenance subscriptions	2,070	2,104	2,151	2,143	2,127
Total subscriptions	2,389	2,469	2,578	2,710	2,819

* For definitions, please view the Glossary of Terms later in this document.

New model subscriptions were 692,000, a net increase of 125,000 from the first quarter of this year. Growth in new model subscriptions was driven by growth in all new model subscription types, led by product subscription.

Maintenance subscriptions were 2.13 million, a net decrease of 16,000 from the first quarter of this year. Maintenance subscriptions decreased primarily as a result of the discontinuation of new perpetual license sales for most individual products at the end of the fourth quarter of fiscal 2016.

Total subscriptions were 2.82 million, a net increase of 109,000 from the first quarter of fiscal 2017.

For definitions, please view the Glossary of Terms later in this document.

Revenue Review

(in millions)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Subscription revenue	$ 319	$ 319	$ 320	$ 326	$ 322
License and other revenue	291	281	329	186	229
Total net revenue (1)	$ 610	$ 600	$ 648	$ 512	$ 551
New model ARR	$ 204	$ 221	$ 255	$ 308	$ 371
Maintenance ARR	1,133	1,133	1,121	1,128	1,098
Total ARR*	$ 1,337	$ 1,354	$ 1,376	$ 1,436	$ 1,469
Recurring revenue	$ 334	$ 339	$ 344	$ 359	$ 367
Recurring revenue as a percentage of total revenue	55%	56%	53%	70%	67%

(1) Totals may not agree with the sum of the components due to rounding.
* For definitions, please view the Glossary of Terms later in this document.

During the business model transition, revenue has been and will be negatively impacted as more revenue is recognized ratably rather than up front and as new product offerings generally have a lower initial purchase price. As part of the business model transition, Autodesk discontinued new perpetual license sales for most individual products at the end of the fourth quarter of fiscal 2016 and suites at the end of the second quarter of fiscal 2017.

Total net revenue for the second quarter decreased 10 percent to $551 million compared to the second quarter last year as reported and decreased 6 percent on a constant currency basis.

Subscription revenue for the second quarter increased 1 percent to $322 million compared to the second quarter last year. Growth in subscription revenue was primarily related to an increase in new model subscription revenue, partially offset by a decrease in maintenance subscription revenue. Subscription revenue growth is being inhibited by the accounting treatment of product subscription and EBAs, as well as foreign currency exchange rates. New model subscriptions are deferred and recognized ratably over their contract length, however, a sizable portion of both product subscription and EBAs are recognized as license revenue. If all new model subscriptions were recognized 100 percent as subscription revenue that line would show 10 percent year-over-year growth as reported (see table below). Foreign currency exchange rates result in an additional 4 percentage point headwind year-over-year.

License and other revenue for the second quarter decreased 21 percent to $229 million compared to the second quarter last year. Autodesk discontinued new perpetual license sales for most individual products at the end of the fourth quarter of fiscal 2016 and suites at the end of the second quarter of fiscal 2017.

New model ARR was $371 million and increased 82 percent compared to the second quarter last year as reported, and 86 percent on a constant currency basis. Growth in new model ARR was driven by growth in all new model subscription types, led by product subscription.

Maintenance ARR was $1.10 billion and decreased 3 percent compared to the second quarter last year as reported, and increased 1 percent on a constant currency basis. The decrease in maintenance ARR is primarily related to changes in foreign currency exchange rates and the discontinuation of new perpetual license sales for most individual products at the end of the fourth quarter of fiscal 2016.

Total ARR for the second quarter increased 10 percent to $1.47 billion compared to the second quarter last year as reported, and 14 percent on a constant currency basis. Growth in total ARR was driven by growth in new model ARR, partially offset by a decrease in maintenance ARR.

Recurring revenue was 67 percent of total revenue compared to 55 percent of total revenue in the second quarter last year.

The following table outlines recurring revenue for the second quarter compared to the second quarter last year and the first quarter of this year.

(in millions)	**2Q 2016**	YoY $	YoY %	**1Q 2017**	QoQ $	QoQ %	**2Q 2017**
Subscription revenue	$ 319	$ 3	1%	$ 326	$ (4)	(1)%	$ 322
Add: License and other revenue from new model subscription offerings (1)	$ 23	$ 30	130%	$ 40	$ 13	33 %	$ 53
Less: other adjustments (2)	$ (8)	$ —	—%	$ (7)	$ (1)	14 %	$ (8)
Total Recurring Revenue	$ 334	$ 33	10%	$ 359	$ 8	2 %	$ 367

(1) License revenue from subscription offerings includes an allocated portion of the consideration transferred for our product subscriptions as well as flexible enterprise business agreements.
(2) Other adjustments include remaining subscription revenue related to select Creative Finishing product offerings, Autodesk Buzzsaw, Autodesk Constructware, education offerings, and third party products.

Backlog was $38 million, an increase of $37 million compared to the second quarter last year and $31 million sequentially. At the end of the second quarter, channel inventory was less than one week.

Revenue by Geography

(in millions)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Americas	$ 236	$ 236	$ 257	$ 218	$ 230
EMEA	$ 226	$ 225	$ 238	$ 203	$ 221
Asia Pacific	$ 148	$ 139	$ 153	$ 92	$ 100
Emerging Economies	$ 92	$ 88	$ 94	$ 55	$ 62
Emerging as a percentage of Total Revenue	15%	15%	14%	11%	11%

During the business model transition, revenue has been and will be negatively impacted as more revenue is recognized ratably rather than up front and as new product offerings generally have a lower initial purchase price. As part of the business model transition, Autodesk discontinued new perpetual license sales for most individual products at the end of the fourth quarter of fiscal 2016 and suites at the end of the second quarter of fiscal 2017.

Revenue in the Americas was $230 million, a decrease of 2 percent compared to the second quarter last year as reported, and on a constant currency basis.

Revenue in EMEA was $221 million, a decrease of 2 percent compared to the second quarter last year as reported, and an increase of 5 percent on a constant currency basis.

Revenue in APAC was $100 million, a decrease of 32 percent compared to the second quarter last year as reported, and 30 percent on a constant currency basis. The decrease is primarily related to the business model transition noted above and continued weakness in Japan and emerging economies.

Revenue from emerging economies was $62 million, a decrease of 32 percent compared to the second quarter last year as reported, and on a constant currency basis. As a matter of reference, none of the individual BRIC countries currently represent more than 3 percent of total revenue.

Revenue by Business Segment

(in millions)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Architecture, Engineering and Construction	$ 233	$ 225	$ 254	$ 219	$ 253
Manufacturing	$ 171	$ 175	$ 194	$ 158	$ 177
Platform Solutions and Emerging Business	$ 164	$ 161	$ 160	$ 100	$ 86
Media and Entertainment	$ 41	$ 39	$ 40	$ 35	$ 34

During the business model transition, revenue has been and will be negatively impacted as more revenue is recognized ratably rather than up front and as new product offerings generally have a lower initial purchase price. As part of the business model transition, Autodesk discontinued new perpetual license sales for most individual products at the end of the fourth quarter of fiscal 2016 and suites at the end of the second quarter of fiscal 2017.

Revenue from our Architecture, Engineering and Construction (AEC) business segment was $253 million, an increase of 8 percent compared to the second quarter last year. The increase is related to strength in perpetual licenses for AEC suites.

Revenue from our Manufacturing business segment was $177 million, an increase of 3 percent compared to the second quarter last year. The increase is related to strength in perpetual licenses for Manufacturing suites.

Revenue from our Platform Solutions and Emerging Business (PSEB) segment was $86 million, a decrease of 47 percent compared to the second quarter last year. Combined revenue from AutoCAD and AutoCAD LT was $75 million, a decrease of 49 percent compared to the second quarter last year. The decrease is related to discontinuation of new perpetual license sales for most individual products at the end of the fourth quarter of fiscal 2016.

Revenue from our Media and Entertainment (M&E) business segment was $34 million, a decrease of 16 percent compared to the second quarter last year.

Foreign Currency Impact

(in millions)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
FX Impact on Total ARR	$ (30)	$ (36)	$ (33)	$ (46)	$ (54)
FX Impact on Total Revenue	$ (25)	$ (28)	$ (35)	$ (24)	$ (22)
FX Impact on Cost of Revenue and Operating Expenses	25	24	20	10	8
FX Impact on Operating Income	$ —	$ (4)	$ (15)	$ (14)	$ (14)

The year-on-year foreign currency impact represents the U.S. Dollar impact of changes in foreign currency exchange rates on our financial results as well as the impact of gains and losses from our hedging program.

Compared to the second quarter of last year, the impact of foreign currency exchange rates and hedging was $54 million unfavorable on total ARR. Compared to the first quarter of this year, the impact of foreign currency exchange rates and hedging was $9 million unfavorable on total ARR.

Compared to the second quarter of last year, the impact of foreign currency exchange rates, including the benefits of our hedging program, was $22 million unfavorable on revenue and $8 million favorable on cost of revenue and operating expenses.

Balance Sheet Items and Cash Review

(in millions)	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Cash Flows from Operating Activities	$ 77	$ 80	$ 170	$ 164	$ (18)
Capital Expenditures	$ 17	$ 12	$ 31	$ 22	$ 20
Depreciation, Amortization and Accretion	$ 36	$ 36	$ 36	$ 37	$ 33
Total Cash and Marketable Securities, net of long-term debt	$ 1,466	$ 1,388	$ 1,296	$ 1,318	$ 1,081
Days Sales Outstanding	59	55	92	46	51
Deferred Revenue	$ 1,236	$ 1,212	$ 1,519	$ 1,524	$ 1,520

Cash flow provided by operating activities during the second quarter was $(18) million, a decrease of 123 percent compared to the second quarter last year. The year-over-year and the sequential decrease is primarily related to a decrease in billings collections driven by the business model transition. During the business model transition, cash flow from operating activities has been and will be negatively impacted as new product offerings generally have a lower initial purchase price resulting in lower billings and cash flow.

Net of long-term debt, cash and investments at the end of the second quarter was approximately $1.08 billion. Total long-term debt at the end of the second quarter was $1.49 billion. Approximately 86 percent of the total cash and investments is located offshore.

During the second quarter, Autodesk used $170 million to repurchase approximately 3.0 million shares of common stock at an average repurchase price of $55.88 per share. GAAP and non-GAAP basic share count decreased 2 percent compared to the second quarter last year. Through this stock repurchase program, Autodesk remains committed to managing dilution and reducing shares outstanding over time.

Days sales outstanding (DSO) was 51 days, a decrease of 8 days compared to the second quarter last year primarily related to a change in billings linearity and a reduction in multi-year maintenance billings.

Deferred revenue was $1.52 billion, an increase of 23 percent compared to the second quarter last year. The increase is primarily related to the increase in subscription billings over the past four quarters driven by the business model transition.

Margins and EPS Review*

	2Q 2016	3Q 2016	4Q 2016	1Q 2017 (1)	2Q 2017
Gross Margin					
Gross Margin - GAAP	85%	85 %	85 %	82 %	85 %
Gross Margin - Non-GAAP	87%	87 %	88 %	85 %	87 %
Operating Expenses (in millions)					
Operating Expenses - GAAP	$ 512	$ 524	$ 563	$ 569	$ 529
Operating Expenses - Non-GAAP	$ 466	$ 469	$ 502	$ 461	$ 454
Total Spend (in millions)					
Total Spend - GAAP	$ 605	$ 615	$ 658	$ 662	$ 614
Total Spend - Non-GAAP	$ 544	$ 545	$ 582	$ 539	$ 525
Operating Margin					
Operating Margin - GAAP	1%	(2)%	(1)%	(29)%	(11)%
Operating Margin - Non-GAAP	11%	9 %	10 %	(5)%	5 %
Earnings Per Share					
Diluted Net Income (Loss) Per Share - GAAP	$ (1.18)	$ (0.19)	$ (0.17)	$ (0.75)	$ (0.44)
Diluted Net Income (Loss) Per Share - Non-GAAP	$ 0.19	$ 0.14	$ 0.21	$ (0.10)	$ 0.05

* A reconciliation of GAAP and non-GAAP results is provided in the tables following the company's earnings release.

(1) As Autodesk has elected to early adopt ASU 2016-09 in the second quarter of fiscal 2017, we have revised the GAAP results for the first quarter of fiscal 2017 to reflect the impact of adoption as of the beginning of the fiscal year.

GAAP gross margin in the second quarter was 85 percent, flat compared to the second quarter last year. Non-GAAP gross margin in the second quarter was 87 percent, flat compared to the second quarter last year.

GAAP operating expenses increased 3 percent year-over-year primarily related to $16 million in charges for a previously announced restructuring and other facility exit costs. Non-GAAP operating expenses decreased 3 percent year-over-year primarily related to lower employee-related costs driven by the restructuring.

Total GAAP spend (cost of revenue plus operating expenses) was $614 million, an increase of 1 percent compared to the second quarter last year primarily related to the restructuring and facility exit costs noted above. Total non-GAAP spend was $525 million, a decrease of 4 percent compared to the second quarter last year primarily related to lower employee-related costs driven by the restructuring.

GAAP operating margin was (11) percent compared to 1 percent in the second quarter last year.
Non-GAAP operating margin was 5 percent compared to 11 percent in the second quarter last year. The changes in both GAAP and non-GAAP operating margin are primarily related to the decline in license revenue as well as the changes in respective cost of revenue and operating expenses noted above.

The second quarter GAAP effective tax rate was (35) percent. The second quarter non-GAAP effective tax rate was 26 percent. Note: At this stage of the business model transition, small shifts in geographic profitability have significant impacts to the effective tax rate.

GAAP diluted net loss per share for the second quarter was $(0.44) and non-GAAP diluted net loss per share for the second quarter was $0.05.

For the second quarter, the share count used to compute basic and diluted net (loss) income per share for GAAP was 223.2 million compared to a basic and diluted share count of 227.0 million in the second quarter last year. For the second quarter, the share count used to compute basic net income per share for non-GAAP was 223.2 million compared to a basic share count of 227.0 million in the second quarter last year. For the second quarter, the share count used to compute diluted net income per share for non-GAAP was 227.4 million compared to a diluted share count of 231.1 million in the second quarter last year.

Business Outlook

The following are forward-looking statements based on current expectations and assumptions, and involve risks and uncertainties some of which are set forth below under "Safe Harbor Statement." Autodesk's business outlook for the third quarter and full year fiscal 2017 assumes, among other things, a continuation of the current economic environment and foreign currency exchange rate environment and the continued success of our business model transition. A reconciliation between the GAAP and non-GAAP estimates for fiscal 2017 is provided below or in the tables following these prepared remarks.

Third Quarter Fiscal 2017

Q3 FY17 Guidance Metrics	**Q3 FY17 (ending October 31, 2016)**
Revenue (in millions)	$470 - $485
EPS GAAP	($0.81) - ($0.74)
EPS non-GAAP (1)	($0.27) - ($0.22)

(1) Non-GAAP earnings per diluted share excludes $0.27 related to stock-based compensation expense, between $0.15 and $0.13 related to GAAP-only tax charges, $0.08 for the amortization of acquisition related intangibles, and $0.04 related to restructuring charges and other facility exit costs.

Full Year Fiscal 2017

FY17 Guidance Metrics	FY17 (ending January 31, 2017)
Revenue (in millions) (1)	$2,000 - $2,050
GAAP spend growth (cost of revenue plus operating expenses)	Approx. 2%
Non-GAAP spend growth (cost of revenue plus operating expenses) (2)	Approx. (2%)
EPS GAAP	($2.97) - ($2.74)
EPS non-GAAP (3)	($0.70) - ($0.55)
Net subscription additions	475,000 - 525,000

(1) Excluding the impact of foreign currency exchange rates and hedge gains/losses, revenue guidance would be $2,045 - $2,095 million.
(2) Non-GAAP spend excludes $226 million related to stock-based compensation expense, $86 million related to restructuring charges and other facility exit costs, and $69 million for the amortization of acquisition-related intangibles.
(3) Non-GAAP earnings per diluted share excludes $1.01 related to stock-based compensation expense, between $0.56 and $0.48 of GAAP-only tax charges, $0.39 related to restructuring charges and other facility exit costs, and $0.31 for the amortization of acquisition-related intangibles.

The third quarter and full year fiscal 2017 outlook assume a projected annual effective tax rate of (12) percent and 26 percent for GAAP and non-GAAP results, respectively. Assumptions for the annual effective tax rate are regularly evaluated and may change based on the projected geographic mix of earnings. At this stage of the business model transition, small shifts in geographic profitability significantly impact the effective tax rate.

The majority of the euro, yen and Australian dollar denominated billings for our third quarter fiscal 2017 have been hedged. This hedging, along with deferred revenue locked-in through prior period billings hedges, will materially reduce the impact of currency fluctuations on our third quarter results. However, over an extended period of time, currency fluctuations may increasingly impact our results. We also hedge certain expenses as noted below. We hedge our net cash flow exposures using a four quarter rolling layered hedge program. As such, a portion of the projected euro, yen, and Australian dollar denominated billings for the remainder of fiscal 2017 and the first half of fiscal 2018 have been hedged. The closer to the current time period, the more we are hedged. See below for more details on our foreign currency hedging program.

Autodesk's Foreign Currency Hedging Program and Calculation of Constant Currency Growth

Given continued foreign currency exchange rate volatility, we provide a brief summary of how we handle foreign currency exchange hedging as well as a description of how we calculate constant currency growth rates. A few points on our hedging program include:

- We do not conduct foreign currency hedging for speculative purposes. The purpose of our hedging program is to reduce risk to foreign denominated cash flows and to partially reduce variability that would otherwise impact our financial results from currency fluctuations.

- We utilize cash flow hedges on projected billings and certain projected operating expenses in major currencies. We hedge our net exposures using a four quarter rolling layered hedge. The closer to the current time period, the more we are hedged.

- We designate cash flow hedges for deferred and non-deferred billings separately, and reflect associated gains and losses on hedging contracts in our earnings when respective revenue is recognized in earnings.

- On a monthly basis, to mitigate foreign currency exchange rate gains/losses, we hedge net monetary assets and liabilities recorded in non-functional currencies on the books of certain USD functional entities where these exposures are purposefully concentrated.

- From time to time, we hedge strategic exposures which may be related to acquisitions. Such hedges may not qualify for hedge accounting and are marked-to-market and reflected in earnings immediately.

- The major currencies in our hedging program include the euro, yen, Swiss franc, British pound, Canadian dollar, and Australian dollar. The euro is the primary exposure for the company.

When we report period-over-period growth rate percentages on a constant currency basis, we attempt to represent the changes in the underlying business operations by eliminating fluctuations caused by changes in foreign currency exchange rates as well as eliminating hedge gains or losses recorded within the current and comparative period. However, when we calculate the foreign currency impact of exchange rates in the current and comparative period on our financial results (see table above in “Foreign Currency Impact” section) we include the U.S. Dollar impact of fluctuations in foreign currency exchange rates as well as the impact of gains and losses recorded as a result of our hedging program.

Glossary of Terms

Annualized Recurring Revenue (ARR): Represents the annualized value of our average monthly recurring revenue for the preceding three months. "Maintenance plan ARR" captures ARR relating to traditional maintenance attached to perpetual licenses. "New Model ARR" captures ARR relating to new model subscription offerings. Recurring revenue acquired with the acquisition of a business may cause variability in the comparison of this calculation.

ARR is currently our key performance metric to assess the health and trajectory of our business. ARR should be viewed independently of revenue and deferred revenue as ARR is a performance metric and is not intended to be combined with any of these items.

Annualized Revenue Per Subscription: Is calculated by dividing our annualized recurring revenue by total subscriptions.

Cloud Service Offerings: Represents individual term-based offerings deployed through web browser technologies or in a hybrid software and cloud configuration. Cloud service offerings that are bundled with other product offerings are not captured as a separate cloud service offering.

Constant Currency (CC) Growth Rates: We attempt to represent the changes in the underlying business operations by eliminating fluctuations caused by changes in foreign currency exchange rates as well as eliminating hedge gains or losses recorded within the current and comparative periods. Our constant currency methodology removes all hedging gains and losses from the calculation and applies a constant exchange rate across periods.

Flexible Enterprise Business Agreements: Represents programs providing enterprise customers with token-based access or a fixed maximum number of seats to a broad pool of Autodesk products over a defined contract term.

License and Other Revenue: License and other revenue consists of two components: (1) all forms of product license revenue and (2) other revenue. Product license revenue includes software license revenue from the sale of perpetual licenses, term-based licenses from our product subscriptions and flexible enterprise business agreements, and product revenue for Creative Finishing. Other revenue includes revenue from consulting, training, Autodesk Developers Network and Creative Finishing customer support, and is recognized over time, as the services are performed.

Maintenance Plan: Our maintenance plan provides our customers with a cost effective and predictable budgetary option to obtain the productivity benefits of our new releases and enhancements when and if released during the term of their contracts. Under our maintenance plan, customers are eligible to receive unspecified upgrades when and if available, and online support. We recognize maintenance plan revenue over the term of the agreements, generally between one and three years.

New Model Subscription Offerings (New Model): Comprises our term-based product subscriptions (formerly titled Desktop subscription), cloud service offerings, and flexible enterprise business agreements.

Recurring Revenue: Represents the revenue for the period from our maintenance plans and revenue from our new model subscription offerings, including portions of revenue allocated to license and other revenue for those offerings. It excludes subscription revenue related to education offerings, consumer product offerings, select Creative Finishing product offerings, Autodesk Buzzsaw, Autodesk Constructware, and third party products. Recurring revenue acquired with the acquisition of a business is captured and may cause variability in the comparison of this calculation.

Subscription Revenue: Autodesk subscription revenue consists of three components: (1) maintenance plan revenue from our perpetual software products; (2) maintenance revenue from our term-based product subscriptions and flexible enterprise business agreements; and (3) revenue from our cloud service offerings.

Total Subscriptions: Consists of subscriptions from our maintenance plans and new model subscription offerings that are active and paid as of the quarter end date. For certain cloud service offerings and flexible enterprise business agreements, subscriptions represent the monthly average activity reported within the last three months of the quarter end date. Total subscriptions do not include education offerings, consumer product offerings, select Creative Finishing product offerings, Autodesk Buzzsaw, Autodesk Constructware, and third party products. Subscriptions acquired with the acquisition of a business are captured once the data conforms to our subscription count methodology and when added, may cause variability in the comparison of this calculation.

Safe Harbor Statement

These prepared remarks contain forward-looking statements that involve risks and uncertainties, including statements in the paragraphs under “Business Outlook” above, statements about the impacts of our business model transition, statements about the impact of foreign exchange hedges, and statements regarding our strategies, market and product positions, performance and results. There are a significant number of factors that could cause actual results to differ materially from statements made in these remarks, including: failure to successfully manage transitions to new business models and markets, including the introduction of additional ratable revenue streams and our continuing efforts to attract customers to our cloud-based offerings and expenses related to the transition of our business model; fluctuation in foreign currency exchange rates; the success of our foreign currency hedging program; failure to control our expenses; our performance in particular geographies, including emerging economies; the ability of governments around the world to meet their financial and debt obligations, and finance infrastructure projects; weak or negative growth in the industries we serve; slowing momentum in subscription billings or revenues; difficulty in predicting revenue from new businesses and the potential impact on our financial results from changes in our business models; general market, political, economic and business conditions; the impact of non-cash charges on our financial results; failure to maintain our revenue growth and profitability; difficulties encountered in integrating new or acquired businesses and technologies; the inability to identify and realize the anticipated benefits of acquisitions; the financial and business condition of our reseller and distribution channels; dependence on and the timing of large transactions; failure to achieve sufficient sell-through in our channels for new or existing products; pricing pressure; unexpected fluctuations in our tax rate; the timing and degree of expected investments in growth and efficiency opportunities; changes in the timing of product releases and retirements; and any unanticipated accounting charges.

Further information on potential factors that could affect the financial results of Autodesk are included in Autodesk's Annual Report on Form 10-K for the fiscal year ended January 31, 2016 and Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2016, which are on file with the U.S. Securities and Exchange Commission. Autodesk disclaims any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.