# 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)

**March 2, 2017**

# 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 March 2, 2017, Autodesk, Inc. ("Autodesk" or the "Company") issued a press release and prepared remarks reporting financial results for the fourth quarter and fiscal year ended January 31, 2017. 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. 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, we recognize costs related to termination benefits for former employees whose positions were eliminated, the closure of facilities and cancellation of certain contracts. We exclude these charges because these expenses are not reflective of ongoing business and operating results. We believe 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 March 2, 2017. |
| 99.2 | Prepared remarks dated as of March 2, 2017. |

## 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: March 2, 2017

**EXHIBIT INDEX**

| Exhibit No. | Description |
|---|---|
| 99.1 | Press release dated as of March 2, 2017. |
| 99.2 | Prepared remarks dated as of March 2, 2017. |

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**AUTODESK REPORTS STRONG FOURTH QUARTER RESULTS**
**New Model Subscription Additions Underscore Continued Progress on Business Model Transition**

**SAN RAFAEL, Calif., MARCH 2, 2017**-- Autodesk, Inc. (NASDAQ: ADSK) today reported financial results for the fourth quarter and full fiscal year ended January 31, 2017.

**Fourth Quarter Fiscal 2017**

- New model subscriptions increased 227,000 from the third quarter of fiscal 2017 to 1.09 million.
- Total subscriptions increased by 154,000 from the third quarter of fiscal 2017 to 3.11 million at the end of the fourth quarter.
- New model annualized recurring revenue (ARR) was $529 million and increased 107 percent compared to the fourth quarter last year as reported and 109 percent on a constant currency basis.
- Total ARR was $1.60 billion, an increase of 16 percent compared to the fourth quarter last year as reported and 19 percent on a constant currency basis.
- Deferred revenue increased 18 percent to $1.79 billion, compared to $1.52 billion in the fourth quarter last year.
- Revenue was $479 million, a decrease of 26 percent compared to the fourth quarter last year as reported and 25 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 $646 million, a decrease of 2 percent compared to the fourth quarter last year. GAAP spend includes a charge of $9 million for a previously announced restructuring and other facility exit costs.
- Total non-GAAP spend was $560 million, a decrease of 4 percent compared to the fourth quarter last year. A reconciliation of GAAP to non-GAAP results is provided in the accompanying tables.
- GAAP diluted net loss per share was $(0.77). GAAP diluted net loss per share was $(0.17) in the fourth quarter last year.
- Non-GAAP diluted net loss per share was $(0.28), compared to $0.21 in the fourth quarter last year.

“Autodesk’s market-leading products are revolutionizing how customers design, engineer and make anything,” said Amar Hanspal, Autodesk co-CEO and chief product officer. “We finished the fiscal year on a high note with triple-digit year-over-year growth in new model subscriptions and new model ARR, which demonstrates our customers’ readiness to adopt our new offerings. We're particularly pleased with the success of cloud subscriptions where our best-in-class BIM 360 and Fusion offerings drove more than a 150 percent increase year-over-year and represent Autodesk's increasing footprint in construction and manufacturing."

"We made exceptional progress on our business model transition in fiscal 2017 as we successfully navigated the move to subscription-only sales," said Andrew Anagnost, Autodesk co-CEO and chief marketing officer. "We're well positioned for the next phase of the transition where we'll offer our maintenance customers an easy and cost effective path to move to product subscription."

"Record new model subscription additions and continued cost control contributed to our strong fourth quarter results," said Scott Herren, Autodesk chief financial officer. "We have invested in critical areas to fuel the transition and the long-term health of our business, while simultaneously reducing non-GAAP spend by three percent for the fiscal year. We're starting fiscal 2018 from a position of strength, which gives us added confidence in our ability to achieve our long-term targets and drive long-term value creation for Autodesk shareholders."

**Fourth Quarter Operational Overview**

New model subscriptions (product, enterprise flexible license, and cloud subscription) were 1.09 million, a net increase of 227,000 from the third quarter of fiscal 2017. The increase in new model subscriptions was led by product subscriptions. Maintenance subscriptions were 2.02 million, a net decrease of 73,000 from the third quarter of fiscal 2017. Total subscriptions were 3.11 million, a net increase of 154,000 from the third quarter of fiscal 2017.

New model ARR was $529 million and increased 107 percent compared to the fourth quarter last year as reported and 109 percent on a constant currency basis. Maintenance ARR was $1.07 billion and decreased 4 percent compared to the fourth quarter last year as reported and 2 percent on a constant currency basis. Total ARR for the fourth quarter increased 16 percent to $1.60 billion compared to the fourth quarter last year as reported and 19 percent on a constant currency basis. Similar to last quarter, fourth quarter total ARR growth was impacted by the allocation of existing marketing development funds (MDF). MDF is recorded as contra revenue and historically was predominantly allocated against license revenue. With the end of sale of perpetual licenses, MDF is now allocated against recurring revenue, negatively impacting new model ARR growth by 6 percentage points, maintenance ARR growth by 2 percentage points, and total ARR growth by 3 percentage points.

Total recurring revenue in the fourth quarter was 84 percent of total revenue compared to 53 percent in the fourth quarter last year.

As a reminder, during the business model transition, revenue is 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 for suites at the end of the second quarter of fiscal 2017.

Revenue in the Americas was $211 million, a decrease of 18 percent compared to the fourth quarter last year. EMEA revenue was $186 million, a decrease of 22 percent compared to the fourth quarter last year as reported and 18 percent on a constant currency basis. Revenue in APAC was $82 million, a decrease of 46 percent compared to the fourth quarter last year as reported and 47 percent on a constant currency basis.

**Financial Highlights for Fiscal 2017***

- Net subscription additions of 530,000. Total subscriptions increased 21 percent to 3.11 million.
- New model subscriptions increased 155 percent to 1.09 million.
- New model ARR increased 107 percent as reported and 109 percent on a constant currency basis.
- Total ARR increased 16 percent as reported and 19 percent on a constant currency basis.
- Total GAAP spend increased 1 percent. Total non-GAAP spend decreased 3 percent.
- Total deferred revenue increased 18 percent to $1.79 billion.

*All numbers are compared to fiscal 2016.

**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 first quarter and full year fiscal 2018 assumes, among other things, a continuation of the current economic environment and foreign exchange currency rate environment. A reconciliation between the GAAP and non-GAAP estimates is provided below or in the tables following this press release.

***First Quarter Fiscal 2018***

| **Q1 FY18 Guidance Metrics** | **Q1 FY18 (ending April 30, 2017)** |
|---|---|
| **Revenue (in millions)** | $460 - $480 |
| **EPS GAAP** | ($0.82) - ($0.72) |
| **EPS Non-GAAP (1)** | ($0.27) - ($0.21) |

(1) Non-GAAP earnings per diluted share exclude $0.28 related to stock-based compensation expense, between $0.18 and $0.14 related to GAAP-only tax charges, $0.05 related to CEO transition costs and $0.04 for the amortization of acquisition related intangibles..

*Full Year Fiscal 2018*

| FY18 Guidance Metrics | FY18 (ending January 31, 2018) |
|---|---|
| **Revenue (in millions) (1)** | $2,000 - $2,050 |
| **GAAP Spend (cost of revenue plus operating expenses)** | Approx. (2%) |
| **Non-GAAP Spend (cost of revenue plus operating expenses) (2)** | Approx. flat |
| **EPS GAAP** | ($2.65) - ($2.40) |
| **EPS Non-GAAP (3)** | ($0.73) - ($0.56) |
| **Net Subscription Additions** | 600,000 - 650,000 |
| **Total ARR** | 24% - 26% |

(1) Excluding the impact of foreign currency rates and hedge gains/losses revenue guidance would be $2.010 - $2.060 billion.
(2) Non-GAAP spend excludes $257 million related to stock-based compensation expense, $37 million for the amortization of acquisition-related intangibles, and $13 million related to CEO transition costs.
(3) Non-GAAP earnings per diluted share excludes $1.18 related to stock-based compensation expense, between $0.51 and $0.43 of GAAP-only tax charges, $0.17 for the amortization of acquisition-related intangibles, and $0.06 related to CEO transition costs.

The first quarter and full year fiscal 2018 outlook assume a projected annual effective tax rate of (11) 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 fourth quarter conference call today at 5:00 p.m. ET. The live broadcast can be accessed at http://www.autodesk.com/investor. 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 pm ET at http://www.autodesk.com/investor. 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 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 one of our key performance metrics 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.

**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 calculate constant currency growth rates by (i) applying the applicable prior period exchange rates to current period results and (ii) excluding any gains or losses from foreign currency hedge contracts that are reported in the current and comparative periods.

**Flexible Enterprise Business Agreements (EBA):** 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 reported when total subscriptions are captured in our systems 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**

This press release contains forward-looking statements that involve risks and uncertainties, including 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 for subscriptions, ARR and our customer transitions from maintenance to product subscriptions, 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 and to attract customers to our cloud-based offerings; 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; any imposition of new tariffs or trade barriers; 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 October 31, 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
*(In millions, except per share data)*

| | Three Months Ended January 31, | | Fiscal Year Ended January 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (Unaudited) | | | |
| Net revenue: | | | | |
| Subscription | $ 322.5 | $ 319.5 | $ 1,290.0 | $ 1,277.2 |
| License and other | 156.3 | 328.8 | 741.0 | 1,226.9 |
| Total net revenue | 478.8 | 648.3 | 2,031.0 | 2,504.1 |
| Cost of revenue: | | | | |
| Cost of subscription revenue | 38.2 | 39.4 | 151.3 | 156.1 |
| Cost of license and other revenue | 44.7 | 55.5 | 190.6 | 214.6 |
| Total cost of revenue | 82.9 | 94.9 | 341.9 | 370.7 |
| Gross profit | 395.9 | 553.4 | 1,689.1 | 2,133.4 |
| Operating expenses: | | | | |
| Marketing and sales | 283.6 | 277.4 | 1,022.5 | 1,015.5 |
| Research and development | 187.0 | 204.5 | 766.1 | 790.0 |
| General and administrative | 74.1 | 73.2 | 287.8 | 293.4 |
| Amortization of purchased intangibles | 9.3 | 8.0 | 31.8 | 33.2 |
| Restructuring charges and other facility exit costs, net | 9.0 | — | 80.5 | — |
| Total operating expenses | 563.0 | 563.1 | 2,188.7 | 2,132.1 |
| (Loss) income from operations | (167.1) | (9.7) | (499.6) | 1.3 |
| Interest and other expense, net | (1.1) | (10.8) | (24.2) | (21.6) |
| Loss before income taxes | (168.2) | (20.5) | (523.8) | (20.3) |
| Provision for income taxes | (2.3) | (16.7) | (55.4) | (310.2) |
| Net loss | $ (170.5) | $ (37.2) | $ (579.2) | $ (330.5) |
| Basic net loss per share | $ (0.77) | $ (0.17) | $ (2.60) | $ (1.46) |
| Diluted net loss per share | $ (0.77) | $ (0.17) | $ (2.60) | $ (1.46) |
| Weighted average shares used in computing basic net loss per share | 221.1 | 224.7 | 222.7 | 226.0 |
| Weighted average shares used in computing diluted net loss per share | 221.1 | 224.7 | 222.7 | 226.0 |

(1) As Autodesk 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 year ended ended January 31, 2017 above.

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

| | January 31, 2017 | January 31, 2016 |
|---|---|---|
| | (Unaudited) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 1,213.1 | $ 1,353.0 |
| Marketable securities | 686.8 | 897.9 |
| Accounts receivable, net | 452.3 | 653.6 |
| Deferred income taxes, net | — | — |
| Prepaid expenses and other current assets | 109.6 | 88.6 |
| Total current assets | 2,461.8 | 2,993.1 |
| Marketable securities | 306.2 | 532.3 |
| Computer equipment, software, furniture and leasehold improvements, net | 158.6 | 169.3 |
| Developed technologies, net | 45.7 | 70.8 |
| Goodwill | 1,561.1 | 1,535.0 |
| Deferred income taxes, net | 62.4 | 9.2 |
| Other assets | 202.0 | 205.6 |
| Total assets | $ 4,797.8 | $ 5,515.3 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 93.5 | $ 119.9 |
| Accrued compensation | 238.2 | 243.3 |
| Accrued income taxes | 46.8 | 29.4 |
| Deferred revenue | 1,282.8 | 1,068.9 |
| Short term notes payable, net | 398.7 | — |
| Other accrued liabilities | 134.9 | 129.5 |
| Total current liabilities | 2,194.9 | 1,591.0 |
| Deferred revenue | 505.2 | 450.3 |
| Long term income taxes payable | 39.3 | 161.4 |
| Long term deferred income taxes | 91.5 | 67.7 |
| Long term notes payable, net | 1,092.0 | 1,487.7 |
| Other liabilities | 138.4 | 137.6 |
| Stockholders' equity: | | |
| Preferred stock | — | — |
| Common stock and additional paid-in capital | 1,876.3 | 1,821.5 |
| Accumulated other comprehensive loss | (178.5) | (121.1) |
| Accumulated deficit | (961.3) | (80.8) |
| Total stockholders' equity | 736.5 | 1,619.6 |
| Total liabilities and stockholders' equity | $ 4,797.8 | $ 5,515.3 |

# Autodesk, Inc.
# Condensed Consolidated Statements of Cash Flows
*(In millions)*

| | Fiscal Year Ended January 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (Unaudited) | |
| Operating activities: | | |
| Net loss | $ (579.2) | $ (330.5) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation, amortization and accretion | 139.2 | 145.8 |
| Stock-based compensation expense | 221.8 | 197.2 |
| Deferred income taxes | (37.3) | 235.9 |
| Restructuring charges and other facility exit costs, net | 80.5 | — |
| Other operating activities | (7.7) | (25.0) |
| Changes in operating assets and liabilities, net of business combinations: | | |
| Accounts receivable | 201.5 | (195.5) |
| Prepaid expenses and other current assets | (14.7) | (2.8) |
| Accounts payable and accrued liabilities | 2.7 | 24.9 |
| Deferred revenue | 267.0 | 360.5 |
| Accrued income taxes | (104.1) | 3.5 |
| Net cash provided by operating activities | 169.7 | 414.0 |
| Investing activities: | | |
| Purchases of marketable securities | (1,867.9) | (2,250.1) |
| Sales of marketable securities | 1,257.7 | 329.4 |
| Maturities of marketable securities | 1,057.2 | 1,376.6 |
| Capital expenditures | (76.0) | (72.4) |
| Acquisitions, net of cash acquired | (85.2) | (148.5) |
| Other investing activities | (13.8) | (44.5) |
| Net cash provided by (used in) investing activities | 272.0 | (809.5) |
| Financing activities: | | |
| Proceeds from issuance of common stock, net of issuance costs | 119.6 | 110.8 |
| Taxes paid related to net share settlement of equity awards | (76.2) | (51.6) |
| Repurchase and retirement of common stock | (621.7) | (458.0) |
| Proceeds from debt, net of discount | — | 748.3 |
| Other financing activities | — | (6.3) |
| Net cash (used in) provided by financing activities | (578.3) | 343.2 |
| Effect of exchange rate changes on cash and cash equivalents | (3.3) | (5.3) |
| Net decrease in cash and cash equivalents | (139.9) | (57.6) |
| Cash and cash equivalents at beginning of fiscal year | 1,353.0 | 1,410.6 |
| Cash and cash equivalents at end of the period | $ 1,213.1 | $ 1,353.0 |

## 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 (loss), non-GAAP net income (loss) per share. 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 amortization of developed technology, amortization of purchased intangibles, gain and loss on strategic investments, and related income tax expenses. 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 primary 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 January 31, | | Fiscal Year Ended January 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (Unaudited) | | (Unaudited) | |
| GAAP cost of subscription revenue | $ 38.2 | $ 39.4 | $ 151.3 | $ 156.1 |
| Stock-based compensation expense | (1.8) | (1.6) | (7.0) | (5.7) |
| Amortization of developed technology | (0.1) | (0.5) | (0.7) | (2.9) |
| Non-GAAP cost of subscription revenue | $ 36.3 | $ 37.3 | $ 143.6 | $ 147.5 |
| | | | | |
| GAAP cost of license and other revenue | $ 44.7 | $ 55.5 | $ 190.6 | $ 214.6 |
| Stock-based compensation expense | (2.0) | (1.7) | (7.1) | (6.1) |
| Amortization of developed technology | (7.9) | (11.4) | (39.3) | (46.1) |
| Non-GAAP cost of license and other revenue | $ 34.8 | $ 42.4 | $ 144.2 | $ 162.4 |
| | | | | |
| GAAP gross profit | $ 395.9 | $ 553.4 | $ 1,689.1 | $ 2,133.4 |
| Stock-based compensation expense | 3.8 | 3.3 | 14.1 | 11.8 |
| Amortization of developed technology | 8.0 | 11.9 | 40.0 | 49.0 |
| Non-GAAP gross profit | $ 407.7 | $ 568.6 | $ 1,743.2 | $ 2,194.2 |
| | | | | |
| GAAP marketing and sales | $ 283.6 | $ 277.4 | $ 1,022.5 | $ 1,015.5 |
| Stock-based compensation expense | (25.1) | (24.0) | (94.1) | (85.2) |
| Non-GAAP marketing and sales | $ 258.5 | $ 253.4 | $ 928.4 | $ 930.3 |
| | | | | |
| GAAP research and development | $ 187.0 | $ 204.5 | $ 766.1 | $ 790.0 |

| | | | | |
|---|---|---|---|---|
| Stock-based compensation expense | (21.3) | (20.5) | (81.3) | (70.4) |
| Non-GAAP research and development | $ 165.7 | $ 184.0 | $ 684.8 | $ 719.6 |
| | | | | |
| GAAP general and administrative | $ 74.1 | $ 73.2 | $ 287.8 | $ 293.4 |
| Stock-based compensation expense | (9.1) | (8.3) | (32.3) | (29.8) |
| Non-GAAP general and administrative | $ 65.0 | $ 64.9 | $ 255.5 | $ 263.6 |
| | | | | |
| GAAP amortization of purchased intangibles | $ 9.3 | $ 8.0 | $ 31.8 | $ 33.2 |
| Amortization of purchased intangibles | (9.3) | (8.0) | (31.8) | (33.2) |
| Non-GAAP Amortization of purchased intangibles | $ — | $ — | $ — | $ — |
| | | | | |
| GAAP restructuring charges and other facility exit costs, net | $ 9.0 | $ — | $ 80.5 | $ — |
| Restructuring charges and other facility exit costs, net | (9.0) | — | (80.5) | — |
| Non-GAAP restructuring charges and other facility exit costs, net | $ — | $ — | $ — | $ — |
| | | | | |
| GAAP operating expenses | $ 563.0 | $ 563.1 | $ 2,188.7 | $ 2,132.1 |
| Stock-based compensation expense | (55.5) | (52.8) | (207.7) | (185.4) |
| Amortization of purchased intangibles | (9.3) | (8.0) | (31.8) | (33.2) |
| Restructuring charges and other facility exit costs, net | (9.0) | — | (80.5) | — |
| Non-GAAP operating expenses | $ 489.2 | $ 502.3 | $ 1,868.7 | $ 1,913.5 |
| | | | | |
| GAAP Spend | $ 645.9 | $ 658.0 | $ 2,530.6 | $ 2,502.8 |
| Stock-based compensation expense | (59.3) | (56.1) | (221.8) | (197.2) |
| Amortization of developed technology | (8.0) | (11.9) | (40.0) | (49.0) |
| Amortization of purchased intangibles | (9.3) | (8.0) | (31.8) | (33.2) |
| Restructuring charges and other facility exit costs, net | (9.0) | — | (80.5) | — |
| Non-GAAP Spend | $ 560.3 | $ 582.0 | $ 2,156.5 | $ 2,223.4 |
| | | | | |
| GAAP (loss) income from operations | $ (167.1) | $ (9.7) | $ (499.6) | $ 1.3 |
| Stock-based compensation expense | 59.3 | 56.1 | 221.8 | 197.2 |
| Amortization of developed technology | 8.0 | 11.9 | 40.0 | 49.0 |
| Amortization of purchased intangibles | 9.3 | 8.0 | 31.8 | 33.2 |
| Restructuring charges and other facility exit costs, net | 9.0 | — | 80.5 | — |
| Non-GAAP (loss) income from operations | $ (81.5) | $ 66.3 | $ (125.5) | $ 280.7 |
| | | | | |
| GAAP interest and other expense, net | $ (1.1) | $ (10.8) | $ (24.2) | $ (21.6) |
| Loss (gain) on strategic investments | 0.3 | (0.4) | (0.3) | (3.7) |
| Non-GAAP interest and other expense, net | $ (0.8) | $ (11.2) | $ (24.5) | $ (25.3) |
| | | | | |
| GAAP provision for income taxes | $ (2.3) | $ (16.7) | $ (55.4) | $ (310.2) |
| Discrete GAAP tax provision items | (6.7) | (1.6) | (2.7) | 0.8 |
| Establishment of valuation allowance on deferred tax assets | — | — | — | 230.9 |
| Income tax effect of non-GAAP adjustments | 30.4 | 11.1 | 97.1 | 17.2 |
| Non-GAAP provision for income tax | $ 21.4 | $ (7.2) | $ 39.0 | $ (61.3) |
| | | | | |
| GAAP net loss | $ (170.5) | $ (37.2) | $ (579.2) | $ (330.5) |
| Stock-based compensation expense | 59.3 | 56.1 | 221.8 | 197.2 |
| Amortization of developed technology | 8.0 | 11.9 | 40.0 | 49.0 |

| | | | | |
|---|---|---|---|---|
| Amortization of purchased intangibles | 9.3 | 8.0 | 31.8 | 33.2 |
| Restructuring charges and other facility exit costs, net | 9.0 | — | 80.5 | — |
| Loss (gain) on strategic investments | 0.3 | (0.4) | (0.3) | (3.7) |
| Discrete GAAP tax provision items | (6.7) | (1.6) | (2.7) | 0.8 |
| Establishment of valuation allowance on deferred tax assets | — | — | — | 230.9 |
| Income tax effect of non-GAAP adjustments | 30.4 | 11.1 | 97.1 | 17.2 |
| Non-GAAP net (loss) income | $ (60.9) | $ 47.9 | $ (111.0) | $ 194.1 |
| | | | | |
| GAAP diluted net loss per share | $ (0.77) | $ (0.17) | $ (2.60) | $ (1.46) |
| Stock-based compensation expense | 0.28 | 0.25 | 1.00 | 0.86 |
| Amortization of developed technology | 0.03 | 0.05 | 0.18 | 0.21 |
| Amortization of purchased intangibles | 0.04 | 0.04 | 0.14 | 0.15 |
| Restructuring charges and other facility exit costs, net | 0.04 | — | 0.35 | — |
| Loss (gain) on strategic investments | — | — | — | (0.01) |
| Discrete GAAP tax provision items | (0.04) | (0.01) | (0.01) | — |
| Establishment of valuation allowance on deferred tax assets | — | — | — | 1.01 |
| Income tax effect of non-GAAP adjustments | 0.14 | 0.05 | 0.44 | 0.08 |
| Non-GAAP diluted net (loss) income per share | $ (0.28) | $ 0.21 | $ (0.50) | $ 0.84 |
| | | | | |
| GAAP diluted weighted average shares used in per share calculation | 221.1 | 224.7 | 222.7 | 226.0 |
| Shares included in non-GAAP net income per share, but excluded from GAAP net loss per share as they would have been anti-dilutive | — | 4.4 | — | 4.7 |
| Non-GAAP diluted weighted average shares used in per share calculation | 221.1 | 229.1 | 222.7 | 230.7 |

# AUTODESK, INC. (ADSK)
# FOURTH QUARTER FISCAL 2017 EARNINGS ANNOUNCEMENT
# March 2, 2017
# 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,
March 2, 2017 at 2:00 pm PT (5:00 pm 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 these prepared remarks.

## 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. As part of this transition, Autodesk discontinued new maintenance agreement sales for most individual products at the end of the fourth quarter of fiscal 2016 and for suites at the end of the second quarter of fiscal 2017. During the transition, revenue, margins, EPS, deferred revenue and cash flow from operations are 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.

## Fourth Quarter Fiscal 2017 Overview

| | 4Q 2017 | QoQ Change | Management Comments |
|---|---|---|---|
| **New model subscriptions*** | 1,088,000 | 227,000 | Increase driven by growth in all new model subscription types, led by product and cloud subscription. |
| **Maintenance subscriptions** | 2,020,000 | (73,000) | Decrease driven by the discontinuation of new maintenance agreement sales for most products. |
| **Total subscriptions** | 3,108,000 | 154,000 | |

| *(in millions)* | | 4Q 2017 | YoY % | YoY CC % | Management Comments |
|---|---|---|---|---|---|
| **New model ARR** | $ | 529 | 107 % | 109 % | Increase driven by growth in all new model subscription types, led by product subscription. |
| **Maintenance ARR** | $ | 1,071 | (4)% | (2)% | Decrease driven by the discontinuation of new maintenance agreement sales for most products. . |
| **Total ARR** | $ | 1,600 | 16 % | 19 % | |
| | | | | | |
| **Deferred revenue** | $ | 1,788 | 18 % | N/A | Increase driven by new model subscription billings over the past four quarters. |
| **Revenue** | $ | 479 | (26)% | (25)% | Decrease driven by the business model transition. |
| **GAAP spend** | $ | 646 | (2)% | 0 % | Decrease driven by lower professional fees and employee-related costs. |
| **Non-GAAP spend** | $ | 560 | (4)% | (2)% | Decrease driven by lower professional fees and employee-related costs. |

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

## Subscriptions Review*

| *(in thousands)* | 4Q 2016 | 1Q 2017 | 2Q 2017 | 3Q 2017 | 4Q 2017 |
|---|---|---|---|---|---|
| **New model subscriptions** | 427 | 567 | 693 | 861 | 1,088 |
| **Maintenance subscriptions** | 2,151 | 2,143 | 2,127 | 2,093 | 2,020 |
| **Total subscriptions** | 2,578 | 2,710 | 2,820 | 2,954 | 3,108 |

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

New model subscriptions were 1.09 million, a net increase of 227,000 from the third quarter of this year. Growth in new model subscriptions was driven by growth in all new model subscription types, led by product and cloud subscriptions.

Maintenance subscriptions were 2.02 million, a net decrease of 73,000 from the third quarter of this year. Maintenance subscriptions decreased primarily as a result of the discontinuation of new maintenance agreement sales for most products. The net decrease was as expected and also reflects seasonality as the fourth quarter has the largest pool of renewal opportunities. The maintenance renewal rate was in-line with recent trends. We expect to see ongoing declines in maintenance subscriptions going forward. The rate of decline will vary based on the number of subscriptions that come up for renewal, the renewal rate, and our ability to incentivize maintenance customers to switch over to enterprise business agreements (EBA's) or product subscription.

Total subscriptions were 3.11 million, a net increase of 154,000 from the third quarter of this year.

## Revenue Review*

| *(in millions)* (1) | 4Q 2016 | 1Q 2017 | 2Q 2017 | 3Q 2017 | 4Q 2017 | FY 2017 |
|---|---|---|---|---|---|---|
| **Subscription revenue** | $ 320 | $ 326 | $ 322 | $ 320 | $ 323 | $ 1,290 |
| **License and other revenue** | 329 | 186 | 229 | 170 | 156 | 741 |
| **Total net revenue** | $ 648 | $ 512 | $ 551 | $ 490 | $ 479 | $ 2,031 |
| | | | | | | |
| **New model ARR** | $ 255 | $ 308 | $ 371 | $ 414 | $ 529 | $ 529 |
| **Maintenance ARR** | 1,121 | 1,128 | 1,098 | 1,083 | 1,071 | 1,071 |
| **Total ARR** | $ 1,376 | $ 1,436 | $ 1,469 | $ 1,497 | $ 1,600 | $ 1,600 |
| | | | | | | |
| **Recurring revenue** | $ 344 | $ 359 | $ 367 | $ 374 | $ 400 | $ 1,500 |
| **Recurring revenue as a percentage of total revenue** | 53% | 70% | 67% | 76% | 84% | 74% |

(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.

As a reminder, during the business model transition, revenue is 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 products as noted in the Business Model Transition section on page 1.

Total net revenue for the fourth quarter decreased 26 percent to $479 million compared to the fourth quarter last year as reported and 25 percent on a constant currency basis.

Subscription revenue for the fourth quarter increased 1 percent to $323 million compared to the fourth quarter last year, and 3 percent on a constant currency basis, primarily due to an increase in new model subscription revenue, offset by a decrease in maintenance subscription revenue. As a reminder, subscription revenue growth is negatively impacted by the accounting treatment of product subscription and enterprise business agreements (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 categorized as license revenue. If all new model subscriptions were categorized 100 percent as subscription revenue that line would show 16 percent year-over-year growth as reported and 19 percent on a constant currency basis (see table below).

License and other revenue for the fourth quarter decreased 52 percent to $156 million compared to the fourth quarter last year as reported and 51 percent on a constant currency basis, due to the end of sale of perpetual licenses.

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

| *(in millions)* (1) | 4Q 2016 | 3Q 2017 | 4Q 2017 | QoQ % | YoY % |
|---|---|---|---|---|---|
| **Subscription revenue** | $ 320 | $ 320 | $ 323 | 1% | 1% |
| **Add: license and other revenue from new model subscription offerings (2)** | $ 32 | $ 63 | $ 85 | 35% | 166% |
| **Less: other adjustments (3)** | $ (8) | $ (8) | $ (8) | 0% | 0% |
| **Total Recurring Revenue** | $ 344 | $ 374 | $ 400 | 7% | 16% |

(1) Totals may not agree with the sum of the components due to rounding.
(2) License revenue from subscription offerings includes an allocated portion of the consideration transferred for our product subscriptions as well as flexible enterprise business agreements.
(3) Other adjustments include remaining subscription revenue related to select Creative Finishing product offerings, Autodesk Buzzsaw, Autodesk Constructware, education offerings, and third party products.

Total ARR for the fourth quarter increased 16 percent to $1.60 billion compared to the fourth quarter last year as reported, and 19 percent on a constant currency basis. On a sequential basis, total ARR increased 7 percent as reported, and on a constant currency basis. Both year-over-year and sequential growth in total ARR was driven by growth in new model ARR, partially offset by a decrease in maintenance ARR. ARR growth was impacted by the allocation of existing marketing development funds (MDF). MDF is recorded as contra revenue and prior to the third quarter of fiscal 2017 was predominantly allocated against license revenue. With the end of sale of perpetual licenses, MDF is now allocated against recurring revenue, negatively impacting year-over year total ARR growth by 3 percentage points.

New model ARR was $529 million and increased 107 percent compared to the fourth quarter last year as reported, and 109 percent on a constant currency basis. On a sequential basis, new model ARR increased 28 percent as reported, and on a constant currency basis. Both year-over-year and sequential growth in new model ARR was primarily driven by growth in all new model subscription types, led by product subscription. MDF negatively impacted new model ARR by 6 percentage points year-over-year.

Maintenance ARR was $1.07 billion and decreased 4 percent compared to the fourth quarter last year as reported, and 2 percent on a constant currency basis. The decrease in maintenance ARR was primarily related to the discontinuation of sales of new maintenance agreements. On a sequential basis, maintenance ARR decreased 1 percent as reported, and on a constant currency basis. The sequential decline in maintenance ARR was primarily driven by non-renewals following the discontinuation of sales of new maintenance agreements. MDF negatively impacted maintenance ARR by 2 percentage points year-over-year.

Recurring revenue was 84 percent of total revenue compared to 53 percent in the fourth quarter last year.

## Revenue by Geography

| *(in millions) (1)* | 4Q 2016 | 1Q 2017 | 2Q 2017 | 3Q 2017 | 4Q 2017 | FY 2017 |
|---|---|---|---|---|---|---|
| **Americas** | $ 257 | $ 218 | $ 230 | $ 213 | $ 211 | $ 872 |
| **EMEA** | $ 238 | $ 203 | $ 221 | $ 191 | $ 186 | $ 800 |
| **Asia Pacific** | $ 153 | $ 92 | $ 100 | $ 85 | $ 82 | $ 359 |
| | | | | | | |
| **Emerging Economies** | $ 94 | $ 55 | $ 62 | $ 57 | $ 53 | $ 228 |
| **Emerging as a percentage of Total Revenue** | 14% | 11% | 11% | 12% | 11% | 11% |

__________
(1) Totals may not agree with the sum of the components due to rounding.

Revenue in the Americas was $211 million, a decrease of 18 percent compared to the fourth quarter last year.

Revenue in EMEA was $186 million, a decrease of 22 percent compared to the fourth quarter last year as reported and 18 percent on a constant currency basis.

Revenue in APAC was $82 million, a decrease of 46 percent compared to the fourth quarter last year as reported and 47 percent on a constant currency basis.

Revenue from emerging economies was $53 million, a decrease of 43 percent compared to the fourth 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 Product Family

| *(in millions) (1)* | 4Q 2016 | 1Q 2017 | 2Q 2017 | 3Q 2017 | 4Q 2017 | FY 2017 |
|---|---|---|---|---|---|---|
| **Architecture, Engineering and Construction (AEC)** | $ 254 | $ 219 | $ 253 | $ 212 | $ 197 | $ 881 |
| **Manufacturing** | $ 194 | $ 158 | $ 177 | $ 147 | $ 144 | $ 626 |
| **AutoCAD and AutoCAD LT (2)** | $ 143 | $ 86 | $ 73 | $ 80 | $ 88 | $ 327 |
| **Media and Entertainment (M&E)** | $ 40 | $ 35 | $ 34 | $ 34 | $ 35 | $ 139 |
| **Other (2)** | $ 17 | $ 14 | $ 13 | $ 16 | $ 15 | $ 59 |

__________
(1) Due to rounding, the sum of the components may not agree to total revenue.
(2) Previously part of Platform Solutions and Emerging Business.

The decline in revenue across all product families is a result of the business model transition as noted on page 1. AutoCAD and AutoCAD LT were impacted more by the end of sale of perpetual licenses for individual products starting on February 1, 2016, resulting in a greater decline than the other product families. In contrast, both AEC and Manufacturing include suites, for which we did not end the sale of perpetual licenses until August 1, 2016.

Revenue from our AEC product family was $197 million, a decrease of 23 percent compared to the fourth quarter last year.

Revenue from our Manufacturing product family was $144 million, a decrease of 26 percent compared to the fourth quarter last year.

Combined revenue from AutoCAD and AutoCAD LT was 88 million, a decrease of 39 percent compared to the fourth quarter last year.

Revenue from our Media and Entertainment (M&E) product family was $35 million, a decrease of 12 percent compared to the fourth quarter last year.

## Foreign Currency Impact

| *(in millions)* | 4Q 2016 | 1Q 2017 | 2Q 2017 | 3Q 2017 | 4Q 2017 | FY 2017 |
|---|---|---|---|---|---|---|
| **FX Impact on Total ARR** | $ (33) | $ (46) | $ (54) | $ (52) | $ (33) | $ (33) |
| | | | | | | |
| **FX Impact on Total Revenue** | $ (35) | $ (24) | $ (22) | $ (17) | $ (11) | $ (75) |
| **FX Impact on Spend (Cost of Revenue and Operating Expenses)** | $ 20 | $ 10 | $ 8 | $ 7 | $ 9 | $ 34 |
| **FX Impact on Operating Income** | $ (15) | $ (14) | $ (14) | $ (10) | $ (2) | $ (41) |

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 fourth quarter of last year, the impact of foreign currency exchange rates, including the benefits/impact of our hedging program, was $33 million unfavorable on total ARR. Compared to the third quarter of this year, the impact of foreign currency exchange rates and hedging was $2 million unfavorable on total ARR.

Compared to the fourth quarter of last year, the impact of foreign currency exchange rates, including the benefits/impact of our hedging program, was $11 million unfavorable on revenue and $9 million favorable on spend.

## Balance Sheet Items and Cash Review

| *(in millions, except days sales outstanding)* | 4Q 2016 | 1Q 2017 | 2Q 2017 | 3Q 2017 | 4Q 2017 | FY 2017 |
|---|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | $ 170 | $ 164 | $ (18) | $ 8 | $ 16 | $ 170 |
| **Capital Expenditures** | $ 31 | $ 22 | $ 20 | $ 23 | $ 11 | $ 76 |
| **Depreciation, Amortization and Accretion** | $ 36 | $ 37 | $ 33 | $ 34 | $ 35 | $ 139 |
| **Total Cash and Marketable Securities** | $ 2,783 | $ 2,806 | $ 2,571 | $ 2,424 | $ 2,206 | $ 2,206 |
| **Days Sales Outstanding** | 92 | 46 | 51 | 48 | 86 | |
| **Deferred Revenue** | $ 1,519 | $ 1,524 | $ 1,520 | $ 1,533 | $ 1,788 | $ 1,788 |

Cash flow from operating activities during the fourth quarter was $16 million, a decrease of 91 percent compared to the fourth quarter last year. The year-over-year decrease is primarily related to a decrease in billings related to the business model transition. During the business model transition, cash flow from operating activities is negatively impacted as new product offerings generally have a lower initial purchase price resulting in lower billings and cash flow.

Total cash and investments at the end of the fourth quarter was approximately $2.2 billion. Total debt at the end of the fourth quarter was approximately $1.5 billion.

During the fourth quarter, Autodesk used $222 million to repurchase approximately 2.9 million shares of common stock at an average repurchase price of $75.98 per share. In fiscal 2017, Autodesk used $632 million to repurchase approximately 9.7 million shares of common stock at an average repurchase price of $64.73 per share. The absolute share count was reduced by approximately 4.1 million shares, or 2 percent in fiscal 2017. Through this stock repurchase program, Autodesk remains committed to managing dilution and reducing shares outstanding over time.

Days sales outstanding was 86 days, compared to 92 days in the fourth quarter last year. The decrease is primarily related to a shift in billings linearity.

Deferred revenue was $1.79 billion, an increase of 18 percent compared to the fourth quarter last year. The increase is primarily related to the increase in new model subscription billings over the past four quarters driven by the business model transition.

## Margins and EPS Review*

| | 4Q 2016 | 1Q 2017 (1) | 2Q 2017 | 3Q 2017 | 4Q 2017 | FY 2017 |
|---|---|---|---|---|---|---|
| ***Gross Margin*** | | | | | | |
| **Gross Margin - GAAP** | 85 % | 82 % | 85 % | 83 % | 83 % | 83 % |
| **Gross Margin - Non-GAAP** | 88 % | 85 % | 87 % | 86 % | 85 % | 86 % |
| | | | | | | |
| ***Operating Expenses (in millions)*** | | | | | | |
| **Operating Expenses - GAAP** | $563 | $569 | $529 | $528 | $563 | $2,189 |
| **Operating Expenses - Non-GAAP** | $502 | $461 | $454 | $465 | $489 | $1,869 |
| | | | | | | |
| ***Total Spend (in millions)*** | | | | | | |
| **Total Spend - GAAP** | $658 | $662 | $614 | $610 | $646 | $2,531 |
| **Total Spend - Non-GAAP** | $582 | $539 | $525 | $533 | $560 | $2,157 |
| | | | | | | |
| ***Operating Margin*** | | | | | | |
| **Operating Margin - GAAP** | (1)% | (29)% | (11)% | (24)% | (35)% | (25)% |
| **Operating Margin - Non-GAAP** | 10 % | (5)% | 5 % | (9)% | (17)% | (6)% |
| | | | | | | |
| ***Earnings Per Share*** | | | | | | |
| **Basic and Diluted Net Loss Per Share - GAAP** | $(0.17) | $(0.75) | $(0.44) | $(0.64) | $(0.77) | $(2.60) |
| **Basic and Diluted Net Income (Loss) Per Share - Non-GAAP** | $0.21 | $(0.10) | $0.05 | $(0.18) | $(0.28) | $(0.50) |
| | | | | | | |
| ***Weighted Average Shares*** | | | | | | |
| **GAAP and Non-GAAP Basic Net Income (Loss) Share Count** | 224.7 | 224.4 | 223.2 | 222.3 | 221.1 | 222.7 |
| | | | | | | |
| **GAAP Diluted Net Loss Share Count** | 224.7 | 224.4 | 223.2 | 222.3 | 221.1 | 222.7 |
| **Non-GAAP Diluted Net Income (Loss) Share Count** | 229.1 | 224.4 | 227.4 | 222.3 | 221.1 | 222.7 |

* 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 fourth quarter was 83 percent. Non-GAAP gross margin in the fourth quarter was 85 percent. The year-over-year decrease in both GAAP and non-GAAP gross margin is primarily related to the decline in license revenue attributed to the business model transition, partially offset by lower cost of revenue.

GAAP operating expenses were flat compared to the fourth quarter last year. Non-GAAP operating expenses decreased 3 percent compared to the fourth quarter last year primarily driven by lower professional fees and employee-related costs.

Total GAAP spend (cost of revenue plus operating expenses) was $646 million, a decrease of 2 percent compared to the fourth quarter last year. Total non-GAAP spend was $560 million, a decrease of 4 percent compared to the fourth quarter last year. The change in GAAP and non-GAAP spend is primarily related to lower professional fees and employee-related costs.

GAAP operating margin was (35) percent compared to (1) percent in the fourth quarter last year. Non-GAAP operating margin was (17) percent compared to 10 percent in the fourth quarter last year. The decreases in both GAAP and non-GAAP operating margin are primarily related to the decline in license revenue, partially offset by lower total spend.

The fourth quarter GAAP effective tax rate was 1 percent. The fourth quarter non-GAAP effective tax rate was 26 percent. Note: At this stage of the business model transition, small shifts in geographic profitability significantly impact the effective tax rate.

The fourth quarter GAAP diluted net loss per share was $(0.77) and non-GAAP diluted net loss per share was $(0.28).

**Financial Highlights for Fiscal 2017***

- Net subscription additions of 530,000. Total subscriptions increased 21 percent to 3.11 million.
- New model subscriptions increased 155 percent to 1.09 million.
- New model ARR increased 107 percent as reported and 109 percent on a constant currency basis.
- Total ARR increased 16 percent as reported and 19 percent on a constant currency basis.
- Total GAAP spend increased 1 percent. Total non-GAAP spend decreased 3 percent.
- Total deferred revenue increased 18 percent to $1.79 billion.

*All numbers are compared to fiscal 2016.

**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 first quarter and full year fiscal 2018 assumes, among other things, a continuation of the current economic environment and foreign currency exchange rate environment. A reconciliation between the GAAP and non-GAAP estimates is provided below or in the tables following these prepared remarks.

*First Quarter Fiscal 2018*

| Q1 FY18 Guidance Metrics | Q1 FY18 (ending April 30, 2017) |
|---|---|
| **Revenue (in millions)** | $460 - $480 |
| **EPS GAAP** | ($0.82) - ($0.72) |
| **EPS Non-GAAP (1)** | ($0.27) - ($0.21) |

(1) Non-GAAP earnings per diluted share exclude $0.28 related to stock-based compensation expense, between $0.18 and $0.14 related to GAAP-only tax charges, $0.05 related to CEO transition costs and $0.04 for the amortization of acquisition related intangibles..

*Full Year Fiscal 2018*

| FY18 Guidance Metrics | FY18 (ending January 31, 2018) |
|---|---|
| **Revenue (in millions) (1)** | $2,000 - $2,050 |
| **GAAP Spend (cost of revenue plus operating expenses)** | Approx. (2%) |
| **Non-GAAP Spend (cost of revenue plus operating expenses) (2)** | Approx. flat |
| **EPS GAAP** | ($2.65) - ($2.40) |
| **EPS Non-GAAP (3)** | ($0.73) - ($0.56) |
| **Net Subscription Additions** | 600,000 - 650,000 |
| **Total ARR** | 24% - 26% |

(1) Excluding the impact of foreign currency rates and hedge gains/losses revenue guidance would be $2.010 - $2.060 billion.
(2) Non-GAAP spend excludes $257 million related to stock-based compensation expense, $37 million for the amortization of acquisition-related intangibles, and $13 million related to CEO transition costs.
(3) Non-GAAP earnings per diluted share excludes $1.18 related to stock-based compensation expense, between $0.51 and $0.43 of GAAP-only tax charges, $0.17 for the amortization of acquisition-related intangibles, and $0.06 related to CEO transition costs.

The first quarter and full year fiscal 2018 outlook assume a projected annual effective tax rate of (11) 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 first quarter fiscal 2018 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 first 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 next four quarters has 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 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 is captured when total subscriptions are captured in our systems and may cause variability in the comparison of this calculation.

ARR is currently one of our key performance metrics 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 (ARPS):** 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 calculate constant currency growth rates by (i) applying the applicable prior period exchange rates to current period results and (ii) excluding any gains or losses from foreign currency hedge contracts that are reported in the current and comparative periods.

**Flexible Enterprise Business Agreements (EBA):** 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 reported when total subscriptions are captured in our systems 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 currency 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 achieve our revenue and profitability objectives; failure to successfully manage transitions to new business models and markets and to attract customers to our cloud-based offerings; 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; any imposition of new tariffs or trade barriers; 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 October 31, 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.

## 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 (loss), non-GAAP net income (loss) per share. 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 amortization of developed technology, amortization of purchased intangibles, gain and loss on strategic investments, and related income tax expenses. 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 primary 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 January 31, | | Fiscal Year Ended January 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (Unaudited) | | (Unaudited) | |
| GAAP cost of subscription revenue | $ 38.2 | $ 39.4 | $ 151.3 | $ 156.1 |
| Stock-based compensation expense | (1.8) | (1.6) | (7.0) | (5.7) |
| Amortization of developed technology | (0.1) | (0.5) | (0.7) | (2.9) |
| Non-GAAP cost of subscription revenue | $ 36.3 | $ 37.3 | $ 143.6 | $ 147.5 |
| | | | | |
| GAAP cost of license and other revenue | $ 44.7 | $ 55.5 | $ 190.6 | $ 214.6 |
| Stock-based compensation expense | (2.0) | (1.7) | (7.1) | (6.1) |
| Amortization of developed technology | (7.9) | (11.4) | (39.3) | (46.1) |
| Non-GAAP cost of license and other revenue | $ 34.8 | $ 42.4 | $ 144.2 | $ 162.4 |
| | | | | |
| GAAP gross profit | $ 395.9 | $ 553.4 | $ 1,689.1 | $ 2,133.4 |
| Stock-based compensation expense | 3.8 | 3.3 | 14.1 | 11.8 |
| Amortization of developed technology | 8.0 | 11.9 | 40.0 | 49.0 |
| Non-GAAP gross profit | $ 407.7 | $ 568.6 | $ 1,743.2 | $ 2,194.2 |
| | | | | |
| GAAP marketing and sales | $ 283.6 | $ 277.4 | $ 1,022.5 | $ 1,015.5 |
| Stock-based compensation expense | (25.1) | (24.0) | (94.1) | (85.2) |
| Non-GAAP marketing and sales | $ 258.5 | $ 253.4 | $ 928.4 | $ 930.3 |
| | | | | |
| GAAP research and development | $ 187.0 | $ 204.5 | $ 766.1 | $ 790.0 |
| Stock-based compensation expense | (21.3) | (20.5) | (81.3) | (70.4) |
| Non-GAAP research and development | $ 165.7 | $ 184.0 | $ 684.8 | $ 719.6 |

| | | | | |
|---|---|---|---|---|
| | | | | |
| GAAP general and administrative | $ 74.1 | $ 73.2 | $ 287.8 | $ 293.4 |
| Stock-based compensation expense | (9.1) | (8.3) | (32.3) | (29.8) |
| Non-GAAP general and administrative | $ 65.0 | $ 64.9 | $ 255.5 | $ 263.6 |
| | | | | |
| GAAP amortization of purchased intangibles | $ 9.3 | $ 8.0 | $ 31.8 | $ 33.2 |
| Amortization of purchased intangibles | (9.3) | (8.0) | (31.8) | (33.2) |
| Non-GAAP Amortization of purchased intangibles | $ — | $ — | $ — | $ — |
| | | | | |
| GAAP restructuring charges and other facility exit costs, net | $ 9.0 | $ — | $ 80.5 | $ — |
| Restructuring charges and other facility exit costs, net | (9.0) | — | (80.5) | — |
| Non-GAAP restructuring charges and other facility exit costs, net | $ — | $ — | $ — | $ — |
| | | | | |
| GAAP operating expenses | $ 563.0 | $ 563.1 | $ 2,188.7 | $ 2,132.1 |
| Stock-based compensation expense | (55.5) | (52.8) | (207.7) | (185.4) |
| Amortization of purchased intangibles | (9.3) | (8.0) | (31.8) | (33.2) |
| Restructuring charges and other facility exit costs, net | (9.0) | — | (80.5) | — |
| Non-GAAP operating expenses | $ 489.2 | $ 502.3 | $ 1,868.7 | $ 1,913.5 |
| | | | | |
| GAAP Spend | $ 645.9 | $ 658.0 | $ 2,530.6 | $ 2,502.8 |
| Stock-based compensation expense | (59.3) | (56.1) | (221.8) | (197.2) |
| Amortization of developed technology | (8.0) | (11.9) | (40.0) | (49.0) |
| Amortization of purchased intangibles | (9.3) | (8.0) | (31.8) | (33.2) |
| Restructuring charges and other facility exit costs, net | (9.0) | — | (80.5) | — |
| Non-GAAP Spend | $ 560.3 | $ 582.0 | $ 2,156.5 | $ 2,223.4 |
| | | | | |
| GAAP (loss) income from operations | $ (167.1) | $ (9.7) | $ (499.6) | $ 1.3 |
| Stock-based compensation expense | 59.3 | 56.1 | 221.8 | 197.2 |
| Amortization of developed technology | 8.0 | 11.9 | 40.0 | 49.0 |
| Amortization of purchased intangibles | 9.3 | 8.0 | 31.8 | 33.2 |
| Restructuring charges and other facility exit costs, net | 9.0 | — | 80.5 | — |
| Non-GAAP (loss) income from operations | $ (81.5) | $ 66.3 | $ (125.5) | $ 280.7 |
| | | | | |
| GAAP interest and other expense, net | $ (1.1) | $ (10.8) | $ (24.2) | $ (21.6) |
| Loss (gain) on strategic investments | 0.3 | (0.4) | (0.3) | (3.7) |
| Non-GAAP interest and other expense, net | $ (0.8) | $ (11.2) | $ (24.5) | $ (25.3) |
| | | | | |
| GAAP provision for income taxes | $ (2.3) | $ (16.7) | $ (55.4) | $ (310.2) |
| Discrete GAAP tax provision items | (6.7) | (1.6) | (2.7) | 0.8 |
| Establishment of valuation allowance on deferred tax assets | — | — | — | 230.9 |
| Income tax effect of non-GAAP adjustments | 30.4 | 11.1 | 97.1 | 17.2 |
| Non-GAAP provision for income tax | $ 21.4 | $ (7.2) | $ 39.0 | $ (61.3) |
| | | | | |
| GAAP net loss | $ (170.5) | $ (37.2) | $ (579.2) | $ (330.5) |
| Stock-based compensation expense | 59.3 | 56.1 | 221.8 | 197.2 |
| Amortization of developed technology | 8.0 | 11.9 | 40.0 | 49.0 |
| Amortization of purchased intangibles | 9.3 | 8.0 | 31.8 | 33.2 |
| Restructuring charges and other facility exit costs, net | 9.0 | — | 80.5 | — |
| Loss (gain) on strategic investments | 0.3 | (0.4) | (0.3) | (3.7) |

| | | | | |
|---|---|---|---|---|
| Discrete GAAP tax provision items | (6.7) | (1.6) | (2.7) | 0.8 |
| Establishment of valuation allowance on deferred tax assets | — | — | — | 230.9 |
| Income tax effect of non-GAAP adjustments | 30.4 | 11.1 | 97.1 | 17.2 |
| Non-GAAP net (loss) income | $ (60.9) | $ 47.9 | $ (111.0) | $ 194.1 |
| | | | | |
| GAAP diluted net loss per share | $ (0.77) | $ (0.17) | $ (2.60) | $ (1.46) |
| Stock-based compensation expense | 0.28 | 0.25 | 1.00 | 0.86 |
| Amortization of developed technology | 0.03 | 0.05 | 0.18 | 0.21 |
| Amortization of purchased intangibles | 0.04 | 0.04 | 0.14 | 0.15 |
| Restructuring charges and other facility exit costs, net | 0.04 | — | 0.35 | — |
| Loss (gain) on strategic investments | — | — | — | (0.01) |
| Discrete GAAP tax provision items | (0.04) | (0.01) | (0.01) | — |
| Establishment of valuation allowance on deferred tax assets | — | — | — | 1.01 |
| Income tax effect of non-GAAP adjustments | 0.14 | 0.05 | 0.44 | 0.08 |
| Non-GAAP diluted net (loss) income per share | $ (0.28) | $ 0.21 | $ (0.50) | $ 0.84 |
| | | | | |
| GAAP diluted weighted average shares used in per share calculation | 221.1 | 224.7 | 222.7 | 226.0 |
| Shares included in non-GAAP net income per share, but excluded from GAAP net loss per share as they would have been anti-dilutive | — | 4.4 | — | 4.7 |
| Non-GAAP diluted weighted average shares used in per share calculation | 221.1 | 229.1 | 222.7 | 230.7 |

| | Q4 FY16 | Q1 FY17 | Q2 FY17 | Q3 FY17 | Q4 FY17 | FY 2017 |
|---|---|---|---|---|---|---|
| | (Unaudited) | | | | | |
| GAAP gross margin | 85 % | 82 % | 85 % | 83 % | 83 % | 83 % |
| Stock-based compensation expense | 1 % | 1 % | — % | 1 % | 1 % | 1 % |
| Amortization of developed technology | 2 % | 2 % | 2 % | 2 % | 1 % | 2 % |
| Non-GAAP gross margin | 88 % | 85 % | 87 % | 86 % | 85 % | 86 % |
| | | | | | | |
| Operating Expenses - GAAP | $ 563 | $ 569 | $ 529 | $ 528 | $ 563 | $ 2,189 |
| Stock-based compensation expense | (53) | (48) | (51) | (53) | (56) | (208) |
| Amortization of purchased intangibles | (8) | (8) | (8) | (7) | (9) | (32) |
| Restructuring charges and other facility exit costs, net | — | (52) | (16) | (3) | (9) | (81) |
| Operating Expenses - Non-GAAP | $ 502 | $ 461 | $ 454 | $ 465 | $ 489 | $ 1,869 |
| | | | | | | |
| GAAP Spend | $ 658 | $ 662 | $ 614 | $ 610 | $ 646 | $ 2,531 |
| Stock-based compensation expense | (56) | (52) | (54) | (57) | (59) | (222) |
| Amortization of developed technology | (12) | (11) | (11) | (10) | (8) | (40) |
| Amortization of purchased intangibles | (8) | (8) | (8) | (7) | (9) | (32) |
| Restructuring charges and other facility exit costs, net | — | (52) | (16) | (3) | (9) | (81) |
| Non-GAAP Spend | $ 582 | $ 539 | $ 525 | $ 533 | $ 560 | $ 2,157 |
| | | | | | | |
| GAAP operating margin | (1)% | (29)% | (11)% | (24)% | (35)% | (25)% |
| Stock-based compensation expense | 8 % | 10 % | 10 % | 11 % | 12 % | 11 % |
| Amortization of developed technology | 2 % | 2 % | 2 % | 2 % | 2 % | 2 % |
| Amortization of purchased intangibles | 1 % | 2 % | 1 % | 1 % | 2 % | 2 % |
| Restructuring charges and other facility exit costs, net | — % | 10 % | 3 % | 1 % | 2 % | 4 % |
| Non-GAAP operating margin | 10 % | (5)% | 5 % | (9)% | (17)% | (6)% |
| | | | | | | |
| GAAP basic and diluted net loss per share | $ (0.17) | $ (0.75) | $ (0.44) | $ (0.64) | $ (0.77) | $ (2.60) |
| Stock-based compensation expense | 0.25 | 0.23 | 0.24 | 0.25 | 0.28 | 1.00 |
| Amortization of developed technology | 0.05 | 0.05 | 0.05 | 0.05 | 0.03 | 0.18 |
| Amortization of purchased intangibles | 0.04 | 0.04 | 0.03 | 0.03 | 0.04 | 0.14 |
| Restructuring charges and other facility exit costs, net | — | 0.23 | 0.07 | 0.01 | 0.04 | 0.35 |
| Discrete GAAP tax provision items | (0.01) | (0.01) | 0.07 | (0.03) | (0.04) | (0.01) |
| Income tax effect of non-GAAP adjustments | 0.05 | 0.11 | 0.03 | 0.15 | 0.14 | 0.44 |
| Non-GAAP basic and diluted net (loss) income per share | $ 0.21 | $ (0.10) | $ 0.05 | $ (0.18) | $ (0.28) | $ (0.50) |
| | | | | | | |
| GAAP diluted weighted average shares used in per share calculation | 224.7 | 224.4 | 223.2 | 222.3 | 221.1 | 222.7 |
| Shares included in non-GAAP net income per share, but excluded from GAAP net loss per share as they would have been anti-dilutive | 4.4 | — | 4.2 | — | — | — |
| Non-GAAP diluted weighted average shares used in per share calculation | 229.1 | 224.4 | 227.4 | 222.3 | 221.1 | 222.7 |