

**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 22, 2013

Autodesk, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

000-14338

(Commission File Number)

94-2819853

(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 22, 2013, Autodesk, Inc. (“Autodesk” or the “Company”) issued a press release and prepared remarks reporting financial results for the second quarter ended July 31, 2013. 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 purchased intangibles.* Autodesk incurs amortization of acquisition-related purchased intangible assets in connection with acquisitions of certain businesses and technologies. Amortization of intangible assets 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 to assess the appropriate level of various operating expenses 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 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 (benefits), net.* These expenses are associated with realigning our business strategies based on current economic conditions. In connection with these restructuring actions, Autodesk recognizes costs related to termination benefits for former employees whose positions were eliminated, and 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.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated as of August 22, 2013.
99.2	Prepared remarks dated as of August 22, 2013.

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/ Mark J. Hawkins

Mark J. Hawkins

Executive Vice President and Chief Financial Officer

Date: August 22, 2013

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated as of August 22, 2013.
99.2	Prepared remarks dated as of August 22, 2013.

Investors: David Gennarelli, david.gennarelli@autodesk.com, 415-507-6033

Press: Clay Helm, clay.helm@autodesk.com, 415-547-2425

AUTODESK REPORTS SECOND QUARTER RESULTS

SAN RAFAEL, Calif., AUGUST 22, 2013-- [Autodesk, Inc.](#) (NASDAQ: ADSK) today reported financial results for the second quarter of fiscal 2014.

Second Quarter Fiscal 2014

- Revenue was \$562 million, a decrease of 1 percent, compared to the second quarter of fiscal 2013 as reported and an increase of 2 percent on a constant currency basis.
- GAAP operating margin was 15 percent, compared to 16 percent in the second quarter of fiscal 2013.
- Non-GAAP operating margin decreased by approximately 100 basis points to 24 percent, compared with 25 percent in the second quarter of fiscal 2013. A reconciliation of GAAP to non-GAAP results is provided in the accompanying tables.
- GAAP diluted earnings per share were \$0.27, compared to \$0.28 in the second quarter of fiscal 2013.
- Non-GAAP diluted earnings per share were \$0.45, compared to \$0.48 in the second quarter of fiscal 2013.
- Deferred revenue increased 7 percent to \$806 million, compared to the second quarter of fiscal 2013.
- Cash flow from operating activities was \$65 million, compared to \$107 million in the second quarter of fiscal 2013.

"Our second quarter was marked by strength in our Architecture, Engineering and Construction (AEC) business segment and continued growth in suites," said [Carl Bass](#), Autodesk president and CEO. "Growth in these vital areas was offset by mixed contributions from other parts of the business. On the product side, we strengthened and expanded our leading product portfolio with new desktop, cloud and mobile offerings."

Second Quarter Operational Overview

EMEA revenue decreased 4 percent to \$202 million compared to the second quarter last year as reported and was flat on a constant currency basis. Revenue in the Americas increased 2 percent to \$202 million compared to the second quarter last year as reported. Revenue in Asia Pacific decreased 1 percent to \$158 million compared to the second quarter last year as reported and increased 4 percent on a constant currency basis. Revenue from emerging economies decreased 2 percent to \$86 million compared to the second quarter last year as reported and 1 percent on a constant currency basis. Revenue from emerging economies represented 15 percent of total revenue in the second quarter.

Revenue from the Platform Solutions and Emerging Business segment decreased 9 percent to \$197 million compared to the second quarter last year. Revenue from the AEC business segment increased 9 percent to \$177 million compared to the second quarter last year. Revenue from the Manufacturing business segment increased 2 percent to \$144 million compared to the second quarter last year. Revenue from the Media and Entertainment business segment decreased 11 percent to \$43 million compared to the second quarter last year.

Revenue from Flagship products decreased 11 percent to \$289 million compared to the second quarter last year. Revenue from Suites increased 18 percent to \$193 million compared to the second quarter last year. Revenue from New and Adjacent products was \$80 million, and decreased 1 percent compared to the second quarter last year.

"The challenging dynamics within some of the end-markets that we serve has led us to adjust our growth assumptions," said Mark Hawkins, Autodesk executive vice president and CFO. "While the near-term revenue target is lower, we remain diligent about managing our spend while making essential investments to drive growth.

"With the recent introduction of more flexible license and service offerings that have ratable revenue streams, such as cloud-based and rental license offerings, Autodesk's business model is evolving," continued Hawkins. "We are currently refining our plans around the pace and time frame for this business model transition. We look forward to providing more detail at our Investor Day event scheduled for October 2nd. As we evolve our business model, we remain committed to long-term operating margin expansion."

Business Outlook

The following statements are forward-looking statements that are based on current expectations and assumptions, and involve risks and uncertainties some of which are set forth below. Autodesk's business outlook for the third quarter assumes, among other things, a continuation of the current economic environment and foreign exchange currency rate environment, and interest expense related to Autodesk's \$750 million debt offering in December 2012.

Third Quarter Fiscal 2014

3Q FY14 Guidance Metrics	Q3 FY14 (ending October 31, 2013)
Revenue (in millions)	\$540-\$555
EPS GAAP	\$0.19-\$0.23
EPS Non-GAAP	\$0.36-\$0.40

Non-GAAP earnings per diluted share exclude \$0.11 related to stock-based compensation expense and \$0.06 for the amortization of acquisition related intangibles.

Third quarter fiscal 2014 outlook assumes annual effective tax rates of approximately 23 percent and approximately 25 percent for GAAP and non-GAAP results, respectively. These rates do not include one-time discrete items but do reflect the recently enacted extension of the federal R&D tax credit benefit through December 31, 2013.

Full Year Fiscal 2014

Autodesk is not providing full year fiscal 2014 guidance at this time.

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.

NOTE: The prepared remarks will not be read on the conference call. The conference call will include only brief remarks followed by questions and answers.

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

Safe Harbor Statement

This press release contains forward-looking statements that involve risks and uncertainties, including statements in the paragraphs under "Business Outlook" above, statements regarding revenue growth, managing expenses while making essential investments, long-term margin expansion, future products, business model evolution, and other statements regarding our strategies, market and products 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: general market, political, economic and business conditions; failure to maintain our revenue growth and profitability; failure to maintain cost reductions and productivity increases or otherwise 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; 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; 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; 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; fluctuation in foreign currency exchange rates; the success of our foreign currency hedging program; 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; failure of key new applications to achieve anticipated levels of customer acceptance; failure to achieve continued success in technology advancements, interruptions or terminations in the business of Autodesk consultants; the expense or impact of legal or regulatory proceedings; 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 year ended January 31, 2013 and Form 10-Q for the quarter ended April 30, 2013, which are on file with the U.S. Securities and Exchange Commission. Autodesk does not assume 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 helps people imagine, design and create a better world. Everyone--from design professionals, engineers and architects to digital artists, students and hobbyists--uses Autodesk software to unlock their creativity and solve important challenges. For more information visit autodesk.com or follow @autodesk.

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Autodesk, Inc.
Condensed Consolidated Statements of Operations

(In millions, except per share data)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2013	2012	2013	2012
	(Unaudited)			
Net revenue (1):				
License and other	\$ 313.2	\$ 334.0	\$ 636.7	\$ 689.2
Subscription	248.5	234.7	495.4	468.1
Total net revenue	561.7	568.7	1,132.1	1,157.3
Cost of revenue (1):				
Cost of license and other revenue	42.8	42.5	87.2	83.3
Cost of subscription revenue	25.0	17.3	48.1	35.3
Total cost of revenue	67.8	59.8	135.3	118.6
Gross profit	493.9	508.9	996.8	1,038.7
Operating expenses:				
Marketing and sales	198.1	212.4	406.9	435.6
Research and development	148.9	144.9	299.7	297.6
General and administrative	61.6	58.7	123.1	118.6
Restructuring charges, net	1.7	—	2.1	—
Total operating expenses	410.3	416.0	831.8	851.8
Income from operations	83.6	92.9	165.0	186.9
Interest and other (expense) income, net	(1.8)	(0.8)	(10.6)	2.7
Income before income taxes	81.8	92.1	154.4	189.6
Provision for income taxes	(20.1)	(27.5)	(37.1)	(46.1)
Net income	\$ 61.7	\$ 64.6	\$ 117.3	\$ 143.5
Basic net income per share	\$ 0.28	\$ 0.28	\$ 0.52	\$ 0.63
Diluted net income per share	\$ 0.27	\$ 0.28	\$ 0.51	\$ 0.62
Weighted average shares used in computing basic net income per share	223.1	227.8	223.6	228.0
Weighted average shares used in computing diluted net income per share	228.3	232.1	229.3	233.1

(1) Effective in the first quarter of fiscal 2014, Autodesk reclassified certain revenue and cost of revenue amounts associated with its cloud service offerings from "License and Other Revenue" to its new revenue line item "Subscription Revenue." Subscription Revenue consists of two components: maintenance revenue for our software products and revenue for our cloud service offerings including Autodesk 360. Prior period amounts have been revised to conform to the current period presentation.

Autodesk, Inc.

Condensed Consolidated Balance Sheets

(In millions)

	July 31, 2013	January 31, 2013
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,401.0	\$ 1,612.2
Marketable securities	596.9	342.1
Accounts receivable, net	303.9	495.1
Deferred income taxes	51.6	42.2
Prepaid expenses and other current assets	83.1	60.8
Total current assets	2,436.5	2,552.4
Marketable securities	410.1	411.1
Computer equipment, software, furniture and leasehold improvements, net	133.4	114.9
Purchased technologies, net	63.1	76.0
Goodwill	903.2	871.5
Deferred income taxes, net	125.3	122.8
Other assets	151.7	159.7
	<u>\$ 4,223.3</u>	<u>\$ 4,308.4</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 74.4	\$ 94.2
Accrued compensation	125.7	189.6
Accrued income taxes	42.5	13.9
Deferred revenue	636.9	647.0
Other accrued liabilities	76.4	99.0
Total current liabilities	955.9	1,043.7
Deferred revenue	168.6	187.6
Long term income taxes payable	203.4	194.2
Long term notes payable, net of discount	746.0	745.6
Other liabilities	98.3	94.1
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock and additional paid-in capital	1,455.8	1,449.8
Accumulated other comprehensive loss	(7.5)	(5.7)
Retained earnings	602.8	599.1
Total stockholders' equity	2,051.1	2,043.2
	<u>\$ 4,223.3</u>	<u>\$ 4,308.4</u>

Autodesk, Inc.

Condensed Consolidated Statements of Cash Flows

(In millions)

	Six Months Ended July 31,	
	2013	2012
	(Unaudited)	
Operating activities:		
Net income	\$ 117.3	\$ 143.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	65.1	58.1
Stock-based compensation expense	64.6	66.9
Excess tax benefits from stock-based compensation	(3.2)	(28.1)
Restructuring charges, net	2.1	—
Other operating activities	2.0	3.9
Changes in operating assets and liabilities, net of business combinations	41.5	2.1
Net cash provided by operating activities	289.4	246.4
Investing activities:		
Purchases of marketable securities	(697.3)	(725.3)
Sales of marketable securities	215.1	138.9
Maturities of marketable securities	231.9	250.5
Capital expenditures	(42.6)	(28.2)
Acquisitions, net of cash acquired	(47.2)	(69.2)
Other investing activities	(5.4)	(18.0)
Net cash used in investing activities	(345.5)	(451.3)
Financing activities:		
Proceeds from issuance of common stock, net of issuance costs	79.8	158.8
Repurchases of common stock	(239.8)	(210.3)
Excess tax benefits from stock-based compensation	3.2	28.1
Net cash (used in) provide by financing activities	(156.8)	(23.4)
Effect of exchange rate changes on cash and cash equivalents	1.7	1.6
Net increase (decrease) in cash and cash equivalents	(211.2)	(226.7)
Cash and cash equivalents at beginning of fiscal year	1,612.2	1,156.9
Cash and cash equivalents at end of period	\$ 1,401.0	\$ 930.2

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 cost of license and other revenue, non-GAAP cost of subscription revenue, non-GAAP gross profit, non-GAAP operating expenses, non-GAAP restructuring charges (benefits), non-GAAP income from operations, non-GAAP operating margin, non-GAAP interest and other income (expense), non-GAAP provision for income taxes, non-GAAP net income, and non-GAAP net income per share. These non-GAAP financial measures are adjusted to exclude certain costs, expenses, gains and losses, including stock-based compensation expense, restructuring charges, 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, the 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		Six Months Ended	
	July 31,		July 31,	
	2013	2012	2013	2012
	(Unaudited)		(Unaudited)	
GAAP cost of license and other revenue (1)	\$ 42.8	\$ 42.5	\$ 87.2	\$ 83.3
Stock-based compensation expense (1)	(0.9)	(0.8)	(1.8)	(1.7)
Amortization of developed technology (1)	(10.0)	(9.2)	(19.8)	(18.5)
Non-GAAP cost of license and other revenue (1)	\$ 31.9	\$ 32.5	\$ 65.6	\$ 63.1
GAAP cost of subscription revenue (1)	\$ 25.0	\$ 17.3	\$ 48.1	\$ 35.3
Stock-based compensation expense (1)	(0.5)	(0.4)	(1.1)	(0.8)
Amortization of developed technology (1)	(1.0)	(0.4)	(2.0)	(0.9)
Non-GAAP cost of subscription revenue (1)	\$ 23.5	\$ 16.5	\$ 45.0	\$ 33.6
GAAP gross profit	\$ 493.9	\$ 508.9	\$ 996.8	\$ 1,038.7
Stock-based compensation expense	1.4	1.2	2.9	2.5
Amortization of developed technology	11.0	9.6	21.8	19.4
Non-GAAP gross profit	\$ 506.3	\$ 519.7	\$ 1,021.5	\$ 1,060.6
GAAP marketing and sales	\$ 198.1	\$ 212.4	\$ 406.9	\$ 435.6
Stock-based compensation expense	(13.9)	(16.1)	(28.0)	(30.7)
Non-GAAP marketing and sales	\$ 184.2	\$ 196.3	\$ 378.9	\$ 404.9
GAAP research and development	\$ 148.9	\$ 144.9	\$ 299.7	\$ 297.6
Stock-based compensation expense	(10.2)	(10.4)	(21.1)	(21.5)
Non-GAAP research and development	\$ 138.7	\$ 134.5	\$ 278.6	\$ 276.1

GAAP general and administrative	\$ 61.6	\$ 58.7	\$ 123.1	\$ 118.6
Stock-based compensation expense	(5.5)	(5.8)	(12.5)	(12.2)
Amortization of customer relationships and trade names	(9.3)	(7.9)	(20.1)	(15.7)
Non-GAAP general and administrative	<u>\$ 46.8</u>	<u>\$ 45.0</u>	<u>\$ 90.5</u>	<u>\$ 90.7</u>
GAAP restructuring charges (benefits), net	\$ 1.7	\$ —	\$ 2.1	\$ —
Restructuring (charges) benefits	(1.7)	—	(2.1)	—
Non-GAAP restructuring charges (benefits), net	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
GAAP operating expenses	\$ 410.3	\$ 416.0	\$ 831.8	\$ 851.8
Stock-based compensation expense	(29.6)	(32.3)	(61.6)	(64.4)
Amortization of customer relationships and trade names	(9.3)	(7.9)	(20.1)	(15.7)
Restructuring (charges) benefits	(1.7)	—	(2.1)	—
Non-GAAP operating expenses	<u>\$ 369.7</u>	<u>\$ 375.8</u>	<u>\$ 748.0</u>	<u>\$ 771.7</u>
GAAP income from operations	\$ 83.6	\$ 92.9	\$ 165.0	\$ 186.9
Stock-based compensation expense	31.0	33.5	64.5	66.9
Amortization of developed technology	11.0	9.6	21.8	19.4
Amortization of customer relationships and trade names	9.3	7.9	20.1	15.7
Restructuring charges (benefits)	1.7	—	2.1	—
Non-GAAP income from operations	<u>\$ 136.6</u>	<u>\$ 143.9</u>	<u>\$ 273.5</u>	<u>\$ 288.9</u>
GAAP interest and other income, net	\$ (1.8)	\$ (0.8)	\$ (10.6)	\$ 2.7
(Gain) loss on strategic investments	0.2	5.0	1.3	3.9
Non-GAAP interest and other income, net	<u>\$ (1.6)</u>	<u>\$ 4.2</u>	<u>\$ (9.3)</u>	<u>\$ 6.6</u>
GAAP provision for income taxes	\$ (20.1)	\$ (27.5)	\$ (37.1)	\$ (46.1)
Discrete GAAP tax provision items	1.2	2.7	0.7	(3.6)
Income tax effect of non-GAAP adjustments	(14.3)	(12.2)	(29.7)	(25.6)
Non-GAAP provision for income tax	<u>\$ (33.2)</u>	<u>\$ (37.0)</u>	<u>\$ (66.1)</u>	<u>\$ (75.3)</u>
GAAP net income	\$ 61.7	\$ 64.6	\$ 117.3	\$ 143.5
Stock-based compensation expense	31.0	33.5	64.5	66.9
Amortization of developed technology	11.0	9.6	21.8	19.4
Amortization of customer relationships and trade names	9.3	7.9	20.1	15.7
Restructuring charges (benefits)	1.7	—	2.1	—
(Gain) loss on strategic investments	0.2	5.0	1.3	3.9
Discrete GAAP tax provision items	1.2	2.7	0.7	(3.6)
Income tax effect of non-GAAP adjustments	(14.3)	(12.2)	(29.7)	(25.6)
Non-GAAP net income	<u>\$ 101.8</u>	<u>\$ 111.1</u>	<u>\$ 198.1</u>	<u>\$ 220.2</u>
GAAP diluted net income per share	\$ 0.27	\$ 0.28	\$ 0.51	\$ 0.62
Stock-based compensation expense	0.14	0.15	0.28	0.29
Amortization of developed technology	0.05	0.04	0.10	0.08
Amortization of customer relationships and trade names	0.04	0.03	0.09	0.06
Restructuring charges (benefits)	0.01	—	0.01	—
(Gain) loss on strategic investments	—	0.02	—	0.02
Discrete GAAP tax provision items	—	0.01	—	(0.02)

Income tax effect of non-GAAP adjustments	(0.06)	(0.05)	(0.13)	(0.11)
Non-GAAP diluted net income per share	<u>\$ 0.45</u>	<u>\$ 0.48</u>	<u>\$ 0.86</u>	<u>\$ 0.94</u>

(1) Effective in the first quarter of fiscal 2014, Autodesk reclassified certain costs associated cloud service offerings from "Cost of License and Other Revenue" to "Cost of Subscription Revenue." Prior period amounts have been revised to conform to the current period presentation.

Autodesk, Inc.

Other Supplemental Financial Information (a)

Fiscal Year 2014	QTR 1	QTR 2	QTR 3	QTR 4	YTD 2014
Financial Statistics (\$ in millions, except per share data):					
Total Net Revenue:	\$ 570	\$ 562			\$ 1,132
License and Other Revenue	\$ 324	\$ 313			\$ 637
Subscription Revenue	\$ 247	\$ 249			\$ 495
GAAP Gross Margin	88%	88%			88%
Non-GAAP Gross Margin (1)(2)	90%	90%			90%
GAAP Operating Expenses	\$ 422	\$ 410			\$ 832
GAAP Operating Margin	14%	15%			15%
GAAP Net Income	\$ 56	\$ 62			\$ 117
GAAP Diluted Net Income Per Share (b)	\$ 0.24	\$ 0.27			\$ 0.51
Non-GAAP Operating Expenses (1)(3)	\$ 378	\$ 370			\$ 748
Non-GAAP Operating Margin (1)(4)	24%	24%			24%
Non-GAAP Net Income (1)(5)(c)	\$ 96	\$ 102			\$ 198
Non-GAAP Diluted Net Income Per Share (1)(6)(b)(c)	\$ 0.42	\$ 0.45			\$ 0.86
Total Cash and Marketable Securities	\$ 2,480	\$ 2,408			\$ 2,408
Days Sales Outstanding	46	49			49
Capital Expenditures	\$ 26	\$ 17			\$ 43
Cash Flow from Operating Activities	\$ 224	\$ 65			\$ 289
GAAP Depreciation, Amortization and Accretion	\$ 33	\$ 32			\$ 65
Deferred Subscription Revenue Balance (c)	\$ 775	\$ 736			\$ 736
Revenue by Geography:					
Americas	\$ 202	\$ 202			\$ 404
Europe, Middle East and Africa	\$ 216	\$ 202			\$ 418
Asia Pacific	\$ 152	\$ 158			\$ 310
% of Total Rev from Emerging Economies	13%	15%			14%
Revenue by Segment:					
Platform Solutions and Emerging Business	\$ 213	\$ 197			\$ 410
Architecture, Engineering and Construction	\$ 172	\$ 177			\$ 349
Manufacturing	\$ 139	\$ 144			\$ 283

Media and Entertainment	\$ 47	\$ 43	\$ 90
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Other Revenue Statistics:

% of Total Rev from Flagship	55%	51%	53%
% of Total Rev from Suites	31%	34%	33%
% of Total Rev from New and Adjacent	14%	14%	14%
% of Total Rev from AutoCAD and AutoCAD LT	34%	31%	32%

Favorable (Unfavorable) Impact of U.S. Dollar Translation Relative to Foreign Currencies Compared to Comparable Prior Year Period:

FX Impact on Total Net Revenue	\$ (17)	\$ (17)	\$ (34)
FX Impact on Cost of Revenue and Total Operating Expenses	\$ 5	\$ 4	\$ 9
FX Impact on Operating Income	\$ (12)	\$ (13)	\$ (25)

Gross Margin by Segment:

Platform Solutions and Emerging Business	\$ 195	\$ 180	\$ 375
Architecture, Engineering and Construction	\$ 156	\$ 161	\$ 316
Manufacturing	\$ 128	\$ 132	\$ 260
Media and Entertainment	\$ 37	\$ 34	\$ 71
Unallocated amounts	\$ (12)	\$ (12)	\$ (25)

Common Stock Statistics (in millions):

Common Shares Outstanding	224.4	222.5	222.5
Fully Diluted Weighted Average Shares Outstanding	229.3	228.3	229.3
Shares Repurchased	3.2	3.1	6.3

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

(b) Earnings per share were computed independently for each of the periods presented; therefore the sum of the earnings per share amounts for the quarters may not equal the total for the year.

(c) Prior amounts have been conformed to align with the current period presentation.

(1) 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, and non-GAAP net income per share. These non-GAAP financial measures are adjusted to exclude certain costs, expenses, gains and losses, including stock-based compensation expense, restructuring charges, 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, the 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 Autodesk's press release.

	QTR 1	QTR 2	QTR 3	QTR 4	YTD 2014
(2) GAAP Gross Margin	88%	88%			88%
Stock-based compensation expense	—%	—%			—%
Amortization of developed technology	2%	2%			2%
Non-GAAP Gross Margin	90%	90%			90%
(3) GAAP Operating Expenses	\$ 422	\$ 410			\$ 832
Stock-based compensation expense	(32)	(30)			(62)
Amortization of customer relationships and trade names	(11)	(9)			(20)
Restructuring (charges) benefits, net	—	(2)			(2)
Non-GAAP Operating Expenses	\$ 378	\$ 370			\$ 748
(4) GAAP Operating Margin	14%	15%			15%
Stock-based compensation expense	6%	6%			6%
Amortization of developed technology	2%	2%			2%
Amortization of customer relationships and trade names	2%	1%			1%
Restructuring charges (benefits), net	—%	—%			—%
Non-GAAP Operating Margin	24%	24%			24%
(5) GAAP Net Income	\$ 56	\$ 62			\$ 117
Stock-based compensation expense	34	31			65
Amortization of developed technology	11	11			22
Amortization of customer relationships and trade names	11	9			20
Restructuring charges (benefits), net	—	2			2
(Gain) loss on strategic investments	1	—			1
Discrete GAAP tax provision items	(1)	1			1
Income tax effect of non-GAAP adjustments	(15)	(14)			(30)
Non-GAAP Net Income	\$ 96	\$ 102			\$ 198
(6) GAAP Diluted Net Income Per Share	\$ 0.24	\$ 0.27			\$ 0.51
Stock-based compensation expense	0.15	0.14			0.28
Amortization of developed technology	0.05	0.05			0.10
Amortization of customer relationships and trade names	0.05	0.04			0.09
Restructuring charges (benefits), net	—	0.01			0.01
(Gain) loss on strategic investments	—	—			—
Discrete GAAP tax provision items	—	—			—
Income tax effect of non-GAAP adjustments	(0.07)	(0.06)			(0.13)
Non-GAAP Diluted Net Income Per Share	\$ 0.42	\$ 0.45			\$ 0.86

Reconciliation for Long Term Operating Margins:

Autodesk is not able to provide targets for our long term GAAP operating margins at this time because of the difficulty of estimating certain items that are excluded from non-GAAP that affect operating margin, such as charges related to stock-based compensation expense and amortization of acquisition related intangibles, the effect of which may be significant.

AUTODESK, INC. (ADSK)
SECOND QUARTER FISCAL 2014 EARNINGS ANNOUNCEMENT
August 22, 2013
PREPARED REMARKS

Autodesk is posting a copy of these prepared remarks and its press release to its Investor Relations website. These prepared remarks are offered to provide shareholders and analysts with additional time and detail for analyzing our results in advance of our quarterly conference call. As previously scheduled, the conference call will begin today, August 22, 2013 at 2:00 pm PT (5:00 pm ET) and will include only brief comments followed by questions and answers. These prepared remarks will not be read on the call.

To access the live broadcast of the question and answer session, please visit the Investor Relations section of Autodesk's website at www.autodesk.com/investor. A complete reconciliation between GAAP and non-GAAP results is provided in the tables following these prepared remarks.

Second Quarter Fiscal 2014 Overview

Our second quarter was marked by strength in our Architecture, Engineering and Construction (AEC) business segment and continued growth in suites, and steady customer adoption of our cloud and mobile solutions. Growth in these vital areas was offset by mixed contributions from other parts of our business.

Second quarter performance included:

- Revenue decreased 1 percent to \$562 million, compared to the second quarter last year and 2 percent compared to the first quarter of fiscal 2014.
- GAAP operating margin was 15 percent, compared to 16 percent in the second quarter last year and 14 percent in the first quarter of fiscal 2014.
- Non-GAAP operating margin decreased approximately 100 basis points to 24 percent, compared to 25 percent in the second quarter last year and 24 percent in the first quarter of fiscal 2014.
- GAAP diluted earnings per share were \$0.27, compared to \$0.28 in the second quarter last year and \$0.24 in the first quarter of fiscal 2014.
- Non-GAAP diluted earnings per share were \$0.45, compared to \$0.48 in the second quarter last year and \$0.42 in the first quarter of fiscal 2014.
- Deferred revenue increased 7 percent to \$806 million, compared to \$752 million in the second quarter last year and decreased 5 percent compared with the first quarter of fiscal 2014.
- Cash flow from operating activities was \$65 million, compared to \$107 million in the second quarter last year and \$224 million in the first quarter of fiscal 2014.

Revenue Analysis

<i>(in millions)</i>	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014
Total net revenue (1)	\$ 569	\$ 548	\$ 607	\$ 570	\$ 562
License and other revenue (2)	\$ 334	\$ 310	\$ 365	\$ 324	\$ 313
Subscription revenue (2)	\$ 235	\$ 238	\$ 242	\$ 247	\$ 249

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

(2) Effective in the first quarter of fiscal 2014, Autodesk reclassified certain revenue associated with cloud service offerings from "License and Other Revenue" to "Subscription Revenue." Prior period amounts have been revised to conform to the current period presentation. Subscription revenue includes maintenance and cloud-based revenue.

Total net revenue for the second quarter decreased 1 percent to \$562 million, as compared to the second quarter last year as reported, and increased 2 percent on a constant currency basis. Total net revenue for the second quarter decreased 2 percent sequentially as reported, and 1 percent on a constant currency basis.

As a reminder, during the fourth quarter of fiscal 2013, Autodesk executed a promotion which pulled forward approximately \$24 million in revenue from the first half of fiscal 2014.

At the start of the fiscal year we made a strategic decision to begin shifting our education business from selling to granting our software licenses in select regions and to key partners. We plan to expand upon this transition over time. The net financial impact of this change is a drag of approximately 2 percentage points of total revenue growth for the second quarter, with particular impact in the Americas.

License and other revenue decreased 6 percent to \$313 million, as compared to the second quarter last year, and 3 percent sequentially.

Subscription revenue increased 6 percent to \$249 million, as compared to the second quarter last year, and 1 percent sequentially.

Net subscription billings (includes maintenance and cloud service billings) decreased 17 percent compared to the second quarter last year. The decrease is related primarily to a decrease in multi-year maintenance subscriptions as net subscription billings in the second quarter last year benefited from an increase in multi-year renewals related to an impending pricing change.

Net subscription billings (includes maintenance and cloud service billings) decreased 21 percent sequentially. The sequential decrease is related primarily to typical seasonality, as well as a difficult comparison to the first quarter of fiscal 2014, which benefited from increased renewal activity ahead of a pricing change.

Revenue by Geography

<i>(in millions)</i>	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014
EMEA	\$ 210	\$ 196	\$ 238	\$ 216	\$ 202
Americas	\$ 199	\$ 209	\$ 221	\$ 202	\$ 202
Asia Pacific	\$ 161	\$ 142	\$ 148	\$ 152	\$ 158
Emerging Economies	\$ 88	\$ 80	\$ 84	\$ 75	\$ 86
Emerging as a percentage of Total Revenue	15%	15%	14%	13%	15%

Revenue in EMEA decreased 4 percent to \$202 million, as compared to the second quarter last year as reported, and was flat on a constant currency basis. EMEA revenue decreased 7 percent sequentially as reported, and 6 percent on a constant currency basis. Year-over-year results were mixed by country.

Revenue in the Americas increased 2 percent to \$202 million, as compared to the second quarter last year, and was flat sequentially. Growth in the U.S. was partially offset by a decline in Canada. As noted on page 2, revenue in the Americas was impacted by a decrease in revenue from the education vertical. Normalizing for the change, revenue in the Americas experienced solid year-over-year growth.

Revenue in Asia Pacific decreased 1 percent to \$158 million, as compared to the second quarter last year as reported, and increased 4 percent on a constant currency basis. Revenue in Asia Pacific increased 4 percent sequentially as reported, and 7 percent on a constant currency basis. Japan, which typically represents approximately 40 percent of Asia Pacific's revenue, experienced strong year-over-year growth on a constant currency basis.

Revenue from emerging economies decreased 2 percent to \$86 million, as compared to the second quarter last year as reported, and 1 percent on a constant currency basis. Among the BRIC countries, declines in Russia and India were partially offset by growth in China. Revenue from emerging economies increased 14 percent sequentially as reported, and 15 percent on a constant currency basis.

Revenue by Product Type

<i>(in millions)</i>	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014
Flagship *	\$ 325	\$ 302	\$ 331	\$ 312	\$ 289
Suites *	\$ 164	\$ 164	\$ 188	\$ 176	\$ 193
New and Adjacent *	\$ 80	\$ 81	\$ 89	\$ 82	\$ 80

* The 2013 quarterly product category revenue amounts have been updated to conform with the current period's presentation.

As we have previously discussed, our customers continue to migrate to our Design and Creation Suites. As a result, revenue for many of our stand-alone products is decreasing, which impacts the growth of both Flagship and New and Adjacent categories.

Revenue from Flagship products decreased 11 percent to \$289 million, compared to the second quarter last year, and 7 percent sequentially. The year-over-year decline in Flagship was driven by decreases in AutoCAD and AutoCAD Mechanical, reflecting customer migration to our suites and challenging dynamics within our end-markets.

Revenue from Suites was \$193 million, or 34 percent of total revenue. Revenue from Suites increased 18 percent compared to the second quarter last year, and 10 percent sequentially. Year-over-year growth was led by AEC suites.

Revenue from New and Adjacent products was \$80 million, and decreased 1 percent compared to the second quarter last year, and 3 percent sequentially.

Revenue by Business Segment

<i>(in millions)</i>	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014
Platform Solutions and Emerging Business*	\$ 216	\$ 203	\$ 197	\$ 213	\$ 197
Architecture, Engineering and Construction*	\$ 163	\$ 165	\$ 208	\$ 172	\$ 177
Manufacturing	\$ 141	\$ 132	\$ 155	\$ 139	\$ 144
Media and Entertainment	\$ 49	\$ 48	\$ 47	\$ 47	\$ 43

* The 2013 quarterly segment revenue amounts have been updated to conform with the current period's presentation.

Revenue from our Platform Solutions and Emerging Business (PSEB) segment decreased 9 percent to \$197 million, compared to the second quarter last year, and 7 percent sequentially. Combined revenue from AutoCAD and AutoCAD LT was \$173 million, a decrease of 9 percent compared to the second quarter last year, and 10 percent sequentially. The decrease in AutoCAD in part reflects customer migration to our Design and Creation Suites. The decrease in AutoCAD LT, in part, reflects challenging dynamics within some of the end-markets that we serve. Revenue from PSEB suites decreased 9 percent compared to the second quarter last year, and increased 34 percent sequentially. Year-over-year growth in AutoCAD Suites was strong, while education suites declined, related to our change in strategy within the education vertical (noted on page 2).

Revenue from our AEC business segment increased 9 percent to \$177 million, compared to the second quarter last year, and 3 percent sequentially. Revenue from our AEC suites increased 36 percent compared to the second quarter last year, and 13 percent sequentially. Year-over-year growth in AEC was led by growth in the Building Design Suites and Infrastructure Design Suites.

Revenue from our Manufacturing business segment increased 2 percent to \$144 million, compared to the second quarter last year, and increased 4 percent sequentially. Revenue from our Manufacturing suites increased 14 percent compared to the second quarter last year, and 4 percent sequentially. The year-over-year growth in our manufacturing segment was primarily the result of growth in manufacturing suites (Product Design Suite and Factory Design Suite), partially offset by declines in stand-alone products.

Revenue from our Media and Entertainment (M&E) business segment decreased 11 percent to \$43 million, compared to the second quarter last year and 7 percent sequentially. Revenue from our animation products, including Maya, 3ds Max, and our Entertainment Creation Suites, decreased 10 percent compared to the second quarter last year, and 3 percent sequentially. Revenue from Creative Finishing decreased 14 percent compared to the second quarter last year, and 17 percent sequentially. The decrease in M&E revenue is related primarily to a general decrease in the M&E industry end-market demand, as well as the planned inclusion of our M&E products in other Autodesk industry suites.

Foreign Currency Impact

<i>(in millions)</i>	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014
FX Impact on Total Revenue	\$ (1)	\$ (10)	\$ (15)	\$ (17)	\$ (17)
FX Impact on Cost of Revenue and Operating Expenses	\$ 6	\$ 7	\$ 1	\$ 5	\$ 4
FX Impact on Operating Income	\$ 5	\$ (3)	\$ (14)	\$ (12)	\$ (13)

The foreign currency impact represents the U.S. Dollar impact of changes in foreign currency 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 including the impact of our hedging program was \$17 million unfavorable on revenue and \$4 million favorable on cost of revenue and operating expenses.

Compared to the first quarter of fiscal 2014, the impact of foreign currency exchange rates and hedging was \$6 million unfavorable on revenue and \$3 million favorable on cost of revenue and operating expenses.

Balance Sheet Items and Cash Review

<i>(in millions)</i>	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014
Cash Flows from Operating Activities	\$ 107	\$ 157	\$ 156	\$ 224	\$ 65
Capital Expenditures	\$ 17	\$ 17	\$ 12	\$ 26	\$ 17
Depreciation, Amortization and Accretion	\$ 29	\$ 35	\$ 35	\$ 33	\$ 32
Total Cash and Marketable Securities	\$ 1,717	\$ 1,737	\$ 2,365	\$ 2,480	\$ 2,408
Days Sales Outstanding	58	49	74	46	49
Deferred Revenue	\$ 752	\$ 714	\$ 835	\$ 851	\$ 806

Total cash and investments at the end of the second quarter was approximately \$2.4 billion. Approximately 75 percent of the total cash and investments is located offshore and will fluctuate subject to business needs.

During the second quarter, Autodesk used \$111 million to repurchase approximately 3.1 million shares of common stock at an average repurchase price of \$36.38 per share. Through this stock repurchase program, Autodesk remains committed to returning excess cash to our stockholders and reducing shares outstanding over time.

Cash flow from operating activities during the second quarter was \$65 million, a decrease of 39 percent compared to the second quarter last year and a decrease of 71 percent sequentially. The year-over-year decline is primarily related to the change in deferred revenue balances. The sequential decline is primarily related to a sequential decrease in accounts receivable and deferred revenue balances. For the first half of fiscal 2014, cash flow from operations increased 17 percent, compared to the first half of last last year.

Days sales outstanding (DSO) was 49 days, which was a decrease of 9 days as compared to the second quarter last year and an increase of 3 days sequentially. The year-over-year decrease is primarily related to a decrease in maintenance subscription billings. The sequential increase is primarily related to a shift in billings linearity.

Deferred revenue was \$806 million, an increase of 7 percent compared to the second quarter last year and a decrease of 5 percent sequentially. The year-over-year increase is primarily related to a net increase in subscription billings over the past four quarters. The sequential decrease in deferred revenue is primarily related to the sequential decrease in quarterly maintenance subscription billings.

Backlog was \$2 million, a decrease of \$5 million compared to the second quarter last year and flat sequentially. At the end of the second quarter, channel inventory remained approximately one week.

Margins and EPS Review

	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014
Gross Margin					
Gross Margin - GAAP	89%	89%	90%	88%	88%
Gross Margin - Non-GAAP	91%	91%	92%	90%	90%
Operating Expenses (in millions)					
Operating Expenses - GAAP	\$ 416	\$ 456	\$ 460	\$ 422	\$ 410
Operating Expenses - Non-GAAP	\$ 376	\$ 355	\$ 404	\$ 378	\$ 370
Operating Margin					
Operating Margin - GAAP	16%	6%	14%	14%	15%
Operating Margin - Non-GAAP	25%	27%	25%	24%	24%
Earnings Per Share					
Diluted Net Income Per Share - GAAP	\$ 0.28	\$ 0.13	\$ 0.32	\$ 0.24	\$ 0.27
Diluted Net Income Per Share - Non-GAAP	\$ 0.48	\$ 0.47	\$ 0.53	\$ 0.42	\$ 0.45

GAAP gross margin in the second quarter was 88 percent. Non-GAAP gross margin in the second quarter was 90 percent. The year-over-year decrease in both GAAP and non-GAAP gross margin is primarily resulting from lower revenue related to foreign currency exchange headwinds and higher cloud-related costs.

GAAP operating expenses decreased 1 percent year-over-year and 3 percent sequentially. Non-GAAP operating expenses decreased 2 percent year-over-year and 2 percent sequentially. The year-over-year decrease in both GAAP and non-GAAP operating expenses is primarily related to lower employee related costs. The sequential decrease in both GAAP and non-GAAP operating expenses is related to typical seasonality.

GAAP operating margin was 15 percent, a decrease of 150 basis points compared to the second quarter last year. Foreign currency exchange had a negative impact on GAAP operating margin of approximately 170 basis points, compared to the second quarter last year. Non-GAAP operating margin was 24 percent and decreased approximately 100 basis points compared to the second quarter last year. Foreign currency exchange had a negative impact on non-GAAP operating margin of approximately 140 basis points, compared to the second quarter last year. Both the GAAP and non-GAAP year-over-year decrease in operating margin was due primarily to lower revenue related to foreign currency exchange headwinds and increased costs of goods sold.

GAAP operating margin increased approximately 60 basis points sequentially primarily related to decreased employee related costs. Non-GAAP operating margin increased approximately 30 basis points sequentially, primarily related to decreased employee related costs.

The second quarter effective tax rate was 25 percent for both GAAP and non-GAAP results.

GAAP earnings per diluted share for the second quarter were \$0.27. Non-GAAP earnings per diluted share for the second quarter were \$0.45.

The share count used to compute basic net income per share was 223.1 million. The share count used to compute diluted net income per share was 228.3 million.

A complete reconciliation between GAAP and non-GAAP results is provided in the tables following these prepared remarks.

Business Outlook

The following statements are forward-looking statements that are based on current expectations and assumptions, and involve risks and uncertainties some of which are set forth below. Autodesk's business outlook for the third quarter assumes, among other things, a continuation of the current economic environment and foreign exchange currency rate environment, and interest expense related to Autodesk's \$750 million debt offering in December 2012.

Third Quarter Fiscal 2014

3Q FY14 Guidance Metrics	Q3 FY14 (ending October 31, 2013)
Revenue (in millions)	\$540-\$555
EPS GAAP	\$0.19-\$0.23
EPS Non-GAAP	\$0.36-\$0.40

Non-GAAP earnings per diluted share exclude \$0.11 related to stock-based compensation expense and \$0.06 for the amortization of acquisition related intangibles.

The majority of the projected euro, yen and Australian dollar denominated net revenue for our third quarter fiscal 2014 has been hedged, which should materially reduce the impact of currency fluctuations on our third quarter results. However, over an extended period of time, currency fluctuations will increasingly impact our results. We also hedge certain expenses as noted below. We hedge our net exposures using a four quarter rolling layered hedge program. As such, a portion of the projected euro, yen, and Australian dollar denominated net revenue for our fiscal 2014 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.

Third quarter fiscal 2014 outlook assumes annual effective tax rates of approximately 23 percent and approximately 25 percent for GAAP and non-GAAP results, respectively. These rates do not include one-time discrete items but do reflect the recently enacted extension of the federal R&D tax credit benefit through December 31, 2013.

Full Year Fiscal 2014

Autodesk is not providing full year fiscal 2014 guidance at this time.

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

Given continued foreign exchange volatility, we would like to 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 exchange hedging for speculative purposes. The purpose of our hedging program is to reduce risk from 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 revenue 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.

- The major currencies we hedge include the euro, yen, pound sterling, Australian dollar, Canadian dollar, and Swiss franc. 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.

Autodesk’s Product Type Classification

The following represents Autodesk’s current view for product categorization. Autodesk will periodically make changes to this list. This is not a complete list.

“Flagship” includes the following products:

- 3ds Max[®]
- AutoCAD[®]
- AutoCAD LT[®]
- AutoCAD[®] vertical products such as AutoCAD[®] Mechanical and AutoCAD[®] Architecture
- Civil 3D[®]
- Inventor[®] products (standalone)
- Maya[®]
- Plant 3D
- Revit[®] products (standalone)

“Suites” include the following products classes:

- AutoCAD[®] Design Suites
- Building Design Suites
- Educational/academic suites
- Entertainment Creation Suites
- Factory Design Suites
- Infrastructure Design Suites
- Inventor[®] family suites
- Plant Design Suites
- Product Design Suites
- Revit[®] family suites

“New and Adjacent” includes the following products and services:

- Alias[®] Design products
- Autodesk[®] 360 products
- Autodesk[®] Consulting
- Autodesk[®] Simulation Mechanical
- Autodesk[®] Simulation Multiphysics

- Buzzsaw®
- CF Design
- Constructware®
- Consumer products
- Creative Finishing products
- Moldflow® products
- Navisworks®
- Scaleform®
- Vault products
- All other products

Glossary of Terms

License and Other revenue: License and other revenue consists of two components: all forms of product license revenue and other revenue. Product license revenue includes: software license revenue from the sale of new seat licenses and upgrades. Other revenue consists of revenue from Creative Finishing, consulting and training services.

Subscription revenue: Our subscription revenue consists of two components: maintenance revenue for our software products and revenue for our cloud service offerings, including Autodesk 360.

Maintenance: Our maintenance program provides our commercial and educational 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 program, customers are eligible to receive unspecified upgrades when and if available, downloadable training courses and online support. We recognize maintenance revenue over the term of the agreements, generally between one and three years.

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 regarding anticipated demand and revenue performance and trends (including by geography, product, product type, and end user), the impact of general seasonality on the timing of future revenues, the impact of foreign exchange hedges, statements regarding the impact of our strategic decision regarding our education business and other statements regarding our expected strategies, market and products 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: general market, political, economic and business conditions; failure to maintain our revenue growth and profitability; failure to maintain cost reductions and productivity increases or otherwise 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; 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; 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; 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; fluctuation in foreign currency exchange rates; the success of our foreign currency hedging program; 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; failure of key new applications to achieve anticipated levels of customer acceptance; failure to achieve continued success in technology advancements; interruptions or terminations in the business of Autodesk consultants; the expense or impact of legal or regulatory proceedings; 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 year ended January 31, 2013 and Form 10-Q for the quarter ended April 30, 2013, which are on file with the U.S. Securities and Exchange Commission. Autodesk does not assume 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.

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Autodesk, Inc.

Other Supplemental Financial Information (a)

Fiscal Year 2014	QTR 1	QTR 2	QTR 3	QTR 4	YTD 2014
Financial Statistics (\$ in millions, except per share data):					
Total Net Revenue:	\$ 570	\$ 562			\$ 1,132
License and Other Revenue	\$ 324	\$ 313			\$ 637
Subscription Revenue	\$ 247	\$ 249			\$ 495
GAAP Gross Margin	88%	88%			88%
Non-GAAP Gross Margin (1)(2)	90%	90%			90%
GAAP Operating Expenses	\$ 422	\$ 410			\$ 832
GAAP Operating Margin	14%	15%			15%
GAAP Net Income	\$ 56	\$ 62			\$ 117
GAAP Diluted Net Income Per Share (b)	\$ 0.24	\$ 0.27			\$ 0.51
Non-GAAP Operating Expenses (1)(3)	\$ 378	\$ 370			\$ 748
Non-GAAP Operating Margin (1)(4)	24%	24%			24%
Non-GAAP Net Income (1)(5)(c)	\$ 96	\$ 102			\$ 198
Non-GAAP Diluted Net Income Per Share (1)(6)(b)(c)	\$ 0.42	\$ 0.45			\$ 0.86
Total Cash and Marketable Securities	\$ 2,480	\$ 2,408			\$ 2,408
Days Sales Outstanding	46	49			49
Capital Expenditures	\$ 26	\$ 17			\$ 43
Cash Flow from Operating Activities	\$ 224	\$ 65			\$ 289
GAAP Depreciation, Amortization and Accretion	\$ 33	\$ 32			\$ 65
Deferred Subscription Revenue Balance (c)	\$ 775	\$ 736			\$ 736
Revenue by Geography:					
Americas	\$ 202	\$ 202			\$ 404
Europe, Middle East and Africa	\$ 216	\$ 202			\$ 418
Asia Pacific	\$ 152	\$ 158			\$ 310
% of Total Rev from Emerging Economies	13%	15%			14%
Revenue by Segment:					
Platform Solutions and Emerging Business	\$ 213	\$ 197			\$ 410
Architecture, Engineering and Construction	\$ 172	\$ 177			\$ 349
Manufacturing	\$ 139	\$ 144			\$ 283
Media and Entertainment	\$ 47	\$ 43			\$ 90

Other Revenue Statistics:

% of Total Rev from Flagship	55%	51%	53%
% of Total Rev from Suites	31%	34%	33%
% of Total Rev from New and Adjacent	14%	14%	14%
% of Total Rev from AutoCAD and AutoCAD LT	34%	31%	32%

Favorable (Unfavorable) Impact of U.S. Dollar Translation Relative to

Foreign Currencies Compared to Comparable Prior Year Period:

FX Impact on Total Net Revenue	\$ (17)	\$ (17)	\$ (34)
FX Impact on Cost of Revenue and Total Operating Expenses	\$ 5	\$ 4	\$ 9
FX Impact on Operating Income	\$ (12)	\$ (13)	\$ (25)

Gross Margin by Segment:

Platform Solutions and Emerging Business	\$ 195	\$ 180	\$ 375
Architecture, Engineering and Construction	\$ 156	\$ 161	\$ 316
Manufacturing	\$ 128	\$ 132	\$ 260
Media and Entertainment	\$ 37	\$ 34	\$ 71
Unallocated amounts	\$ (12)	\$ (12)	\$ (25)

Common Stock Statistics (in millions):

Common Shares Outstanding	224.4	222.5	222.5
Fully Diluted Weighted Average Shares Outstanding	229.3	228.3	229.3
Shares Repurchased	3.2	3.1	6.3

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

(b) Earnings per share were computed independently for each of the periods presented; therefore the sum of the earnings per share amounts for the quarters may not equal the total for the year.

(c) Prior amounts have been conformed to align with the current period presentation.

(1) 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, and non-GAAP net income per share. These non-GAAP financial measures are adjusted to exclude certain costs, expenses, gains and losses, including stock-based compensation expense, restructuring charges, 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, the 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 Autodesk's press release.

	QTR 1	QTR 2	QTR 3	QTR 4	YTD 2014
(2) GAAP Gross Margin	88%	88%			88%
Stock-based compensation expense	—%	—%			—%

Amortization of developed technology	2%	2%	2%
Non-GAAP Gross Margin	90%	90%	90%
(3) GAAP Operating Expenses	\$ 422	\$ 410	\$ 832
Stock-based compensation expense	(32)	(30)	(62)
Amortization of customer relationships and trade names	(11)	(9)	(20)
Restructuring (charges) benefits, net	—	(2)	(2)
Non-GAAP Operating Expenses	\$ 378	\$ 370	\$ 748
(4) GAAP Operating Margin	14%	15%	15%
Stock-based compensation expense	6%	6%	6%
Amortization of developed technology	2%	2%	2%
Amortization of customer relationships and trade names	2%	1%	1%
Restructuring charges (benefits), net	—%	—%	—%
Non-GAAP Operating Margin	24%	24%	24%
(5) GAAP Net Income	\$ 56	\$ 62	\$ 117
Stock-based compensation expense	34	31	65
Amortization of developed technology	11	11	22
Amortization of customer relationships and trade names	11	9	20
Restructuring charges (benefits), net	—	2	2
(Gain) loss on strategic investments	1	—	1
Discrete GAAP tax provision items	(1)	1	1
Income tax effect of non-GAAP adjustments	(15)	(14)	(30)
Non-GAAP Net Income	\$ 96	\$ 102	\$ 198
(6) GAAP Diluted Net Income Per Share	\$ 0.24	\$ 0.27	\$ 0.51
Stock-based compensation expense	0.15	0.14	0.28
Amortization of developed technology	0.05	0.05	0.10
Amortization of customer relationships and trade names	0.05	0.04	0.09
Restructuring charges (benefits), net	—	0.01	—
(Gain) loss on strategic investments	—	—	—
Discrete GAAP tax provision items	—	—	—
Income tax effect of non-GAAP adjustments	(0.07)	(0.06)	(0.13)
Non-GAAP Diluted Net Income Per Share	\$ 0.42	\$ 0.45	\$ 0.86

Reconciliation for Long Term Operating Margins:

Autodesk is not able to provide targets for our long term GAAP operating margins at this time because of the difficulty of estimating certain items that are excluded from non-GAAP that affect operating margin, such as charges related to stock-based compensation expense and amortization of acquisition related intangibles, the effect of which may be significant.

Fiscal Year 2013	QTR 1	QTR 2	QTR 3	QTR 4	YTD 2013
Financial Statistics (\$ in millions, except per share data):					
Total Net Revenue:	\$ 589	\$ 569	\$ 548	\$ 607	\$ 2,312
License and Other Revenue (c)	\$ 355	\$ 334	\$ 310	\$ 365	\$ 1,364
Subscription Revenue (c)	\$ 233	\$ 235	\$ 238	\$ 242	\$ 948
GAAP Gross Margin	90%	89%	89%	90%	90%

Non-GAAP Gross Margin (1)(2)	92%	91%	91%	92%	92%
GAAP Operating Expenses	\$ 436	\$ 416	\$ 456	\$ 460	\$ 1,768
GAAP Operating Margin	16%	16%	6%	14%	13%
GAAP Net Income	\$ 79	\$ 65	\$ 29	\$ 75	\$ 248
GAAP Diluted Net Income Per Share (b)	\$ 0.34	\$ 0.28	\$ 0.13	\$ 0.32	\$ 1.07
Non-GAAP Operating Expenses (1)(3)	\$ 396	\$ 376	\$ 355	\$ 404	\$ 1,531
Non-GAAP Operating Margin (1)(4)	25%	25%	27%	25%	25%
Non-GAAP Net Income (1)(5)(c)	\$ 109	\$ 111	\$ 109	\$ 121	\$ 450
Non-GAAP Diluted Net Income Per Share (1)(6)(b)(c)	\$ 0.47	\$ 0.48	\$ 0.47	\$ 0.53	\$ 1.94
Total Cash and Marketable Securities	\$ 1,796	\$ 1,717	\$ 1,737	\$ 2,365	\$ 2,365
Days Sales Outstanding	46	58	49	74	74
Capital Expenditures	\$ 12	\$ 17	\$ 17	\$ 12	\$ 56
Cash Flow from Operating Activities	\$ 139	\$ 107	\$ 157	\$ 156	\$ 559
GAAP Depreciation, Amortization and Accretion	\$ 29	\$ 29	\$ 35	\$ 35	\$ 128
Deferred Subscription Revenue Balance (c)	\$ 658	\$ 687	\$ 648	\$ 753	\$ 753
Revenue by Geography:					
Americas	\$ 208	\$ 199	\$ 209	\$ 221	\$ 836
Europe, Middle East and Africa	\$ 224	\$ 210	\$ 196	\$ 238	\$ 869
Asia Pacific	\$ 157	\$ 161	\$ 142	\$ 148	\$ 608
% of Total Rev from Emerging Economies	14%	15%	15%	14%	14%
Revenue by Segment:					
Platform Solutions and Emerging Business (c)	\$ 227	\$ 216	\$ 203	\$ 197	\$ 843
Architecture, Engineering and Construction (c)	\$ 166	\$ 163	\$ 165	\$ 208	\$ 701
Manufacturing	\$ 146	\$ 141	\$ 132	\$ 155	\$ 574
Media and Entertainment	\$ 51	\$ 49	\$ 48	\$ 47	\$ 194
Other Revenue Statistics (c):					
% of Total Rev from Flagship (d)	58%	57%	55%	54%	56%
% of Total Rev from Suites	28%	29%	30%	31%	30%
% of Total Rev from New and Adjacent (d)	14%	14%	15%	15%	15%
% of Total Rev from AutoCAD and AutoCAD LT	35%	34%	33%	29%	33%
Favorable (Unfavorable) Impact of U.S. Dollar Translation Relative to Foreign Currencies Compared to Comparable Prior Year Period:					
FX Impact on Total Net Revenue	\$ 14	\$ (1)	\$ (10)	\$ (15)	\$ (12)
FX Impact on Cost of Revenue and Total Operating Expenses	\$ (2)	\$ 6	\$ 7	\$ 1	\$ 12
FX Impact on Operating Income	\$ 12	\$ 5	(3)	\$ (14)	\$ —
Gross Margin by Segment (c):					
Platform Solutions and Emerging Business	\$ 214	\$ 202	\$ 190	\$ 182	\$ 788

Architecture, Engineering and Construction	\$ 151	\$ 149	\$ 151	\$ 192	\$ 643
Manufacturing	\$ 134	\$ 130	\$ 122	\$ 145	\$ 531
Media and Entertainment	\$ 42	\$ 39	\$ 38	\$ 38	\$ 157
Unallocated amounts	\$ (11)	\$ (11)	\$ (11)	\$ (12)	\$ (45)

Common Stock Statistics (in millions):

Common Shares Outstanding	229.7	226.7	224.5	223.6	223.6
Fully Diluted Weighted Average Shares Outstanding	234.1	232.1	229.9	229.6	231.7
Shares Repurchased	2.5	3.4	4.0	2.6	12.5

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

(b) Earnings per share were computed independently for each of the periods presented; therefore the sum of the earnings per share amounts for the quarters may not equal the total for the year.

(c) Prior amounts have been conformed to align with the current period presentation.

(d) The first three quarters of 2013 percentages have been updated to reflect an adjustment implemented after we reported our results of operations for the third quarter of fiscal 2013.

(1) 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, and non-GAAP net income per share. These non-GAAP financial measures are adjusted to exclude certain costs, expenses, gains and losses, including stock-based compensation expense, restructuring charges, 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, the 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 generally accepted accounting principles 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 Autodesk's press release.

	QTR 1	QTR 2	QTR 3	QTR 4	YTD 2013
(2) GAAP Gross Margin	90%	89%	89%	90%	90%
Stock-based compensation expense	—%	—%	—%	—%	—%
Amortization of developed technology	2%	2%	2%	2%	2%
Non-GAAP Gross Margin	92%	91%	91%	92%	92%

(3) GAAP Operating Expenses	\$ 436	\$ 416	\$ 456	\$ 460	\$ 1,768
Stock-based compensation expense	(32)	(32)	(51)	(36)	(151)
Amortization of customer relationships and trade names	(8)	(8)	(14)	(13)	(42)
Restructuring (charges) benefits, net	—	—	(37)	(7)	(44)
Non-GAAP Operating Expenses	\$ 396	\$ 376	\$ 355	\$ 404	\$ 1,531

(4) GAAP Operating Margin	16%	16%	6%	14%	13%
Stock-based compensation expense	6%	6%	10%	6%	7%
Amortization of developed technology	2%	2%	2%	2%	1%

Amortization of customer relationships and trade names	1%	1%	2%	2%	2%
Restructuring charges (benefits), net	—%	—%	7%	1%	2%
Non-GAAP Operating Margin	25%	25%	27%	25%	25%
(5) GAAP Net Income	\$ 79	\$ 65	\$ 29	\$ 75	\$ 248
Stock-based compensation expense	33	34	52	38	156
Amortization of developed technology	10	10	10	10	40
Amortization of customer relationships and trade names	8	8	14	13	42
Restructuring charges (benefits), net	—	—	37	7	44
(Gain) loss on strategic investments (7)	(1)	5	—	—	4
Discrete GAAP tax provision items	(6)	3	(16)	(8)	(27)
Income tax effect of non-GAAP adjustments	(14)	(12)	(17)	(14)	(57)
Non-GAAP Net Income	\$ 109	\$ 111	\$ 109	\$ 121	\$ 450
(6) GAAP Diluted Net Income Per Share	\$ 0.34	\$ 0.28	\$ 0.13	\$ 0.32	\$ 1.07
Stock-based compensation expense	0.14	0.15	0.23	0.16	0.67
Amortization of developed technology	0.04	0.04	0.04	0.05	0.18
Amortization of customer relationships and trade names	0.03	0.03	0.06	0.05	0.18
Restructuring charges (benefits), net	—	—	0.15	0.03	0.18
(Gain) loss on strategic investments (7)	—	0.02	—	—	0.02
Discrete GAAP tax provision items	(0.03)	0.01	(0.07)	(0.02)	(0.12)
Income tax effect of non-GAAP adjustments	(0.05)	(0.05)	(0.07)	(0.06)	(0.24)
Non-GAAP Diluted Net Income Per Share	\$ 0.47	\$ 0.48	\$ 0.47	\$ 0.53	\$ 1.94

(7) Effective in the second quarter of fiscal 2013, Autodesk began excluding gains and losses on strategic investments for purposes of its non-GAAP financial measures. Prior period non-GAAP interest and other income (expense), net, net income and earnings per share amounts have been revised to conform to the current period presentation.