

AUTODESK INC
Form 10-Q
May 28, 2015

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

FORM 10-Q
(Mark One)

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

For the quarterly period ended April 30, 2015

or

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

For the transition period from _____ to _____
Commission File Number: 0-14338

AUTODESK, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

94-2819853

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

111 McInnis Parkway,
San Rafael, California

(Address of principal executive offices)
(415) 507-5000

94903

(Zip Code)

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

As of May 22, 2015, registrant had outstanding approximately 227,652,233 shares of common stock.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AUTODESK, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

(Unaudited)

	Three Months Ended April 30,	
	2015	2014
Net revenue:		
License and other	\$326.7	\$316.2
Subscription	319.8	276.3
Total net revenue	646.5	592.5
Cost of revenue:		
Cost of license and other revenue	53.1	49.3
Cost of subscription revenue	38.7	29.4
Total cost of revenue	91.8	78.7
Gross profit	554.7	513.8
Operating expenses:		
Marketing and sales	253.9	225.4
Research and development	194.5	170.5
General and administrative	75.9	62.5
Amortization of purchased intangibles	8.9	10.9
Restructuring charges, net	—	2.3
Total operating expenses	533.2	471.6
Income from operations	21.5	42.2
Interest and other income (expense), net	0.3	(6.6)
Income before income taxes	21.8	35.6
Provision for income taxes	(2.7)	(7.3)
Net income	\$19.1	\$28.3
Basic net income per share	\$0.08	\$0.12
Diluted net income per share	\$0.08	\$0.12
Weighted average shares used in computing basic net income per share	227.2	227.0
Weighted average shares used in computing diluted net income per share	231.7	231.6

See accompanying Notes to Condensed Consolidated Financial Statements.

AUTODESK, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

(Unaudited)

	Three Months Ended April 30,	
	2015	2014
Net income	\$19.1	\$28.3
Other comprehensive income, net of reclassifications:		
Net loss on derivative instruments (net of tax effect of (\$1.5) and (\$0.7))	(5.4)	(3.3)
Change in net unrealized gain (loss) on available-for-sale securities (net of tax effect of (\$0.1) and (\$0.4))	0.2	(0.6)
Change in defined benefit pension items (net of tax effect of \$0.0, and \$0.0)	0.7	—
Net change in cumulative foreign currency translation gain (net of tax effect of \$3.8 and (\$1.4))	1.8	10.1
Total other comprehensive (loss) gain	(2.7)	6.2
Total comprehensive income	\$16.4	\$34.5

See accompanying Notes to Condensed Consolidated Financial Statements.

AUTODESK, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In millions)
 (Unaudited)

	April 30, 2015	January 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,182.7	\$1,410.6
Marketable securities	648.2	615.8
Accounts receivable, net	316.0	458.9
Deferred income taxes, net	81.2	85.1
Prepaid expenses and other current assets	112.9	100.9
Total current assets	2,341.0	2,671.3
Marketable securities	440.3	273.0
Computer equipment, software, furniture and leasehold improvements, net	156.9	159.2
Developed technologies, net	84.8	86.5
Goodwill	1,476.1	1,456.2
Deferred income taxes, net	106.8	100.0
Other assets	170.0	167.6
Total assets	\$4,775.9	\$4,913.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$93.1	\$100.5
Accrued compensation	163.6	253.3
Accrued income taxes	29.0	28.2
Deferred revenue	893.4	900.8
Other accrued liabilities	91.2	117.3
Total current liabilities	1,270.3	1,400.1
Deferred revenue	260.3	256.3
Long term income taxes payable	139.6	158.8
Long term notes payable, net of discount	747.4	747.2
Other liabilities	133.9	132.2
Stockholders' equity:		
Preferred stock	—	—
Common stock and additional paid-in capital	1,816.2	1,773.1
Accumulated other comprehensive loss	(56.0	) (53.3
Retained earnings	464.2	499.4
Total stockholders' equity	2,224.4	2,219.2
Total liabilities and stockholders' equity	\$4,775.9	\$4,913.8

See accompanying Notes to Condensed Consolidated Financial Statements.

AUTODESK, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In millions)
 (Unaudited)

	Three Months Ended April	
	30,	
	2015	2014
Operating activities:		
Net income	\$19.1	\$28.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	37.8	36.1
Stock-based compensation expense	50.2	33.6
Deferred income taxes	(5.3)	) 21.1
Restructuring charges, net	—	2.3
Other operating activities	(3.5)	) 8.3
Changes in operating assets and liabilities, net of business combinations		
Accounts receivable	143.1	117.2
Prepaid expenses and other current assets	(22.4)	) (1.6)
Accounts payable and accrued liabilities	(110.8)	) (44.8)
Deferred revenue	(3.4)	) 52.5
Accrued income taxes	(18.3)	) (34.3)
Net cash provided by operating activities	86.5	218.7
Investing activities:		
Purchases of marketable securities	(485.2)	) (306.4)
Sales of marketable securities	97.5	59.2
Maturities of marketable securities	192.4	163.1
Capital expenditures	(12.5)	) (14.5)
Acquisitions, net of cash acquired	(34.5)	) (322.3)
Other investing activities	(10.6)	) (0.8)
Net cash used in investing activities	(252.9)	) (421.7)
Financing activities:		
Proceeds from issuance of common stock, net of issuance costs	34.1	62.2
Repurchase and retirement of common shares	(95.4)	) (102.5)
Net cash used in financing activities	(61.3)	) (40.3)
Effect of exchange rate changes on cash and cash equivalents	(0.2)	) (0.1)
Net decrease in cash and cash equivalents	(227.9)	) (243.4)
Cash and cash equivalents at beginning of fiscal year	1,410.6	1,853.0
Cash and cash equivalents at end of period	\$1,182.7	\$1,609.6

See accompanying Notes to Condensed Consolidated Financial Statements.

AUTODESK, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions, except share and per share data, or as otherwise noted)

1. Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of Autodesk, Inc. (“Autodesk,” “we,” “us,” “our,” or the “Company”) as of April 30, 2015, and for the three months ended April 30, 2015 and 2014, have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information along with the instructions to Form 10-Q and Article 10 of Securities and Exchange Commission (“SEC”) Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. In management’s opinion, Autodesk made all adjustments (consisting of normal, recurring and non-recurring adjustments) during the quarter that were considered necessary for the fair presentation of the financial position and operating results of the Company. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates. In addition, the results of operations for the three months ended April 30, 2015 are not necessarily indicative of the results for the entire fiscal year ending January 31, 2016, or for any other period. There have been no material changes to Autodesk’s significant accounting policies as compared to the significant accounting policies disclosed in the Annual Report on Form 10-K for the fiscal year ended January 31, 2015. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes, together with management’s discussion and analysis of financial position and results of operations contained in Autodesk’s Annual Report on Form 10-K for the fiscal year ended January 31, 2015, filed on March 18, 2015.

Reclassifications

During the second quarter of fiscal 2015, Autodesk elected to present amortization of purchased customer relationships, trade names, patents, and user lists as a separate line item within operating expenses. As a result, amortization previously reflected in “General and Administrative” expense was reclassified to “Amortization of Purchased Intangibles” within Operating Expenses. These expenses have been reclassified in the Condensed Consolidated Statements of Operations for the three months ended April 30, 2014 to conform to the current period presentation as follows:

	Three Months Ended April 30, 2014
Reclassifications within operating expenses:	
(Decrease) to general and administrative	\$(10.9)
Increase to amortization of purchased intangibles	10.9

The amortization of acquired developed technology is recorded within cost of revenue.

Prior Period Adjustments

During the quarter ended April 30, 2015, Autodesk determined that it had not correctly accounted for certain liabilities primarily related to employee benefits and unclaimed property. Accordingly, during the three months ended April 30, 2015, we recorded \$5.7 million of additional operating expenses related to prior periods.

As these adjustments were related to the correction of errors, Autodesk performed the analysis required by Staff Accounting Bulletin 99, Materiality, and Staff Accounting Bulletin 108, Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements. Based on this analysis, Autodesk concluded that the effect of the errors was not material to the financial position, results of operations or cash flows of any prior fiscal year from both a quantitative and qualitative perspective and is not anticipated to be material to the full fiscal year 2016.

2. Recently Issued Accounting Standards

With the exception of those discussed below, there have been no recent changes in accounting pronouncements issued by the Financial Accounting Standards Board (“FASB”) or adopted by the Company during the three months ended April 30, 2015, that are of significance, or potential significance, to the Company.

Recently Issued Accounting Standards

In April 2015, the FASB issued Accounting Standards Update No. 2015-05 ("ASU 2015-05") regarding Subtopic 350-40, "Intangibles - Goodwill and Other - Internal-Use Software." The amendments in ASU 2015-05 provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, the customer should account for the software license element of the arrangement consistent with other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The amendments in ASU 2015-05 are effective for annual and interim periods beginning after December 15, 2015. Early adoption is permitted. The amendments in ASU 2015-05 may be applied either prospectively to all arrangements entered into or materially modified after the effective date or retrospectively. Autodesk is currently evaluating the accounting, transition and disclosure requirements of the standard and cannot currently estimate the financial statement impact of adoption.

In April 2015, the FASB issued Accounting Standards Update 2015-03 ("ASU 2015-03") regarding Subtopic 835-30 "Interest - Imputation of Interest." The amendments in ASU 2015-03 require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The update requires retrospective application and represents a change in accounting principle. ASU 2015-03 is effective for annual and interim periods beginning on or after December 15, 2015. As of April 30, 2015, we have \$3.9 million of debt issuance costs that would be reclassified from other assets to a reduction in long term notes payable, net.

In May 2014, the FASB issued Accounting Standards Update 2014-09 ("ASU 2014-09") regarding ASC Topic 606 "Revenue from Contracts with Customers." ASU 2014-09 provides principles for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will be effective for Autodesk's fiscal year beginning February 1, 2017. However, on April 28, 2015, the FASB proposed to defer the effective date by one year, which we will evaluate if or when the deferral is approved. Early adoption before the original effective date is not permitted. Autodesk is currently evaluating the accounting, transition and disclosure requirements of the standard and cannot currently estimate the financial statement impact of adoption.

3. Concentration of Credit Risk

Autodesk places its cash, cash equivalents and marketable securities in highly liquid instruments with, and in the custody of, diversified financial institutions globally with high credit ratings and limits the amounts invested with any one institution, type of security and issuer. Autodesk's primary commercial banking relationship is with Citigroup Inc. and its global affiliates. Citibank, N.A., an affiliate of Citigroup, is one of the lead lenders and an agent in the syndicate of Autodesk's \$400.0 million line of credit facility.

Total sales to the distributor Tech Data Corporation and its global affiliates ("Tech Data") accounted for 26% of Autodesk's total net revenue for both the three months ended April 30, 2015 and 2014. The majority of the net revenue from sales to Tech Data relates to Autodesk's Platform Solutions and Emerging Business ("PSEB") segment and is for sales made outside of the United States. In addition, Tech Data accounted for 21% and 22% of trade accounts receivable at April 30, 2015 and January 31, 2015, respectively.

4. Financial Instruments

The following tables summarize the Company's financial instruments' amortized cost, gross unrealized gains, gross unrealized losses, and fair value by significant investment category as of April 30, 2015 and January 31, 2015:

	April 30, 2015						
	Amortized Cost	Gross unrealized gains	Gross unrealized losses	Fair Value	Level 1	Level 2	Level 3
Cash equivalents (1):							
Certificates of deposit	\$300.8	\$—	\$—	\$300.8	\$300.8	\$—	\$—
Custody cash deposit	17.2	—	—	17.2	17.2	—	—
Commercial paper	174.1	—	—	174.1	—	174.1	—
Corporate bonds	7.2	—	—	7.2	7.2	—	—
Money market funds	37.2	—	—	37.2	—	37.2	—
Sovereign debt	5.0	—	—	5.0	—	5.0	—
Marketable securities:							
Short-term available-for-sale							
U.S. government agency bonds	43.8	—	—	43.8	43.8	—	—
Corporate debt securities	149.0	—	(0.1)	148.9	148.9	—	—
Municipal bonds	18.9	0.1	—	19.0	19.0	—	—
Certificates of deposit	151.6	—	—	151.6	151.6	—	—
Commercial paper	229.3	—	—	229.3	—	229.3	—
U.S. treasury bills	11.1	—	—	11.1	11.1	—	—
Short-term trading securities							
Mutual funds	40.1	4.4	—	44.5	44.5	—	—
Long-term available-for-sale							
U.S. government agency bonds	64.8	0.2	—	65.0	65.0	—	—
Corporate debt securities	266.5	0.7	(0.2)	267.0	267.0	—	—
Municipal bonds	8.6	—	—	8.6	8.6	—	—
U.S. treasury bills	80.5	0.2	—	80.7	80.7	—	—
Sovereign debt	19.0	—	—	19.0	—	19.0	—
Convertible debt securities (2)	10.8	2.8	(2.0)	11.6	—	—	11.6
Derivative contracts (3)	7.5	12.4	(8.8)	11.1	—	4.9	6.2
Total	\$1,643.0	\$20.8	\$(11.1)	\$1,652.7	\$1,165.4	\$469.5	\$17.8

(1) Included in "Cash and cash equivalents" in the accompanying Condensed Consolidated Balance Sheets.

(2) Considered "available-for-sale" and included in "Other assets" in the accompanying Condensed Consolidated Balance Sheets.

(3) Included in "Prepaid expenses and other current assets," "Other assets," or "Other accrued liabilities" in the accompanying Condensed Consolidated Balance Sheets.

	January 31, 2015						
	Amortized Cost	Gross unrealized gains	Gross unrealized losses	Fair Value	Level 1	Level 2	Level 3
Cash equivalents (1):							
Certificates of deposit	\$258.6	\$—	\$—	\$258.6	\$258.6	\$—	\$—
Custody cash deposit	141.5	—	—	141.5	141.5	—	—
Commercial paper	161.0	—	—	161.0	—	161.0	—
Corporate bond	11.5	—	—	11.5	11.5	—	—
Money market funds	127.3	—	—	127.3	—	127.3	—
Marketable securities:							
Short-term available-for-sale							
Agency bond	37.9	—	—	37.9	37.9	—	—
Corporate debt securities	148.0	0.1	(0.1)	148.0	148.0	—	—
Municipal bond	29.2	0.1	—	29.3	29.3	—	—
Certificates of deposit	101.9	—	—	101.9	101.9	—	—
Commercial paper	258.4	—	—	258.4	—	258.4	—
Short-term trading securities							
Mutual funds	36.9	3.4	—	40.3	40.3	—	—
Long-term available-for-sale							
Agency bond	50.6	0.2	—	50.8	50.8	—	—
Corporate debt securities	199.4	0.6	(0.2)	199.8	199.8	—	—
Municipal securities	13.3	0.1	—	13.4	13.4	—	—
U.S. government agency securities	8.9	0.1	—	9.0	9.0	—	—
Convertible debt securities (2)	4.7	2.5	(2.1)	5.1	—	—	5.1
Derivative contracts (3)	3.5	19.5	(7.0)	16.0	—	15.1	0.9
Total	\$1,592.6	\$26.6	\$(9.4)	\$1,609.8	\$1,042.0	\$561.8	\$6.0

(1) Included in “Cash and cash equivalents” in the accompanying Condensed Consolidated Balance Sheets.

(2) Considered “available-for-sale” and included in “Other assets” in the accompanying Condensed Consolidated Balance Sheets.

(3) Included in “Prepaid expenses and other current assets,” “Other assets,” or “Other accrued liabilities” in the accompanying Condensed Consolidated Balance Sheets.

Autodesk classifies its marketable securities as either short-term or long-term based on each instrument’s underlying contractual maturity date. Marketable securities with remaining maturities of up to 12 months are classified as short-term and marketable securities with remaining maturities greater than 12 months are classified as long-term. Autodesk may sell certain of its marketable securities prior to their stated maturities for strategic purposes or in anticipation of credit deterioration.

Autodesk applies fair value accounting for certain financial assets and liabilities, which consist of cash equivalents, marketable securities and other financial instruments, that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement: (Level 1) observable inputs such as quoted prices in active markets; (Level

2) inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and (Level 3) unobservable inputs for which there is little or no market data, which require Autodesk to develop its own assumptions. When determining fair value, Autodesk uses observable market data and relies on unobservable inputs only when observable market data is not available. There have been no transfers between fair value measurement levels during the three months ended April 30, 2015.

Autodesk's cash equivalents, marketable securities and financial instruments are primarily classified within Level 1 or Level 2 of the fair value hierarchy. Autodesk values its available-for-sale securities on pricing from pricing vendors, who may use quoted prices in active markets for identical assets (Level 1) or inputs other than quoted prices that are observable either directly or indirectly in determining fair value (Level 2). Autodesk's Level 2 securities are valued primarily using observable inputs other than quoted prices in active markets for identical assets and liabilities. Autodesk's Level 3 securities consist of investments held in convertible debt securities and derivative contracts which are valued using probability weighted discounted cash flow models as some of the inputs to the models are unobservable in the market.

A reconciliation of the change in Autodesk's Level 3 items for the three months ended April 30, 2015 was as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Derivative Contracts	Convertible Debt Securities	Total
Balance at January 31, 2015	\$0.9	\$5.1	\$6.0
Purchases	4.3	6.2	10.5
Settlements	—	—	—
Gains included in earnings	1.0	—	1.0
Gains included in OCI	—	0.3	0.3
Balance at April 30, 2015	\$6.2	\$11.6	\$17.8

The following table summarizes the estimated fair value of Autodesk's "available-for-sale securities" classified by the contractual maturity date of the security:

	April 30, 2015	
	Cost	Fair Value
Due within 1 year	\$603.7	\$603.7
Due in 1 year through 5 years	450.2	451.9
Total	\$1,053.9	\$1,055.6

As of April 30, 2015 and January 31, 2015, Autodesk did not have any securities in a continuous unrealized loss position for greater than twelve months.

As of April 30, 2015 and January 31, 2015, Autodesk had \$52.4 million and \$52.6 million, respectively, in direct investments of privately held companies accounted for under the cost method, which are periodically assessed for other-than-temporary impairment. If Autodesk determines that an other-than-temporary impairment has occurred, Autodesk writes down the investment to its fair value. Autodesk estimates fair value of its cost method investments considering available information such as pricing in recent rounds of financing, current cash positions, earnings and cash flow forecasts, recent operational performance and any other readily available market data. During the three months ended April 30, 2015, Autodesk recorded \$0.2 million in other-than-temporary impairments on its privately held equity investments. During the three months ended April 30, 2014, Autodesk recorded no other-than-temporary impairments on its privately held equity investments.

The sales or redemptions of "available-for-sale securities" during the three months ended April 30, 2015 and 2014 resulted in a loss of \$0.1 million and a gain of \$0.4 million, respectively. Gains and losses resulting from the sale or redemption of "available-for-sale securities" are recorded in "Interest and other income (expense), net" on the

Company's Condensed Consolidated Statement of Operations.

Proceeds from the sale and maturity of marketable securities for the three months ended April 30, 2015 and 2014 were \$289.9 million and \$222.3 million, respectively.

Derivative Financial Instruments

Under its risk management strategy, Autodesk uses derivative instruments to manage its short-term exposures to fluctuations in foreign currency exchange rates which exist as part of ongoing business operations. Autodesk's general practice is to hedge a portion of transaction exposures denominated in euros, Japanese yen, Swiss francs, British pounds, Canadian dollars and Australian dollars. These instruments have maturities between one and twelve months in the future. Autodesk does not enter into derivative instrument transactions for trading or speculative purposes.

The bank counterparties to the derivative contracts potentially expose Autodesk to credit-related losses in the event of their nonperformance. However, to mitigate that risk, Autodesk only contracts with counterparties who meet the Company's minimum requirements under its counterparty risk assessment process. Autodesk monitors ratings, credit spreads and potential downgrades on at least a quarterly basis. Based on Autodesk's on-going assessment of counterparty risk, the Company will adjust its exposure to various counterparties. Autodesk generally enters into master netting arrangements, which reduce credit risk by permitting net settlement of transactions with the same counterparty. However, Autodesk does not have any master netting arrangements in place with collateral features.

Foreign currency contracts designated as cash flow hedges

Autodesk uses foreign currency contracts to reduce the exchange rate impact on a portion of the net revenue or operating expense of certain anticipated transactions. These contracts are designated and documented as cash flow hedges. The effectiveness of the cash flow hedge contracts is assessed quarterly using regression analysis as well as other timing and probability criteria. To receive cash flow hedge accounting treatment, all hedging relationships are formally documented at the inception of the hedge and the hedges are expected to be highly effective in offsetting changes to future cash flows on hedged transactions. The gross gains and losses on these hedges are included in "Accumulated other comprehensive loss" and are reclassified into earnings at the time the forecasted revenue or expense is recognized. In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, Autodesk reclassifies the gain or loss on the related cash flow hedge from "Accumulated other comprehensive loss" to "Interest and other income (expense), net" in the Company's Condensed Consolidated Financial Statements at that time.

The net notional amounts of these contracts are presented net settled and were \$360.1 million at April 30, 2015 and \$336.6 million at January 31, 2015. Outstanding contracts are recognized as either assets or liabilities on the balance sheet at fair value. The majority of the net gain of \$37.4 million remaining in "Accumulated other comprehensive loss" as of April 30, 2015 is expected to be recognized into earnings within the next twelve months.

Derivatives not designated as hedging instruments

Autodesk uses foreign currency contracts which are not designated as hedging instruments to reduce the exchange rate risk associated primarily with foreign currency denominated receivables and payables. These forward contracts are marked-to-market at the end of each fiscal quarter with gains and losses recognized as "Interest and other income (expense), net." These derivative instruments do not subject the Company to material balance sheet risk due to exchange rate movements because gains and losses on these derivative instruments are intended to offset the gains or losses resulting from the settlement of the underlying foreign currency denominated receivables and payables. The net notional amounts of these foreign currency contracts are presented net settled and were \$7.7 million at April 30, 2015 and \$44.6 million at January 31, 2015.

In addition to these foreign currency contracts, Autodesk holds derivative instruments issued by privately held companies, which are not designated as hedging instruments. These derivatives consist of certain conversion options on the convertible debt securities held by Autodesk and an option to acquire a privately held company. These

derivatives are recorded at fair value as of each balance sheet date and are recorded in “Other assets.” Changes in the fair values of these instruments are recognized in income as “Interest and other income (expense), net.”

Fair Value of Derivative Instruments

The fair values of derivative instruments in Autodesk's Condensed Consolidated Balance Sheets were as follows as of April 30, 2015 and January 31, 2015:

	Balance Sheet Location	Fair Value at	
		April 30, 2015	January 31, 2015
Derivative Assets			
Foreign currency contracts designated as cash flow hedges	Prepaid expenses and other current assets (1)	\$9.1	\$20.4
Derivatives not designated as hedging instruments	Prepaid expenses and other current assets and Other assets	8.6	0.9
Total derivative assets		\$17.7	\$21.3
Derivative Liabilities			
Foreign currency contracts designated as cash flow hedges	Other accrued liabilities (2)	\$4.8	\$5.4
Derivatives not designated as hedging instruments	Other accrued liabilities	1.8	—
Total derivative liabilities		\$6.6	\$5.4

(1) Considering Autodesk's master netting arrangements, these contracts are presented net settled. The gross balance is \$13.0 million and \$23.8 million at April 30, 2015 and January 31, 2015, respectively.

(2) Considering Autodesk's master netting arrangements, these contracts are presented net settled. The gross balance is \$8.6 million and \$8.7 million at April 30, 2015 and January 31, 2015, respectively.

The effects of derivatives designated as hedging instruments on Autodesk's Condensed Consolidated Statements of Operations were as follows for the three months ended April 30, 2015 and 2014 (amounts presented include any income tax effects):

	Foreign Currency Contracts Three Months Ended April 30,	
	2015	2014
Amount of gain (loss) recognized in accumulated other comprehensive income on derivatives (effective portion)	\$2.3	\$(2.6)
Amount and location of gain reclassified from accumulated other comprehensive income into income (effective portion)		
Net revenue	\$11.0	\$1.4
Operating expenses	(3.3)	(0.8)
Total	\$7.7	\$0.6
Amount and location of gain (loss) recognized in income on derivatives (ineffective portion and amount excluded from effectiveness testing)		
Interest and other income (expense), net	\$(0.1)	\$—

The effects of derivatives not designated as hedging instruments on Autodesk's Condensed Consolidated Statements of Operations were as follows for the three months ended April 30, 2015 and 2014 (amounts presented include any income tax effects):

	Three Months Ended April	
	30, 2015	2014
Amount and location of gain (loss) recognized in income on derivatives (1)		
Interest and other income (expense), net	\$(1.4)	\$(5.8)

(1) Prior period balance has been adjusted to conform to current period presentation.

5. Stock-based Compensation Expense

Stock Plans

As of April 30, 2015, Autodesk maintained two active stock plans for the purpose of granting equity awards to employees and to non-employee members of Autodesk's Board of Directors: the 2012 Employee Stock Plan ("2012 Employee Plan"), which is available only to employees, and the Autodesk 2012 Outside Directors' Plan ("2012 Directors' Plan"), which is available only to non-employee directors. Additionally, there are three expired or terminated plans with options outstanding. The exercise price of all stock options granted under these plans was equal to the fair market value of the stock on the grant date.

The 2012 Employee Plan was approved by Autodesk's stockholders and became effective on January 6, 2012. On January 14, 2014, Autodesk's stockholders approved amendments to the 2012 Employee Plan, which increased the number of shares reserved for issuance under the plan by 11.4 million shares and added additional performance goals to the plan. The 2012 Employee Plan replaced the 2008 Employee Stock Plan, as amended ("2008 Plan"), and no further equity awards may be granted under the 2008 Plan. The 2012 Employee Plan reserves up to 32.6 million shares which include 26.6 million shares reserved under the 2012 Employee Plan, as well as up to 6.0 million shares forfeited under certain prior employee stock plans during the life of the 2012 Employee Plan. The 2012 Employee Plan permits the grant of stock options, restricted stock units and restricted stock awards. Each restricted stock unit or restricted stock award granted will be counted against the shares authorized for issuance under the 2012 Employee Plan as 1.79 shares. If a granted option, restricted stock unit or restricted stock award expires or becomes unexercisable for any reason, the unpurchased or forfeited shares that were granted may be returned to the 2012 Employee Plan and may become available for future grant under the 2012 Employee Plan. As of April 30, 2015, 23.7 million shares subject to options or restricted stock unit awards have been granted under the 2012 Employee Plan. Options and restricted stock units that were granted under the 2012 Employee Plan vest over periods ranging from immediately upon grant to over a three-year period and options expire 10 years from the date of grant. The 2012 Employee Plan will expire on June 30, 2022. At April 30, 2015, 10.8 million shares were available for future issuance under the 2012 Employee Plan. At the annual meeting of stockholders to be held on June 10, 2015, Autodesk is requesting its stockholders approve an amendment to the 2012 Employee Plan to increase the number of shares reserved for issuance by 12.5 million shares.

The 2012 Directors' Plan was approved by Autodesk's stockholders and became effective on January 6, 2012. The 2012 Directors' Plan replaced the 2010 Outside Directors' Stock Plan, as amended. The 2012 Directors' Plan permits the grant of stock options, restricted stock units and restricted stock awards to non-employee members of Autodesk's Board of Directors. Each restricted stock unit or restricted stock award granted will be counted against the shares authorized for issuance under the 2012 Directors' Plan as 2.11 shares. As of April 30, 2015, 0.6 million shares subject to restricted stock units have been granted under the 2012 Directors' Plan. Restricted stock units that were granted under the 2012 Directors' Plan vest over one to three years from the date of grant. On March 12, 2015, the Board reduced the number of shares reserved for issuance under the 2012 Directors' Plan by 0.9 million shares, so that 1.7 million shares are now reserved for issuance under the 2012 Directors' Plan. The 2012 Directors' Plan will expire on June 30, 2022. At April 30, 2015, 1.2 million shares were available for future issuance under the 2012 Directors' Plan.

The following sections summarize activity under Autodesk's stock plans.

Stock Options:

A summary of stock option activity for the three months ended April 30, 2015 is as follows:

	Number of Shares (in millions)	Weighted average exercise price per share	Weighted average remaining contractual term (in years)	Aggregate Intrinsic Value (3) (in millions)
Options outstanding at January 31, 2015	2.7	\$34.46		
Granted (1)	—	—		
Exercised	(0.5)	33.25		
Canceled/Forfeited	—	—		
Options outstanding at April 30, 2015	2.2	\$34.73	4.1	\$ 49.3
Options vested and exercisable at April 30, 2015	2.2	\$34.77	4.1	\$ 48.8
Options vested as of April 30, 2015 and expected to vest thereafter (2)	2.2	\$34.73	4.1	\$ 49.3
Options available for grant at April 30, 2015	12.0			

(1) Autodesk did not grant stock options in the three months ended April 30, 2015.

(2) Options expected to vest reflect an estimated forfeiture rate.

Represents the total pre-tax intrinsic value, based on Autodesk's closing stock price of \$56.83 per share as of (3) April 30, 2015, which would have been received by the option holders had all option holders exercised their options as of that date.

As of April 30, 2015, compensation cost of \$0.1 million related to non-vested options is expected to be recognized over a weighted average period of 0.3 years.

The following table summarizes information about the pre-tax intrinsic value of options exercised and the weighted average grant date fair value per share of options granted during the three months ended April 30, 2015 and 2014:

	Three Months Ended	
	April 30, 2015	April 30, 2014
Pre-tax intrinsic value of options exercised (1)	\$ 13.8	\$ 22.8
Weighted average grant date fair value per share of stock options granted (2)	\$—	\$—

(1) The intrinsic value of options exercised is calculated as the difference between the exercise price of the option and the market value of the stock on the date of exercise.

The weighted average grant date fair value per share of stock options granted is calculated, as of the stock option (2) grant date, using the Black-Scholes Merton ("BSM") option pricing model. For the three months ended April 30, 2015 and 2014, Autodesk did not grant stock options.

The following table summarizes information about options outstanding and exercisable at April 30, 2015:

Range of per-share exercise prices:	Options Vested and Exercisable				Options Outstanding			
	Number of Shares (in millions)	Weighted average contractual life (in years)	Weighted average exercise price	Aggregate intrinsic value (1) (in millions)	Number of Shares (in millions)	Weighted average contractual life (in years)	Weighted average exercise price	Aggregate intrinsic value (1) (in millions)
\$12.31 - \$29.49	0.8		\$23.83		0.8		\$23.91	
\$29.50 - \$41.62	0.9		39.36		0.9		39.35	
\$42.39 - \$43.81	0.5		43.79		0.5		43.79	
	2.2	4.1	\$34.77	\$48.8	2.2	4.1	\$34.73	\$49.3

Represents the total pre-tax intrinsic value, based on Autodesk's closing stock price of \$56.83 per share as of (1) April 30, 2015, which would have been received by the option holders had all option holders exercised their options as of that date.

These options will expire if not exercised at specific dates ranging through September 2022.

Restricted Stock Units:

A summary of restricted stock unit activity for the three months ended April 30, 2015 is as follows:

	Unvested Restricted Stock Units (in thousands)	Weighted average grant date fair value per share
Unvested restricted stock units at January 31, 2015	7,801.3	\$48.46
Granted	912.3	60.96
Vested	(949.2)	45.43
Canceled/Forfeited	(116.9)	46.34
Performance Adjustment (1)	34.6	54.92
Unvested restricted stock units at April 30, 2015	7,682.1	\$50.58

Based on Autodesk's financial results for fiscal 2016, 2015 and 2014 performance period. The performance stock (1) units were earned at 113.8%, 65.8%, and 92.3% of the target award for granted in fiscal 2016, 2015 and 2014, respectively.

For the restricted stock units granted during the three months ended April 30, 2015 and 2014, the weighted average grant date fair value was \$60.96 and \$49.96, respectively. The grant date fair value of the shares vested during the three months ended April 30, 2015 and 2014 was \$43.1 million and \$29.4 million, respectively.

During the three months ended April 30, 2015, Autodesk granted 0.5 million restricted stock units. The restricted stock units vest over periods ranging from immediately upon grant to a pre-determined date that is typically within three years from the date of grant. Restricted stock units are not considered outstanding stock at the time of grant, as

the holders of these units are not entitled to any of the rights of a stockholder, including voting rights. The fair value of the restricted stock units is primarily expensed ratably over the vesting period. Autodesk recorded stock-based compensation expense related to restricted stock units of \$37.8 million and \$22.9 million during the three months ended April 30, 2015 and 2014, respectively. As of April 30, 2015, total compensation cost not yet recognized of \$236.9 million related to non-vested restricted stock units is expected to be recognized over a weighted average period of 1.7 years. At April 30, 2015, the number of restricted stock units granted but unvested was 6.8 million.

During the three months ended April 30, 2015, Autodesk granted 0.4 million performance restricted stock units (“PSUs”) for which the ultimate number of shares earned is determined based on the achievement of performance criteria at the end of the stated service and performance period. The performance criteria for these grants are based upon billings and subscriptions goals adopted by the Compensation and Human Resource Committee, as well as total stockholder return compared against the S&P Computer Software Select Index (“Relative TSR”). Each PSU covers a three year period:

• Up to one third of the PSUs may vest following year one, depending upon the achievement of the billings and subscriptions goals for year one as well as 1-year Relative TSR (covering year one).

• Up to one third of the PSUs may vest following year two, depending upon the achievement of the billings and subscriptions goals for year two as well as 2-year Relative TSR (covering years one and two).

• Up to one third of the PSUs may vest following year three, depending upon the achievement of the billings and subscriptions goals for year three as well as 3-year Relative TSR (covering years one, two and three).

PSUs are not considered outstanding stock at the time of grant, as the holders of these units are not entitled to any of the rights of a stockholder, including voting rights. Autodesk has determined the grant-date fair value for these awards using a Monte Carlo simulation model since the awards are subject to a market condition. The fair value of the PSUs is expensed using the accelerated attribution over the vesting period. Autodesk recorded stock-based compensation expense related to PSUs of \$5.6 million for the three months ended April 30, 2015. Autodesk recorded stock-based compensation expense related to PSUs of \$3.0 million during the three months ended April 30, 2014. As of April 30, 2015, total compensation cost not yet recognized of \$23.1 million related to non-vested performance restricted stock units, is expected to be recognized over a weighted average period of 1.6 years. At April 30, 2015, the number of PSUs granted but not vested was 0.9 million.

1998 Employee Qualified Stock Purchase Plan (“ESPP”)

Under Autodesk’s ESPP, which was approved by stockholders in 1998, eligible employees may purchase shares of Autodesk’s common stock at their discretion using up to 15% of their eligible compensation subject to certain limitations, at no less than 85% of fair market value as defined in the ESPP. At April 30, 2015, a total of 39.6 million shares were available for future issuance. This amount automatically increases on the first trading day of each fiscal year by an amount equal to the lesser of 10.0 million shares or 2% of the total of (1) outstanding shares plus (2) any shares repurchased by Autodesk during the prior fiscal year. Under the ESPP, the Company issues shares on the first trading day following March 31 and September 30 of each fiscal year. The ESPP expires during fiscal 2018.

Autodesk issued 1.1 million shares under the ESPP during the three months ended April 30, 2015, with an average price of \$36.91 per share. During the three months ended April 30, 2014, Autodesk issued 1.1 million shares under the ESPP, at an average price of \$33.66 per share. The weighted average grant date fair value of awards granted under the ESPP was \$15.99 during the three months ended April 30, 2015, calculated as of the award grant date using the BSM option pricing model. The weighted average grant date fair value of awards granted under the ESPP during the three months ended April 30, 2014, calculated as of the award grant date using the BSM option pricing model, was \$14.26 per share.

Stock-based Compensation Expense

The following table summarizes stock-based compensation expense for the three months ended April 30, 2015 and 2014, respectively, as follows:

	Three Months Ended April 30, 2015	Three Months Ended April 30, 2014
Cost of license and other revenue	\$ 1.5	\$ 0.9
Cost of subscription	1.4	0.8
Marketing and sales	21.7	14.0
Research and development	17.6	10.9
General and administrative	8.0	7.0
Stock-based compensation expense related to stock awards and ESPP purchases	50.2	33.6
Tax benefit	(14.0	) (9.2
Stock-based compensation expense related to stock awards and ESPP purchases, net of tax	\$ 36.2	\$ 24.4

Stock-based Compensation Expense Assumptions

Autodesk determines the grant-date fair value of its share-based payment awards using a BSM option pricing model or the quoted stock price on the date of grant, unless the awards are subject to market conditions, in which case Autodesk uses a binomial-lattice model (e.g., Monte Carlo simulation model). The Monte Carlo simulation model utilizes multiple input variables to estimate the probability that market conditions will be achieved. Autodesk uses the following assumptions to estimate the fair value of stock-based awards:

	Three Months Ended April 30, 2015		Three Months Ended April 30, 2014	
	Performance Stock Unit	ESPP	Performance Stock Unit	ESPP
Range of expected volatilities	27%	27.7 - 28.2%	30%	30 - 33%
Range of expected lives (in years)	N/A	0.5 - 2.0	N/A	0.5 - 2.0
Expected dividends	—%	—%	—%	—%
Range of risk-free interest rates	0.2%	0.1 - 0.6%	0.1%	0.1 - 0.4%

Autodesk estimates expected volatility for stock-based awards based on the average of the following two measures. The first is a measure of historical volatility in the trading market for the Company's common stock, and the second is the implied volatility of traded forward call options to purchase shares of the Company's common stock. The expected volatility for PSUs subject to market conditions includes the expected volatility of Autodesk's peer companies within the S&P Computer Software Select Index.

Autodesk estimates the expected life of stock-based awards using both exercise behavior and post-vesting termination behavior as well as consideration of outstanding options.

Autodesk does not currently pay, and does not anticipate paying in the foreseeable future, any cash dividends. Consequently, an expected dividend yield of zero is used in the Black-Scholes-Merton option pricing model and the Monte Carlo simulation model.

The risk-free interest rate used in the Black-Scholes-Merton option pricing model and the Monte Carlo simulation model for stock-based awards is the historical yield on U.S. Treasury securities with equivalent remaining lives.

Autodesk recognizes expense only for the stock-based awards that are ultimately expected to vest. Therefore, Autodesk has developed an estimate of the number of awards expected to cancel prior to vesting (“forfeiture rate”). The forfeiture rate is estimated based on historical pre-vest cancellation experience and is applied to all stock-based awards. The Company estimates forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates.

6. Income Tax

Autodesk's effective tax rate was 12% during the three months ended April 30, 2015 compared to 21% during the three months ended April 30, 2014. Autodesk's effective tax rate decreased 9% during the three months ended April 30, 2015 as compared to the same period in the prior fiscal year primarily due to greater tax rate benefits from foreign earnings and state research credits, partially offset by tax rate detriments from accrual for uncertain tax positions and stock-based compensation expense. Excluding the impact of discrete tax items, the effective tax rate for the three months ended April 30, 2015 was 27%, and was lower than the Federal statutory tax rate of 35% primarily due to foreign income taxed at lower rates partially offset by the impact of non-deductible stock based compensation expense and accrual for uncertain tax positions.

As of April 30, 2015, the Company had \$248.4 million of gross unrecognized tax benefits, excluding interest, of which approximately \$230.0 million represents the amount of unrecognized tax benefits that would impact the effective tax rate, if recognized. It is possible that the amount of unrecognized tax benefits will change in the next twelve months; however, an estimate of the range of the possible change cannot be made at this time.

At April 30, 2015, Autodesk had net deferred tax assets of \$188.0 million. The Company believes that it will generate sufficient future taxable income in appropriate tax jurisdictions to realize these assets.

7. Acquisitions

During the three months ended April 30, 2015, Autodesk completed several business combinations and technology acquisitions for total cash consideration of approximately \$34.8 million. These business combinations and technology acquisitions were not material individually or in aggregate to Autodesk's Condensed Consolidated Statement of Operations.

For acquisitions accounted for as business combinations, Autodesk recorded the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The fair values assigned to the identifiable intangible assets acquired were based on estimates and assumptions determined by management. Autodesk recorded the excess of consideration transferred over the aggregate fair values as goodwill. The goodwill recorded is primarily attributable to synergies expected to arise after the acquisitions.

The following table summarizes the fair value of the assets acquired and liabilities assumed by major class for the business combinations and technology acquisitions completed during the three months ended April 30, 2015:

	April 30, 2015
Developed technologies	\$11.6
Customer relationships and other non-current intangible assets	1.5
Trade name	1.0
Goodwill	21.0
Deferred tax liability	(0.8)
Net tangible assets	0.5
Total	\$34.8

For certain business combinations, the allocation of purchase price consideration to certain assets and liabilities is not yet finalized. For the items not yet finalized, Autodesk's estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). The primary areas of the preliminary purchase price

allocation that are not yet finalized are amounts for tax assets and liabilities, pending finalization of estimates and assumptions in respect of certain tax aspects of the transaction and residual goodwill.

8. Other Intangible Assets, Net

Other intangible assets including developed technologies, customer relationships, trade names, patents, user lists and the related accumulated amortization were as follows:

	April 30, 2015	January 31, 2015
Developed technologies, at cost	\$550.2	\$538.4
Customer relationships, trade names, patents, and user list, at cost (1)	350.6	348.9
Other intangible assets, at cost (2)	900.8	887.3
Less: Accumulated amortization	(737.4	) (715.4
Other intangible assets, net	\$163.4	\$171.9

(1) Included in "Other assets" in the accompanying Condensed Consolidated Balance Sheets.

(2) Includes the effects of foreign currency translation.

9. Goodwill

The change in the carrying amount of goodwill by reporting unit during the three months ended April 30, 2015 is as follows:

	Platform Solutions and Emerging Business	Architecture, Engineering and Construction	Manufacturing	Media and Entertainment	Delcam	Total
Balances as of January 31, 2015						
Goodwill	\$ 327.5	\$427.0	\$ 422.7	\$ 245.2	\$183.0	\$1,605.4
Accumulated impairment losses				(149.2	) —	(149.2
	327.5	427.0	422.7	96.0	183.0	1,456.2
Addition arising from other acquisitions	7.2	3.4	—	10.4	—	21.0
Effect of foreign currency translation, purchase accounting adjustments, and other	1.9	(0.4	) (0.3	) (0.1	) (2.2	) (1.1
Balance as of April 30, 2015						
Goodwill	336.6	430.0	422.4	255.5	180.8	1,625.3
Accumulated impairment losses				(149.2	) —	(149.2
	\$ 336.6	\$430.0	\$ 422.4	\$ 106.3	\$180.8	\$1,476.1

Goodwill consists of the excess of consideration transferred over the fair value of net assets acquired in business combinations. Autodesk assigns goodwill to the reporting unit associated with each business combination, and tests goodwill for impairment annually in its fourth fiscal quarter or more often if circumstances indicate a potential impairment. The company has established reporting units based upon its current reporting structure.

When goodwill is assessed for impairment, Autodesk has the option to perform an assessment of qualitative factors of impairment ("optional assessment") prior to necessitating a two-step quantitative impairment test. Should the optional assessment be used for any given fiscal year, qualitative factors to consider include cost factors; financial performance; legal, regulatory, contractual, political, business, or other factors; entity specific factors; industry and market considerations, macroeconomic conditions, and other relevant events and factors affecting the reporting unit.

If, after assessing the totality of events or circumstances, it is more likely than not that the fair value of the reporting unit is greater than its carrying value, then performing the two-step impairment test is unnecessary.

Therefore, the two-step quantitative impairment test is necessary when either Autodesk does not use the optional assessment or, as a result of the optional assessment, it is not more likely than not that the fair value of the reporting unit is greater than its carrying value. In performing the two-step impairment test, Autodesk uses discounted cash flow models which include assumptions regarding projected cash flows. Variances in these assumptions could have a significant impact on Autodesk's conclusion as to whether goodwill is impaired, or the amount of any impairment charge. Impairment charges, if any, result from instances where the fair values of net assets associated with goodwill are less than their carrying values. As changes in business conditions and assumptions occur, Autodesk may be required to record impairment charges. The process of evaluating the potential impairment of goodwill is subjective and requires significant judgment at many points during the analysis. The value of Autodesk's goodwill could also be impacted by future adverse changes such as: (i) declines in Autodesk's actual financial results, (ii) a sustained decline in Autodesk's market capitalization, (iii) significant slowdown in the worldwide economy or the industries Autodesk serves, or (iv) changes in Autodesk's business strategy or internal financial results forecasts.

10. Deferred Compensation

At April 30, 2015, Autodesk had marketable securities totaling \$1,088.5 million, of which \$44.5 million related to investments in debt and equity securities that are held in a rabbi trust under non-qualified deferred compensation plans. The total related deferred compensation liability was \$44.5 million at April 30, 2015, of which \$5.4 million was classified as current and \$39.1 million was classified as non-current liabilities. The total related deferred compensation liability at January 31, 2015 was \$40.3 million, of which \$5.3 million was classified as current and \$35.0 million was classified as non-current liabilities. The securities are recorded in the Condensed Consolidated Balance Sheets under the current portion of "Marketable securities". The current and non-current portions of the liability are recorded in the Condensed Consolidated Balance Sheets under "Accrued compensation" and "Other liabilities," respectively.

11. Computer Equipment, Software, Furniture and Leasehold Improvements, Net

Computer equipment, software, furniture, leasehold improvements and the related accumulated depreciation were as follows:

	April 30, 2015	January 31, 2015
Computer hardware, at cost	\$193.8	\$194.0
Computer software, at cost	86.6	84.9
Leasehold improvements, land and buildings, at cost	178.1	176.3
Furniture and equipment, at cost	54.5	53.0
	513.0	508.2
Less: Accumulated depreciation	(356.1	) (349.0
Computer software, hardware, leasehold improvements, furniture and equipment, net	\$156.9	\$159.2

12. Borrowing Arrangements

In December 2012, Autodesk issued \$400.0 million aggregate principal amount of 1.95% senior notes due December 15, 2017 and \$350.0 million aggregate principal amount of 3.6% senior notes due December 15, 2022 (collectively, the "Senior Notes"). Autodesk received net proceeds of \$739.3 million from issuance of the Senior Notes, net of a discount of \$4.5 million and issuance costs of \$6.1 million. Both the discount and issuance costs are being amortized to interest expense over the respective terms of the Senior Notes using the effective interest method. The proceeds of the Senior Notes are available for general corporate purposes. Autodesk may redeem the Senior Notes at any time, subject to a make whole premium. In addition, upon the occurrence of certain change of control triggering events, Autodesk may be required to repurchase the Senior Notes, at a price equal to 101% of their principal amount,

plus accrued and unpaid interest to the date of repurchase. The Senior Notes contain restrictive covenants that limit Autodesk's ability to create certain liens, to enter into certain sale and leaseback transactions and to consolidate or merge with, or convey, transfer or lease all or substantially all of its assets, subject to significant qualifications and exceptions. Based on quoted market prices, the fair value of the Senior Notes was approximately \$757.6 million as of April 30, 2015.

Autodesk's line of credit facility permits unsecured short-term borrowings of up to \$400.0 million, with an option to request an increase in the amount of the credit facility by up to an additional \$100.0 million, and is available for working capital or other business needs. This credit agreement contains customary covenants that could restrict the imposition of liens on Autodesk's assets, and restrict the Company's ability to incur additional indebtedness or make dispositions of assets if Autodesk fails to maintain the financial covenants. The financial covenants consist of a leverage ratio, and an interest coverage ratio. The line of credit is syndicated with various financial institutions, including Citibank, N.A., an affiliate of Citigroup, which is one of the lead lenders and an agent. The credit facility expires in May 2018. At April 30, 2015, Autodesk was in compliance with the credit facility's covenants and had no outstanding borrowings on this line of credit.

13. Restructuring

During fiscal 2014, the Board of Directors approved a world-wide restructuring plan in order to re-balance staffing levels to better align them with the evolving needs of the business. The restructuring plan included a reduction of approximately 85 positions and the consolidation of four leased facilities, with a total cost of approximately \$15.0 million ("Fiscal 2014 Plan"). By July 31, 2014, the personnel and facilities related actions included in this restructuring plan were substantially complete.

Autodesk did not record restructuring charges during the three months ended April 30, 2015. The following table sets forth the restructuring activities during the three months ended April 30, 2015:

	Balance at January 31, 2015	Additions	Payments	Adjustments (1)	Balance at April 30, 2015
Fiscal 2014 Plan					
Employee termination costs	\$—	\$—	\$—	\$—	\$—
Lease termination and asset costs	1.4	—	(0.1	) 0.1	1.4
Total	\$1.4	\$—	\$(0.1	) \$0.1	\$1.4
Current portion (2)	\$0.6				\$0.8
Non-current portion (2)	0.8				0.6
Total	\$1.4				\$1.4

(1) Adjustments include the impact of foreign currency translation.

(2) The current and non-current portions of the reserve are recorded in the Condensed Consolidated Balance Sheets under "Other accrued liabilities" and "Other liabilities," respectively.

14. Commitments and Contingencies

Guarantees and Indemnifications

In the normal course of business, Autodesk provides indemnifications of varying scopes, including limited product warranties and indemnification of customers against claims of intellectual property infringement made by third parties arising from the use of its products or services. Autodesk accrues for known indemnification issues if a loss is probable and can be reasonably estimated. Historically, costs related to these indemnifications have not been significant, and because potential future costs are highly variable, Autodesk is unable to estimate the maximum potential impact of these indemnifications on its future results of operations.

In connection with the purchase, sale or license of assets or businesses with third parties, Autodesk has entered into or assumed customary indemnification agreements related to the assets or businesses purchased, sold or licensed.

Historically, costs related to these indemnifications have not been significant, and because potential future costs are highly variable, Autodesk is unable to estimate the maximum potential impact of these indemnifications on its future results of operations.

As permitted under Delaware law, Autodesk has agreements whereby it indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at Autodesk's request in such capacity. The maximum potential amount of future payments Autodesk could be required to make under these indemnification agreements is unlimited; however, Autodesk has directors' and officers' liability insurance coverage that is intended to reduce its financial exposure and may enable Autodesk to recover a portion of any future amounts paid. Autodesk believes the estimated fair value of these indemnification agreements in excess of applicable insurance coverage is minimal.

Legal Proceedings

Autodesk is involved in a variety of claims, suits, investigations and proceedings in the normal course of business activities including claims of alleged infringement of intellectual property rights, commercial, employment, piracy prosecution, business practices and other matters. In the Company's opinion, resolution of pending matters is not expected to have a material adverse impact on its consolidated results of operations, cash flows or its financial position. Given the unpredictable nature of legal proceedings, there is a reasonable possibility that an unfavorable resolution of one or more such proceedings could in the future materially affect the Company's results of operations, cash flows or financial position in a particular period, however, based on the information known by the Company as of the date of this filing and the rules and regulations applicable to the preparation of the Company's financial statements, any such amount is either immaterial or it is not possible to provide an estimated amount of any such potential loss.

15. Common Stock Repurchase Program

Autodesk has a stock repurchase program that is used to offset dilution from the issuance of stock under the Company's employee stock plans and for such other purposes as may be in the interests of Autodesk and its stockholders. Stock repurchases have the effect of returning excess cash generated from the Company's business to stockholders. During the three months ended April 30, 2015, Autodesk repurchased and retired 1.6 million shares at an average repurchase price of \$60.67 per share. Common stock and additional paid-in capital and retained earnings were reduced by \$41.1 million and \$54.3 million, respectively, during the three months ended April 30, 2015.

At April 30, 2015, 13.2 million shares remained available for repurchase under the repurchase program approved by the Board of Directors. During the three months ended April 30, 2015, Autodesk repurchased its common stock through open market purchases. The number of shares acquired and the timing of the purchases are based on several factors, including general market and economic conditions, the number of employee stock option exercises and stock issuances, the trading price of Autodesk common stock, cash on hand and available in the United States, cash requirements for acquisitions, and Company defined trading windows.

16. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss, net of taxes, consisted of the following at April 30, 2015:

	Net Unrealized Gains (Losses) on Derivative Instruments	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Defined Benefit Pension Components	Foreign Currency Translation Adjustments	Total
Balances, January 31, 2015	\$42.8	\$ 1.6	\$ (23.7)	\$ (74.0)	\$(53.3)
Other comprehensive income (loss) before reclassifications	3.8	0.2	0.4	(2.0)	2.4
Pre-tax (gains) losses reclassified from accumulated other comprehensive income	(7.7)	0.1	0.3	—	(7.3)
Tax effects	(1.5)	(0.1)	—	3.8	2.2
Net current period other comprehensive (loss) income	(5.4)	0.2	0.7	1.8	(2.7)
Balances, April 30, 2015	\$37.4	\$ 1.8	\$ (23.0)	\$ (72.2)	\$(56.0)

Reclassifications related to gains and losses on available-for-sale securities are included in Interest and other income (expense), net. Refer to "Note 4: Financial Instruments" for the amount and location of reclassifications related to derivative instruments. Reclassifications of the defined benefit pension components are included in the computation of net periodic benefit cost. For further information, see the "Retirement Benefit Plans" note in Part II, Item 8 of our Annual Report on Form 10-K for the year ended January 31, 2015.

17. Net Income Per Share

Basic net income per share is computed using the weighted average number of shares of common stock outstanding for the period, excluding stock options and restricted stock units. Diluted net income per share is based upon the weighted average number of shares of common stock outstanding for the period and potentially dilutive common shares, including the effect of stock options and restricted stock units under the treasury stock method. The following table sets forth the computation of the numerators and denominators used in the basic and diluted net income per share amounts:

	Three Months Ended April 30,	
	2015	2014
Numerator:		
Net income	\$19.1	\$28.3
Denominator:		
Denominator for basic net income per share—weighted average shares	227.2	227.0
Effect of dilutive securities	4.5	4.6
Denominator for dilutive net income per share	231.7	231.6
Basic net income per share	\$0.08	\$0.12
Diluted net income per share	\$0.08	\$0.12

The computation of diluted net income per share does not include shares that are anti-dilutive under the treasury stock method because their exercise prices are higher than the average market value of Autodesk's stock during the period. For the three months ended April 30, 2015, there were 0.3 million potentially anti-dilutive shares excluded from the computation of diluted net income per share. For the three months ended April 30, 2014, no potentially anti-dilutive shares were excluded from the computation of diluted net income per share.

18. Segments

Autodesk reports segment information based on the "management" approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company's reportable segments. Autodesk has four reportable segments: Architecture, Engineering and Construction ("AEC"), PSEB, Manufacturing ("MFG") and Media and Entertainment ("M&E"). Autodesk has no material inter-segment revenue.

The AEC, PSEB, and MFG segments derive revenue from the sale of licenses for software products and services to customers who design, build, manage or own building, manufacturing and infrastructure projects. Autodesk's M&E segment derives revenue from the sale of products to creative professionals, post-production facilities and broadcasters for a variety of applications, including feature films, television programs, commercials, music and corporate videos, interactive game production, web design and interactive web streaming.

AEC software products help to improve the way building, civil infrastructure, process plant and construction projects are designed, built and managed. A broad portfolio of solutions enables greater efficiency, accuracy and sustainability across the entire project lifecycle. Autodesk AEC solutions include advanced technology for BIM, AutoCAD-based design and documentation productivity software, sustainable design analysis applications, and collaborative project management solutions. BIM, an integrated process for building and infrastructure design, analysis, documentation and construction, uses consistent, coordination information to improve communication and collaboration between the extended project team. AEC provides a comprehensive portfolio of BIM solutions that help customers deliver projects faster and more economically, while minimizing environmental impact. AEC's revenue primarily includes revenue

from the sales of licenses of Autodesk Building Design Suites, Autodesk Infrastructure Design Suites, AutoCAD Civil 3D, AutoCAD Architecture, and AutoCAD Map 3D.