AUTODESK INC
Form 10-Q
August 30, 2016

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

FORM 10-Q
(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended July 31, 2016
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	94-2819853
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer Identification No.)
111 McInnis Parkway, San Rafael, California	94903
(Address of principal executive offices)	(Zip Code)

(415) 507-5000
(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 x 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 x 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 x Accelerated filer ¨

Non-accelerated filer ¨ Smaller reporting company ¨

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

As of August 23, 2016, registrant had outstanding approximately 221,892,961 shares of common stock.

AUTODESK, INC. FORM 10-Q
TABLE OF CONTENTS

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

See accompanying Notes to Condensed Consolidated Financial Statements.

AUTODESK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In millions)
(Unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2016	2015	2016	2015
Net loss	$(98.2)	$(268.6)	$(265.9)	$(249.5)
Other comprehensive loss, net of reclassifications:				
Net (loss) on derivative instruments (net of tax effect of $1.1, $0.8, ($0.8) and ($0.7), respectively)	(1.5)	(4.7)	(11.0)	(10.1)
Change in net unrealized gain (loss) on available-for-sale securities (net of tax effect of ($0.1), $0.3, ($0.6) and $0.2, respectively)	1.1	(1.4)	3.4	(1.2)
Change in defined benefit pension items (net of tax effect of ($0.2), $0.0, ($0.2) and $0.0, respectively)	—	0.3	0.3	1.0
Net change in cumulative foreign currency translation loss (net of tax effect of $0.0, $0.7, $0.0 and $4.5, respectively)	(7.9)	(8.5)	(1.4)	(6.7)
Total other comprehensive loss	(8.3)	(14.3)	(8.7)	(17.0)
Total comprehensive loss	$(106.5)	$(282.9)	$(274.6)	$(266.5)

See accompanying Notes to Condensed Consolidated Financial Statements.

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

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

See accompanying Notes to Condensed Consolidated Financial Statements.

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

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

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 July 31, 2016, and for the three and six months ended July 31, 2016 and 2015, 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 statement 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 and six months ended July 31, 2016 are not necessarily indicative of the results for the entire fiscal year ending January 31, 2017, 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, 2016. 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, 2016, filed on March 23, 2016.

Prior Period Adjustments

In the course of preparing the Condensed Consolidated Financial Statements for the three and nine months ended October 31, 2015, Autodesk determined that it had understated income tax expense by $33.1 million for the three and six months ended July 31, 2015, primarily related to an error in the establishment of the valuation allowance, which had been understated at July 31, 2015.

Autodesk performed the analysis required by Staff Accounting Bulletin 99, Materiality, to evaluate the materiality of the error, quantitatively and qualitatively, and concluded it was not material to the Company’s Condensed Consolidated Financial Statements as of July 31, 2015 and for the three and six month periods ended July 31, 2015; however, in light of the significance of a correction of the error to the results for the three months ended October 31, 2015, Autodesk chose to correct the error by revising the previously reported results for the three and six months ended July 31, 2015. See Note 6, "Income Tax," in the Notes to the Condensed Consolidated Financial Statements for further discussion.

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 six months ended July 31, 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 No. 99, Materiality, and Staff Accounting Bulletin No. 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 in fiscal 2016 or any other prior fiscal year from both a quantitative and qualitative perspective.

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 six months ended July 31, 2016, that are of significance, or potential significance, to the Company.

Accounting Standards Adopted

In March 2016, the FASB issued Accounting Standards Update No. 2016-09 ("ASU 2016-09") regarding ASC Topic 718, “Improvements to Employee Share-Based Payment Accounting.” The new guidance requires excess tax benefits and tax deficiencies to be recorded in the income statement when the awards vest or are settled. In addition, cash flows related to excess tax benefits will no longer be separately classified as a financing activity apart from other income tax cash flows. The standard also increases the amount of shares an employer can withhold for tax purposes without triggering liability accounting, clarifies that all cash payments made on an employee's behalf for withheld shares should be presented as a financing activity in the statements of cash flows, and provides an entity-wide accounting policy election to account for forfeitures as they occur.

Autodesk early adopted the standard during the three months ended July 31, 2016. Upon adoption, under the modified retrospective transition method, the Company recognized the previously unrecognized excess tax benefits as increases in deferred tax assets for tax credit and tax loss carryovers, of which $116.5 million were available to offset liabilities for uncertain tax benefits. This reduction in liabilities for uncertain tax benefits resulted in a cumulative-effect increase of $116.5 million to the February 1, 2016 opening retained earnings balance. Tax attributes not available to offset uncertain tax benefits were fully offset by a valuation allowance.

Autodesk elected to account for forfeitures as they occur using a modified retrospective transition method, which resulted in a cumulative-effect adjustment of $6.9 million to reduce the February 1, 2016 opening retained earnings balance.

Autodesk elected to apply the change in presentation of excess tax benefits in the statements of cash flows retrospectively to all periods presented and no longer classifies them as a reduction from operating cash flows. However, the adoption did not impact the current or prior period presented as there were no excess tax benefits recorded. The retrospective presentation requirements for cash flows related to employee taxes paid for withheld shares had no impact to any prior period since such cash flows have historically been presented as a financing activity. Additional amendments to the accounting for minimum statutory withholding tax requirements had no impact to opening retained earnings as of February 1, 2016 as Autodesk does not withhold more than the minimum statutory requirements.

As Autodesk elected to early adopt in the second quarter of fiscal 2017, we are required to reflect any adjustments as of February 1, 2016, the beginning of the annual period that includes the interim period of adoption, and are required to revise our reported quarterly results for the three months ended April 30, 2016. Accordingly, this table reflects the retrospective adjustments made to beginning retained earnings and to the previously reported results for the three months ended April 30, 2016:

Condensed Consolidated Balance Sheets

	As Reported	ASU 2016-09 Adoption Adjustments:		As Adjusted
(in millions)	April 30, 2016	February 1, 2016 Retained Earnings	For The Three Months Ended April 30, 2016	April 30, 2016
Long-term income taxes payable	$ 153.8	$ (116.5)	$ —	$ 37.3
Common stock and additional paid-in capital	1,865.6	6.9	(5.3)	1,867.2
Retained earnings	$ (308.2)	$ 109.6	$ 5.3	$ (193.3)

Condensed Consolidated Statements of Operations

(in millions, except per share data)	As Reported Three Months Ended April 30, 2016	ASU 2016-09 Adoption Increase/(Decrease)	As Adjusted Three Months Ended April 30, 2016
Cost of subscription revenue	$ 39.7	$ 0.1	$ 39.8
Cost of license and other revenue	52.8	(0.2)	52.6
Gross profit	419.4	0.1	419.5
Marketing and sales	242.9	(2.1)	240.8
Research and development	195.5	(2.0)	193.5
General and administrative	75.8	(1.1)	74.7
(Loss) from operations	(155.0)	5.3	(149.7)
Provision for income taxes	(14.4)	—	(14.4)
Net (loss)	$ (173.0)	$ 5.3	$ (167.7)
Basic and diluted weighted average shares outstanding	224.4	—	224.4
Basic and diluted net (loss) per share	$ (0.77)	$ 0.02	$ (0.75)

Effective in the first quarter of fiscal 2017, Autodesk adopted FASB's Accounting Standards Update No. 2015-05 ("ASU 2015-05") regarding Subtopic 350-40, “Intangibles - Goodwill and Other - Internal-Use Software: Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.” The amendments in this ASU provide guidance 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 for ASU 2015-05 were prospectively applied and did not have a material impact on Autodesk's consolidated financial statements.

Effective in the first quarter of fiscal 2017, Autodesk adopted FASB's Accounting Standards Update No. 2015-07 ("ASU 2015-07") regarding ASC Topic 820, "Fair Value Measurement: Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." The amendments in ASU 2015-07 remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also limit certain disclosures to investments for which the entity has elected to measure at fair value using the net asset value per share practical expedient. The amendments were applied retrospectively by removing from the fair value hierarchy any investments for which fair value is measured using the net asset value per share practical expedient. Adoption did not have a material impact on Autodesk's consolidated financial statements.

Recently Issued Accounting Standards

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 ("ASU 2016-13") regarding ASC Topic 326, "Financial Instruments - Credit Losses," which modifies the measurement of expected credit losses of certain financial instruments. The amendments will be effective for Autodesk's fiscal year beginning February 1, 2019 unless Autodesk elects early adoption. Autodesk does not believe ASU 2016-13 will have a material impact on its consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 ("ASU 2016-02") regarding ASC Topic 842, "Leases." The amendments in this ASU require balance sheet recognition of lease assets and lease liabilities by lessees for leases classified as operating leases, with an optional policy election to not recognize lease assets and lease liabilities for leases with a term of 12 months or less. The amendments also require new disclosures, including qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASU 2016-02 will be effective for Autodesk’s fiscal year beginning February 1, 2019 unless Autodesk elects early adoption. The amendments require a modified retrospective approach with optional practical expedients. Autodesk is currently evaluating the accounting, transition, and disclosure requirements of the standard and cannot currently estimate the financial statement impact of adoption.

In January 2016, the FASB issued Accounting Standards Update No. 2016-01 ("ASU 2016-01") regarding ASC Topic 825-10, "Financial Instruments - Overall." The amendments address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments, and require equity securities to be measured at fair value with changes in fair value recognized through net income. The amendments also simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment for impairment quarterly at each reporting period. The amendments in ASU 2016-01 will be effective for Autodesk's fiscal year beginning February 1, 2018. An entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption, with prospective adoption of the amendments related to equity securities without readily determinable fair values existing as of the date of adoption. Autodesk does not believe ASU 2016-01 will have a material impact on its consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 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. In August 2015, the FASB issued Accounting Standards Update No. 2015-14 to defer the effective date by one year with early adoption permitted as of the original effective date. ASU 2014-09 will be effective for Autodesk’s fiscal year beginning February 1, 2018 unless we elect the earlier date of February 1, 2017. In addition, the FASB issued Accounting Standards Update No. 2016-08, Accounting Standards Update No. 2016-10, and Accounting Standards Update No. 2016-12 in March 2016, April 2016, and May 2016, respectively, to help provide interpretive clarifications on the new guidance in ASC Topic 606. 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 31% and 30% of Autodesk’s total net revenue for the three and six months ended July 31, 2016, respectively, and 23% and 25% for the three and six months ended July 31, 2015, respectively. The majority of the net revenue from sales to Tech Data relates to Autodesk’s Architecture, Engineering and Construction (“AEC”) segment and is for sales made outside of the United States. In addition, Tech Data accounted for 31% and 22% of trade accounts receivable at July 31, 2016 and January 31, 2016, 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 July 31, 2016 and January 31, 2016:

	July 31, 2016						
	Amortized Cost	Gross unrealized gains	Gross unrealized losses	Fair Value	Level 1	Level 2	Level 3
Cash equivalents (1):							
Agency bonds	$44.2	$ —	$ —	$44.2	$44.2	$—	$—
Certificates of deposit	181.3	—	—	181.3	181.3	—	—
Commercial paper	296.9	—	—	296.9	—	296.9	—
Corporate bonds	8.7	—	—	8.7	8.7	—	—
Custody cash deposit	22.5	—	—	22.5	22.5	—	—
Money market funds	143.8	—	—	143.8	—	143.8	—
Municipal bonds	5.0	—	—	5.0	5.0	—	—
U.S. government securities	167.0	—	—	167.0	167.0	—	—
Marketable securities:							
Short-term available-for-sale							
Agency bonds	41.9	—	—	41.9	41.9	—	—
Asset backed securities	10.8	—	—	10.8	—	10.8	—
Certificates of deposit	55.4	—	—	55.4	55.4	—	—
Commercial paper	119.4	—	—	119.4	—	119.4	—
Corporate bonds	267.2	0.2	(0.1)	267.3	267.3	—	—
Sovereign debt	19.6	—	—	19.6	—	19.6	—
U.S. government securities	37.6	—	—	37.6	37.6	—	—
Short-term trading securities							
Mutual funds	43.7	1.9	—	45.6	45.6	—	—
Long-term available-for-sale							
Agency bonds	52.0	0.3	—	52.3	52.3	—	—
Asset backed securities	58.9	0.2	—	59.1	—	59.1	—
Certificates of deposit	1.8	—	—	1.8	1.8	—	—
Corporate bonds	276.1	1.5	(0.1)	277.5	277.5	—	—
Municipal bonds	9.5	0.1	—	9.6	9.6	—	—
Sovereign debt	10.8	—	—	10.8	—	10.8	—
U.S. government securities	94.2	0.3	—	94.5	94.5	—	—
Convertible debt securities (2)	6.3	2.2	(1.1)	7.4	—	—	7.4
Derivative contracts (3)	3.2	7.1	(10.8)	(0.5)	—	(1.7)	1.2
Total	$1,977.8	$ 13.8	$ (12.1)	$1,979.5	$1,312.2	$658.7	$ 8.6

(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, 2016						
	Amortized Cost	Gross unrealized gains	Gross unrealized losses	Fair Value	Level 1	Level 2	Level 3
Cash equivalents (1):							
Agency bonds	$8.5	$ —	$ —	$8.5	$8.5	$—	$—
Certificates of deposit	267.6	—	—	267.6	267.6	—	—
Commercial paper	106.6	—	—	106.6	—	106.6	—
Custody cash deposit	2.1	—	—	2.1	2.1	—	—
Money market funds	382.4	—	—	382.4	—	382.4	—
Municipal bonds	5.0	—	—	5.0	5.0	—	—
U.S. government securities	103.0	—	—	103.0	103.0	—	—
Marketable securities:							
Short-term available-for-sale							
Agency bonds	40.0	—	(0.1)	39.9	39.9	—	—
Asset backed securities	7.3	—	—	7.3	—	7.3	—
Certificates of deposit	190.3	—	—	190.3	190.3	—	—
Commercial paper	141.1	—	—	141.1	—	141.1	—
Corporate debt securities	377.1	0.1	(0.3)	376.9	376.9	—	—
Municipal bonds	9.7	—	—	9.7	9.7	—	—
Sovereign debt	20.1	—	—	20.1	—	20.1	
U.S. government securities	74.6	—	—	74.6	74.6	—	—
Short-term trading securities							
Mutual funds	38.8	0.4	(1.2)	38.0	38.0	—	—
Long-term available-for-sale							
Agency bonds	56.8	0.1	—	56.9	56.9	—	—
Asset backed securities	36.5	0.1	—	36.6	—	36.6	—
Corporate debt securities	320.9	0.3	(0.8)	320.4	320.4	—	—
Municipal bonds	2.9	—	—	2.9	2.9	—	—
Sovereign debt	16.9	—	—	16.9	—	16.9	—
U.S. government securities	98.4	0.3	(0.1)	98.6	98.6	—	—
Convertible debt securities (2)	2.5	2.0	(1.1)	3.4	—	—	3.4
Derivative contracts (3)	1.5	7.8	(7.4)	1.9	—	1.6	0.3
Total	$2,310.6	$ 11.1	$ (11.0)	$2,310.7	$1,594.4	$712.6	$ 3.7

(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 and six months ended July 31, 2016.

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 six months ended July 31, 2016 follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Derivative Contracts	Convertible Debt Securities	Total
Balance at January 31, 2016	$ 0.3	$ 3.4	$ 3.7
Purchases	0.9	4.0	4.9
Losses included in earnings	—	(0.2)	(0.2)
Gains included in OCI	—	0.2	0.2
Balance at July 31, 2016	$ 1.2	$ 7.4	$ 8.6

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

	July 31, 2016	
	Cost	Fair Value
Due within 1 year	$555.7	$ 556.9
Due in 1 year through 5 years	504.4	506.7
Due in 5 years through 10 years	1.4	1.4
Total	$1,061.5	$ 1,065.0

As of July 31, 2016 and January 31, 2016, Autodesk had no material securities, individually and in aggregate, in a continuous unrealized loss position for greater than twelve months.

As of July 31, 2016 and January 31, 2016, Autodesk had $105.7 million and $104.3 million, respectively, in direct investments in privately held companies accounted for under the cost method, which are periodically assessed for other-than-temporary impairment. 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.

If Autodesk determines that an other-than-temporary impairment has occurred, Autodesk writes down the investment to its fair value. During the six months ended July 31, 2016 and 2015, Autodesk recorded $0.3 million and $0.2 million, respectively, in other-than-temporary impairment on its privately held equity investments.

The sales or redemptions of “available-for-sale securities” during the six months ended July 31, 2016 and 2015 resulted in a gain of $0.4 million and $0.3 million, respectively. Gains and losses resulting from the sale or redemption of "available-for-sale securities" are recorded in “Interest and other expense, net” on the Company's Condensed Consolidated Statements of Operations.

Proceeds from the sale and maturity of marketable securities for the six months ended July 31, 2016 and 2015 were $1,146.0 million and $728.0 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 ongoing 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 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 $445.7 million at July 31, 2016 and $142.4 million at January 31, 2016. Outstanding contracts are recognized as either assets or liabilities on the balance sheet at fair value. The majority of the net gain of $4.7 million remaining in “Accumulated other comprehensive loss” as of July 31, 2016 is expected to be recognized into earnings within the next twelve months.

Derivatives not designated as hedging instruments

Autodesk uses foreign currency contracts that 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 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 $88.7 million at July 31, 2016 and $231.6 million at January 31, 2016.

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 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 July 31, 2016 and January 31, 2016:

	Balance Sheet Location	Fair Value at July 31, 2016	Fair Value at January 31, 2016
Derivative Assets			
Foreign currency contracts designated as cash flow hedges	Prepaid expenses and other current assets	$6.7	$ 3.4
Derivatives not designated as hedging instruments	Prepaid expenses and other current assets and Other assets	1.8	4.9
Total derivative assets		$8.5	$ 8.3
Derivative Liabilities			
Foreign currency contracts designated as cash flow hedges	Other accrued liabilities	$8.0	$ 3.4
Derivatives not designated as hedging instruments	Other accrued liabilities	1.0	3.0
Total derivative liabilities		$9.0	$ 6.4

The effects of derivatives designated as hedging instruments on Autodesk's Condensed Consolidated Statements of Operations were as follows for the three and six months ended July 31, 2016 and 2015 (amounts presented include any income tax effects):

	Foreign Currency Contracts Three Months Ended July 31,		Foreign Currency Contracts Six Months Ended July 31,	
	2016	2015	2016	2015
Amount of gain (loss) recognized in accumulated other comprehensive income on derivatives (effective portion)	$ 1.5	$ 4.4	$ (4.9)	$ 6.7
Amount and location of gain (loss) reclassified from accumulated other comprehensive income into income (effective portion)				
Net revenue	$ 2.5	$ 11.3	$ 7.4	$ 22.3
Operating expenses	0.5	(2.2)	(1.3)	(5.5)
Total	$ 3.0	$ 9.1	$ 6.1	$ 16.8
Amount and location of loss recognized in income on derivatives (ineffective portion and amount excluded from effectiveness testing)				
Interest and other expense, net	$ (0.2)	$ (0.2)	$ (0.4)	$ (0.3)

The effects of derivatives not designated as hedging instruments on Autodesk's Condensed Consolidated Statements of Operations were as follows for the three and six months ended July 31, 2016 and 2015 (amounts presented include any income tax effects):

	Three Months Ended July 31,	Six Months Ended July 31,

	2016	2015	2016	2015
Amount and location of (loss) gain recognized in income on derivatives				
Interest and other expense, net	$(3.9)	$2.1	$(10.9)	$0.7

15

5. Stock-based Compensation Expense

Restricted Stock Units:

A summary of restricted stock unit activity for the six months ended July 31, 2016 is as follows:

	Unvested Restricted Stock Units	Weighted average grant date fair value per share
	(in thousands)	
Unvested restricted stock units at January 31, 2016	7,739.6	$ 51.80
Granted	1,538.8	57.60
Vested	(1,008.0)	56.00
Canceled/Forfeited	(475.7)	51.70
Performance Adjustment (1)	(29.7)	63.81
Unvested restricted stock units at July 31, 2016	7,765.0	$ 52.66

(1) Based on Autodesk's financial results and relative total stockholder return for the fiscal 2016 performance period. The performance stock units were attained at rates ranging from 86.1% to 98.0% of the target award.

The fair value of the shares vested during the six months ended July 31, 2016 and 2015 was $57.2 million and $93.4 million, respectively.

During the six months ended July 31, 2016, Autodesk granted 1.1 million restricted stock units. Autodesk recorded stock-based compensation expense related to restricted stock units of $41.5 million and $28.0 million during the three months ended July 31, 2016 and 2015, respectively. Autodesk recorded stock-based compensation expense related to restricted stock units of $80.3 million and $65.8 million during the six months ended July 31, 2016 and 2015, respectively.

During the six months ended July 31, 2016, Autodesk granted 0.4 million performance 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 net new model subscription additions, new model Annualized Recurring Revenue ("ARR"), non-GAAP total spend, and total subscription renewal rate goals ("FY17 performance criteria") adopted by the Compensation and Human Resource Committee, as well as total stockholder return compared against companies in 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 FY17 performance criteria 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 performance criteria 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 performance criteria 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 also 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 $5.9 million for both the three months ended July 31, 2016 and 2015. Autodesk recorded stock-based compensation expense related to PSUs of $12.2 million and $11.5 million for the six months ended July 31, 2016 and 2015, respectively.

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

85% of the lower of Autodesk's closing price (fair market value) on the offering date or the exercise date. The offering period for ESPP awards consists of four, six-month exercise periods within a 24-month offering period.

Autodesk issued 1.2 million and 1.1 million shares under the ESPP during the six months ended July 31, 2016 and 2015, respectively, with an average price of $36.67 and $36.91 per share, respectively. The weighted average grant date fair value of awards granted under the ESPP was $17.88 and $15.99 during the six months ended July 31, 2016 and 2015, respectively, calculated as of the award grant date using the Black-Scholes Merton (“BSM") option pricing model.

Stock-based Compensation Expense

The following table summarizes stock-based compensation expense for the three and six months ended July 31, 2016 and 2015, respectively, as follows:

	Three Months Ended July 31,	
	2016	2015
Cost of subscription	$1.7	$1.2
Cost of license and other revenue	1.7	1.2
Marketing and sales	23.3	17.3
Research and development	20.2	14.8
General and administrative	7.4	6.2
Stock-based compensation expense related to stock awards and ESPP purchases	54.3	40.7
Tax benefit	—	(10.5)
Stock-based compensation expense related to stock awards and ESPP purchases, net of tax	$54.3	$30.2

	Six Months Ended July 31,	
	2016	2015
Cost of subscription	$3.5	$2.6
Cost of license and other revenue	3.3	2.7
Marketing and sales	44.8	39.0
Research and development	39.1	32.4
General and administrative	15.2	14.2
Stock-based compensation expense related to stock awards and ESPP purchases	105.9	90.9
Tax benefit	—	(24.5)
Stock-based compensation expense related to stock awards and ESPP purchases, net of tax	$105.9	$66.4

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:

	Six Months Ended July 31, 2016		Six Months Ended July 31, 2015	
	Performance Stock Unit	ESPP	Performance Stock Unit	ESPP
Range of expected volatilities	38.4 - 38.6%	35.0 - 40.2%	27.3%	27.7 - 28.2%

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	0.6 - 0.7%	0.5 - 0.9%	0.2%	0.1 - 0.6%

Autodesk estimates expected volatility for stock-based awards based on the average of the following two measures: (1) a measure of historical volatility in the trading market for the Company's common stock, and (2) 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.

The range of expected lives of ESPP awards are based upon the four, six-month exercise periods within a 24-month offering period.

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 BSM option pricing model and the Monte Carlo simulation model.

The risk-free interest rate used in the BSM 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 ultimately vest. As permitted by ASU 2016-09, Autodesk has elected to account for forfeitures of our stock-based awards as those forfeitures occur.

6. Income Tax

Autodesk's income tax expense was $25.2 million and $269.5 million for the three months ended July 31, 2016 and 2015, respectively, relative to a pre-tax loss of $73.0 million and pre-tax income of $0.9 million, respectively, for the same periods. Autodesk's income tax expense was $39.6 million and $272.2 million for the six months ended July 31, 2016 and 2015, respectively, relative to a pre-tax loss of $226.3 million and pre-tax income of $22.7 million, respectively, for the same periods. The decrease in income tax expense was primarily due to the valuation allowance that was established during the three months ended July 31, 2015. Income tax expense consists primarily of foreign taxes and U.S. tax expense related to indefinite-lived intangibles.

Autodesk regularly assesses the need for a valuation allowance against its deferred tax assets. In making that assessment, Autodesk considers both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will not be realized. In evaluating the need for a valuation allowance, Autodesk considered cumulative losses in the United States arising from the Company's business model transition as a significant piece of negative evidence and established a valuation allowance against the Company’s deferred tax assets in the three months ended July 31, 2015. Subsequently, Autodesk determined that it had understated income tax expense by $33.1 million for the three and six months ended July 31, 2015, primarily related to an error in the establishment of the valuation allowance, which had been understated at July 31, 2015. Autodesk evaluated the materiality of the error, quantitatively and qualitatively, and concluded it was not material to the Company’s condensed consolidated financial statements for the quarter ended July 31, 2015 but chose to correct the error by revising the previously reported results for the three and six months ended July 31, 2015.

The following table summarizes the impact of adjusting the condensed consolidated income statement balances presented for the three and six months ended July 31, 2015:

	As previously reported		As adjusted
(In millions, except per share data)	Three Months Ended July	Adjustment	Three Months Ended

	31, 2015		July 31, 2015
Provision for income tax	$ (236.4)	$ (33.1)	$ (269.5)
Net loss	(235.5)	(33.1)	(268.6)
Basic and diluted net loss per share	$ (1.04)	$ (0.14)	$ (1.18)

	Six Months Ended July 31, 2015	Adjustment	Six Months Ended July 31, 2015
Provision for income tax	$ (239.1)	$ (33.1)	$ (272.2)
Net loss	(216.4)	(33.1)	(249.5)
Basic and diluted net loss per share	$ (0.95)	$ (0.15)	$ (1.10)

The following table summarizes the impact of adjusting the Condensed Consolidated Balance Sheet balances as of July 31, 2015:

(In millions)	As previously reported July 31, 2015	Adjustment	As adjusted July 31, 2015
Current deferred tax liabilities (1)	$ 8.3	$ 1.2	$ 9.5
Accrued income taxes	52.3	(29.4)	22.9
Long-term deferred tax liabilities	28.9	25.1	54.0
Long-term income tax payable	124.0	36.2	160.2
Retained earnings	$ 164.4	$ (33.1)	$ 131.3

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

As of July 31, 2016, the Company had $261.6 million of gross unrecognized tax benefits, excluding interest, of which approximately $246.9 million represents the amount of unrecognized tax benefits that would impact the effective tax rate, if recognized. However, this rate impact would be offset to the extent that recognition of unrecognized tax benefits currently presented as a reduction of deferred tax assets would increase the valuation allowance. 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.

During the three months ended July 31, 2016, the Company proposed a settlement of a tax audit in China covering certain transfer pricing matters from 2004-2013. The settlement is currently under review by the State Administration of Taxation. The estimated tax liability, including interest, is approximately $11.4 million for the years under audit and calendar years 2014 and 2015. The Company accrued this tax liability during the three months ended July 31, 2016.

The Internal Revenue Service has notified the Company that it intends to begin an examination of the Company's U.S. consolidated federal income tax returns for fiscal years 2014 and 2015. While it is possible that the Company's tax positions may be challenged, the Company believes its positions are consistent with the tax law, and the balance sheet reflects appropriate liabilities for uncertain federal tax positions for the years to be examined.

7. Acquisitions

During the six months ended July 31, 2016, Autodesk completed several business combinations and technology acquisitions for total cash consideration of approximately $87.0 million. Pro forma results of operations have not been presented because the effects of the acquisitions, individually and in the aggregate, were not material to Autodesk’s Condensed Consolidated Financial Statements.

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 six months ended July 31, 2016:

	July 31, 2016
Developed technologies	$18.8
Customer relationships and other non-current intangible assets	10.2
Trade name	3.8
Goodwill	62.8
Deferred revenue (current and non-current)	(2.1)
Deferred tax liability	(7.1)
Net tangible assets	0.6
Total	$87.0

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, and the valuation of certain intangible assets.

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:

	July 31, 2016	January 31, 2016
Developed technologies, at cost	$587.6	$ 571.4
Customer relationships, trade names, patents, and user lists, at cost (1)	384.8	371.6
Other intangible assets, at cost (2)	972.4	943.0
Less: Accumulated amortization	(832.3)	(796.2)
Other intangible assets, net	$140.1	$ 146.8

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(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 reportable segment during the six months ended July 31, 2016 is as follows:

	Platform Solutions and Emerging Business	Architecture, Engineering and Construction	Manufacturing	Media and Entertainment	Total
Balances as of January 31, 2016					
Goodwill	$ 386.9	$ 427.2	$ 613.9	$ 256.2	$ 1,684.2
Accumulated impairment losses	—	—	—	(149.2)	(149.2)
	386.9	427.2	613.9	107.0	1,535.0
Addition arising from other acquisitions	17.4	—	13.6	31.8	62.8
Effect of foreign currency translation, purchase accounting adjustments, and other					