

Contingencies

We evaluate contingent liabilities including threatened or pending litigation in accordance with the authoritative guidance on contingencies. We assess the likelihood of any adverse judgments or outcomes from potential claims or proceedings, as well as potential ranges of probable losses, when the outcomes of the claims or proceedings are probable and reasonably estimable. A determination of the amount of an accrual required, if any, for these contingencies is made after the analysis of each separate matter. Because of uncertainties related to these matters, we base our estimates on the information available at the time of our assessment. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and may revise our estimates.

Note 2. Recent Accounting Standards

Recently adopted authoritative guidance

Revenue Recognition — Contracts with Customers. In May 2014, the FASB issued new authoritative guidance for revenue from contracts with customers. The standard's core principle is that a company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration that the company expects to receive in exchange for those goods or services. In addition, companies are required to capitalize certain contract acquisition costs, including commissions paid, when contracts are signed. The asset recognized from capitalized incremental and recoverable acquisition costs is amortized on a straight-line basis consistent with the timing of transfer of the products or services to which the asset relates.

As a result of the adoption of the new revenue recognition guidance, our net revenue for fiscal 2019 increased \$47 million, and our operating expenses decreased \$12 million. See Note 3 for additional information related to the impact of the new guidance on the timing and amounts of revenues recognized in fiscal 2019.

The effects of the adoption of the new revenue recognition guidance on our March 29, 2019 Consolidated Balance Sheets were as follows:

| (In millions) | As of March 29, 2019 | | |
|---------------------------------------|----------------------|---|------------------|
| | As Reported | Balances Without Adoption of New Standard | Effect of Change |
| Accounts receivable, net | \$ 708 | \$ 657 | \$ 51 |
| Other current assets ⁽¹⁾ | \$ 435 | \$ 421 | \$ 14 |
| Other long-term assets ⁽²⁾ | \$ 1,262 | \$ 1,213 | \$ 49 |
| Total assets | \$ 15,938 | \$ 15,824 | \$ 114 |
| Short-term contract liabilities | \$ 2,320 | \$ 2,437 | \$ (117) |
| Other current liabilities | \$ 533 | \$ 494 | \$ 39 |
| Long-term contract liabilities | \$ 736 | \$ 837 | \$ (101) |
| Deferred income tax liabilities | \$ 577 | \$ 526 | \$ 51 |
| Total liabilities | \$ 10,200 | \$ 10,328 | \$ (128) |
| Accumulated other comprehensive loss | \$ (7) | \$ (2) | \$ (5) |
| Retained earnings | \$ 933 | \$ 686 | \$ 247 |
| Total stockholders' equity | \$ 5,738 | \$ 5,496 | \$ 242 |

⁽¹⁾ As reported includes short-term deferred commissions of \$92 million. The balance without adoption of new standard includes short-term deferred commissions of \$81 million.

⁽²⁾ As reported includes long-term deferred commissions of \$93 million. The balance without adoption of new standard includes long-term deferred commissions of \$44 million.