

=====

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 PERIOD ENDED JULY 31, 1995

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange
Act of 1934

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 MC INNIS PARKWAY
SAN RAFAEL, CALIFORNIA 94903
(Address of principal executive offices)

TELEPHONE NUMBER (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 Securities Exchange Act of
1934 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

As of September 12, 1995, there were 46,985,000 shares of the Registrant's
Common Stock outstanding.

=====

AUTODESK, INC.

INDEX

PART I. FINANCIAL INFORMATION

Page No.

ITEM 1.	CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:	
	Condensed Consolidated Statement of Income Three and six months ended July 31, 1995 and 1994.....	3
	Condensed Consolidated Balance Sheet July 31, 1995 and January 31, 1995.....	4
	Condensed Consolidated Statement of Cash Flows Six months ended July 31, 1995 and 1994.....	6
	Notes to Condensed Consolidated Financial Statements...	7
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	8
	PART II. OTHER INFORMATION	
ITEM 4.	SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS....	11
ITEM 6.	EXHIBITS AND REPORTS ON FORM 8-K.....	11
	SIGNATURES.....	12

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUTODESK, INC.
 CONDENSED CONSOLIDATED STATEMENT OF INCOME
 (In thousands, except per share data)
 (Unaudited)

	Three months ended July 31,		Six months ended July 31,	
	1995	1994	1995	1994
Revenues	\$143,947	\$112,832	\$285,724	\$222,382
Direct commissions	3,261	2,573	6,380	5,545
Net revenues	140,686	110,259	279,344	216,837
Costs and expenses:				
Cost of revenues	17,362	15,136	34,647	30,235
Marketing and sales	45,895	37,575	90,898	74,135
Research and development	19,496	16,862	38,662	32,445
General and administrative	19,036	16,288	37,832	31,284
	101,789	85,861	202,039	168,099
Income from operations	38,897	24,398	77,305	48,738
Interest and other income, net	2,551	1,723	5,051	3,282
Income before income taxes	41,448	26,121	82,356	52,020
Provision for income taxes	15,149	9,534	30,080	18,987
Net income	\$ 26,299	\$ 16,587	\$ 52,276	\$ 33,033
Net income per share	\$.52	\$.34	\$1.03	\$.67
Shares used in computing net income per share	50,460	49,000	50,535	49,620

See accompanying notes.

AUTODESK, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
ASSETS
(In thousands)

	July 31, 1995	January 31, 1995
	(Unaudited)	(Audited)
Current assets:		
Cash and cash equivalents	\$177,164	\$195,038
Marketable securities	45,104	45,316
Accounts receivable, net	104,887	86,340
Inventories	8,416	5,769
Deferred income taxes	26,063	29,915
Prepaid expenses and other current assets	12,647	10,707
	-----	-----
Total current assets	374,281	373,085
	-----	-----
Marketable securities, including a restricted balance of \$28,000 at July 31, 1995	64,476	15,019
Computer equipment, furniture and leasehold improvements, at cost:		
Computer equipment and furniture	102,332	91,557
Leasehold improvements	21,264	20,048
Accumulated depreciation	(73,969)	(65,090)
	-----	-----
Net computer equipment, furniture and leasehold improvements	49,627	46,515
Capitalized software	20,287	26,406
Other assets	20,648	21,051
	-----	-----
	\$529,319	\$482,076
	=====	=====

See accompanying notes.

AUTODESK, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
LIABILITIES AND STOCKHOLDERS' EQUITY
(In thousands)

	July 31, 1995	January 31, 1995
	(Unaudited)	(Audited)
Current liabilities:		
Accounts payable	\$ 24,407	\$ 21,535
Accrued compensation	19,549	18,165
Accrued income taxes	42,452	53,202
Litigation accrual	-	25,800
Other accrued liabilities	43,523	36,288
	-----	-----
Total current liabilities	129,931	154,990
	-----	-----
Deferred income taxes	1,289	2,625
Litigation accrual	26,720	-
Other liabilities	2,013	977
Stockholders' equity:		
Common stock	133,642	100,870
Retained earnings	215,855	215,064
Foreign currency translation adjustment	19,869	7,550
	-----	-----
Total stockholders' equity	369,366	323,484
	-----	-----
	\$529,319	\$482,076
	=====	=====

See accompanying notes.

AUTODESK, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)
(Unaudited)

	Six months ended July 31,	
	1995	1994
Operating activities		
Net income	\$ 52,276	\$ 33,033
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,589	12,777
Changes in operating assets and liabilities	(18,957)	(6,324)
Net cash provided by operating activities	46,908	39,486
Investing activities		
Sales (purchases) of marketable securities, net	(49,245)	40,560
Purchases of computer equipment, furniture and leasehold improvements	(9,570)	(8,934)
Capitalization of software costs and purchases of software technologies	(105)	(2,669)
Other	13,562	414
Net cash provided (used) by investing activities	(45,358)	29,371
Financing activities		
Proceeds from issuance of common shares	35,090	27,409
Repurchase of common shares	(48,836)	(52,223)
Dividends paid	(5,678)	(5,664)
Net cash used in financing activities	(19,424)	(30,478)
Net increase (decrease) in cash and cash equivalents	(17,874)	38,379
Cash and cash equivalents at beginning of year	195,038	85,604
Cash and cash equivalents at end of quarter	\$177,164	\$123,983

See accompanying notes.

AUTODESK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The condensed consolidated financial statements at July 31, 1995 and for the three- and six-month periods then ended are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's Annual Report to Stockholders incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995. The results of operations for the three and six months ended July 31, 1995 are not necessarily indicative of the results for the entire fiscal year ending January 31, 1996.
2. In connection with a \$25.5 million judgment against the Company in December 1994 on a claim of trade-secret misappropriation brought by Vermont Microsystems, Inc., the Company was required by statute to post collateral approximating the amount of the judgment plus accrued interest. The Company has filed an appeal to this judgment. At July 31, 1995, the Company's long-term marketable securities included a balance of \$28.0 million which is restricted as to its use until final adjudication of this matter. At July 31, 1995, the litigation accrual, representing the judgment and accrued interest through the balance sheet date, has correspondingly been reclassified to long-term liabilities.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three Months Ended July 31, 1995 and 1994

Net revenues. The Company's second quarter net revenues of \$140.7 million increased 28 percent over second quarter net revenues in the prior fiscal year. The increase reflected sales growth in all sales geographies, including a 37 percent increase in Europe, 26 percent in Asia/Pacific and 21 percent in the Americas. Much of the growth in consolidated net revenues resulted from strong sales of commercial and upgrade sales of AutoCAD, the Company's flagship product, as well as increased revenues from AutoCAD LT and multimedia product offerings. Consolidated revenues for the quarter ended July 31, 1995 derived from AutoCAD and AutoCAD updates increased in absolute dollars from the same period in the prior fiscal year but decreased as a percentage of consolidated revenues due to increased revenues from multimedia products, AutoCAD LT and new mechanical and data management product offerings. International sales, including exports from the US, accounted for approximately 63 percent of the Company's revenues in the second quarter of both fiscal years 1996 and 1995. The weaker value of the dollar, relative to international currencies, favorably affected second quarter revenues in fiscal year 1996 by approximately \$6.5 million compared to the same period in the prior fiscal year.

The Company believes that net revenues in its third fiscal quarter ending October 31, 1995 may be negatively impacted by changes in foreign currency exchange rates, and, to a lesser extent, a seasonal reduction in foreign revenues. Consequently, the Company does not expect sequential revenue growth during the quarter ending October 31, 1995. Moreover, delays in the introduction of AutoCAD Release 13 for the Windows 95 operating system, delays in the introduction of other new and enhanced products scheduled to be released during fiscal year 1996, delays in product maintenance releases or failure to achieve significant customer acceptance for these new products may have an adverse effect on the Company's revenues and results of operations in future periods. There can be no assurance that the Company will not experience difficulties that could delay or prevent the successful development, introduction and marketing of new products and product enhancements or that its new products and product enhancements will adequately meet the requirements of the marketplace and achieve market acceptance.

Cost of revenues. Cost of revenues as a percentage of net revenues decreased in the second quarter of fiscal year 1996 to 12 percent from 14 percent in the second quarter of the prior fiscal year. The improved gross margin in the current quarter resulted from on-going cost control measures in production, particularly in the areas of media duplication, packaging, shipping and the delivery of products on lower-cost compact disc media (CD-ROM). During the quarter, a substantial portion of the Company's US and European production and distribution was performed by third parties which did not significantly impact margins for the period. In the future, the Company expects that cost of revenues as a percentage of net revenues may be impacted by the mix of sales of new products, the geographic distribution of sales, sales of AutoCAD updates, which have a lower gross margin than commercial versions of AutoCAD, and the volume of software sold on CD-ROM media.

Marketing and sales. Marketing and sales expenses were 33 percent of net revenues in the second quarter of fiscal year 1996 as compared to 34 percent for the second quarter of the prior fiscal year. Actual spending increased 22 percent to support worldwide marketing efforts of new and enhanced product introductions, including promotional activities related to AutoCAD Release 13. The Company expects to continue its emphasis on marketing and sales activities in the future to promote Autodesk's competitive position and to support sales and marketing of its products.

Research and development. Research and development expenses decreased from 15 percent of net revenues in the second quarter of fiscal year 1995 to 14 percent in the second quarter of fiscal year 1996, while absolute spending increased 16 percent. The increased spending was due to the development of new and enhanced products, costs associated with translating certain of these products into foreign languages and the addition of development personnel. To maintain its competitive market position, the Company expects to invest a significant amount of its resources in the development of new products and product enhancements and to continue recruiting and hiring experienced software developers, while at the same time considering the acquisition of software businesses and technologies.

General and administrative. General and administrative expenses were 14 percent of net revenues in the second quarter of fiscal year 1996 compared to 15 percent in the same period of fiscal year 1995, while absolute spending increased 17 percent. The increase resulted from higher employee-related costs associated with increased operations and expenditures to support the Company's infrastructure, partially offset by a reduction in legal expenses.

In August 1995, the Company acquired certain assets of Automated Methods, a Republic of South Africa company engaged in the development of automated mapping and geographic information systems. The acquisition has been accounted for using the purchase method of accounting with the purchase price being principally allocated to capitalized software. The results of Automated Methods will be included in the Company's consolidated financial results from the acquisition date. In the short term, the Company expects the operating expenses associated with this acquisition will exceed revenues, resulting in a negative impact of up to \$0.02 per share in each of the next three fiscal quarters.

Interest and other income. Interest and other income, including foreign currency gains of \$470,000, was \$2.6 million in the second quarter of fiscal year 1996. Second quarter interest income was \$2.7 million, an increase of approximately \$800,000 from the second quarter of the prior fiscal year, resulting from higher interest rates throughout the world and from a greater average balance of cash, cash equivalents and marketable securities. Interest and other income in the second quarter of fiscal year 1996 also included accrued interest expense of \$460,000 related to a legal judgment against the Company which is being appealed. (See Note 2 to the Notes to Condensed Consolidated Financial Statements.)

Provision for income taxes. The Company's effective income tax rate was 36.5 percent in the second quarter of both fiscal year 1996 and 1995.

Six Months Ended July 31, 1995 and 1994

Net Revenues. The Company's net revenues for the six months ended July 31, 1995 were \$279.3 million which represented a 29 percent increase from the same period of the prior fiscal year. The increase resulted from revenue growth in all sales geographies including 37 percent growth in both Europe and Asia/Pacific. The increase primarily resulted from new and upgrade sales of AutoCAD. Revenues for AutoCAD LT also increased, as did sales of multimedia product offerings which posted a 63 percent increase from the same period in the prior fiscal year. International sales accounted for approximately 64 percent of consolidated revenues for the six months ended July 31, 1995 as compared to 62 percent for the same period of the prior fiscal year. Net revenues for the first six months of fiscal year 1996 were favorably affected by approximately \$13.3 million due to changes in foreign exchange rates when compared to the same period in the prior fiscal year.

Cost of revenues. Cost of revenues as a percentage of net revenues for the six months ended July 31, 1995 was 12 percent as compared to 14 percent for the same period of the prior fiscal year. The improved gross margin resulted from cost control measures in production, particularly in the areas of media duplication, packaging, shipping and the delivery of products on lower-cost compact disc media.

Operating expenses. Operating expenses for the Company's marketing and sales, research and development and general and administrative functions for the six months ended July 31, 1995 increased approximately 21 percent to \$167.4 million as compared to \$137.9 million for the same period of the prior fiscal year. For the six months ended July 31, 1995, expenses, when expressed as a percentage of net revenues, decreased from the same period of the prior fiscal year but increased in absolute dollars due to increased headcount, higher spending to support the promotion and selling of new and enhanced products and increased spending in order to support the Company's increased operations and related infrastructure.

Interest and other income. Interest and other income for the six months ended July 31, 1995 was \$5.1 million as compared to \$3.3 million in the same period of the prior fiscal year. Interest income was \$5.6 million for the first six months of fiscal year 1996 as compared to \$3.6 million in the same period of the prior fiscal year. The increase in interest income from the same period of the prior fiscal year resulted from higher interest rates throughout the world and a greater average balance of cash, cash equivalents and marketable securities. Fiscal year 1996 interest and other income includes accrued interest expense of \$920,000 related to a legal judgment against the Company which is being appealed.

Income taxes. The Company's effective income tax rate was 36.5 percent for the first half of both fiscal year 1996 and 1995.

Factors Affecting Quarterly Results

The Company believes that in the future its quarterly results from operations may reflect quarterly fluctuations resulting from factors such as order deferrals in anticipation of new product releases or product maintenance releases, delays in the shipment of new products, a slower growth rate in the personal computer CAD market or adverse general economic and industry conditions in any of the countries in which the Company does business. In addition, with a significant portion of net revenues and net income contributed by international operations, fluctuations of the US dollar against foreign currencies and the seasonality of the European, Asia/Pacific and other international markets could impact the Company's results of operations and financial condition in a particular quarter. Rapid technological change and the Company's ability to develop, manufacture and market products that successfully adapt to that change may also have an impact on the results of operations. Further, increased competition in the market for design automation and multimedia software products could also have a negative impact on the Company's results of operations. Additionally, with a substantial portion of the Company's worldwide production and distribution being performed by third parties, Autodesk could be adversely impacted by any production difficulties and distribution delays experienced by its third party vendors.

Due to the factors noted above, the Company's future earnings and stock price may be subject to significant volatility, particularly on a quarterly basis. Any shortfall in revenues or earnings from levels expected by securities analysts could have an immediate and significant adverse effect on the trading price of the Company's common stock. The Company typically receives and fulfills a majority of its orders within the quarter, with a substantial portion occurring in the third month of the fiscal quarter. As a result, the Company may not learn of revenue shortfalls until late in a fiscal quarter, which could result in an even more immediate and adverse effect on the trading price of the Company's common stock.

LIQUIDITY AND CAPITAL RESOURCES

Cash, cash equivalents and marketable securities, which consist primarily of high-quality municipal bonds and tax-advantaged money market instruments, totaled \$286.7 million at July 31, 1995 compared to \$255.4 million at January 31, 1995. The increase in cash, cash equivalents and marketable securities was due primarily to cash generated from operations (\$46.9 million) and cash proceeds from the issuance of shares through the Company's stock option and stock purchase programs (\$35.1 million). This increase was partially offset by cash used to purchase 1,225,500 shares of the Company's stock under an ongoing systematic repurchase program (\$48.8 million); to purchase

computer equipment, furniture and leasehold improvements (\$9.6 million); and to pay dividends on the Company's common stock (\$5.7 million).

Longer term cash requirements, other than normal operating expenses, are anticipated for development of new software products and enhancement of existing products; financing anticipated growth; dividend payments; repurchases of the Company's common stock; and the possible acquisition of software products, technologies and businesses complementary to the Company's business. Management believes that existing cash, cash equivalents, marketable securities, available line of credit and anticipated cash generated from operations will be sufficient to satisfy the Company's currently anticipated cash requirements for fiscal year 1996.

The Company's principal commitments at July 31, 1995 consisted of obligations under operating leases for facilities.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Company's Annual Meeting of Shareholders held on June 30, 1995, the following individuals were elected to the Board of Directors:

	Votes For -----	Votes Withheld -----
Carol A. Bartz	47,246,013	376,128
Mark A. Bertelsen	47,246,935	375,206
Crawford W. Beveridge	47,247,018	375,123
J. Hallam Dawson	47,247,765	374,376
Gregory P. Lutz	47,247,265	374,876

The following proposals were approved at the Company's Annual Meeting:

	Affirmative Votes -----	Negative Votes -----	Votes Withheld -----
1. Amendment of the Company's 1987 Stock Option Plan, increasing the reserved shares by 4,000,000.	22,485,627	16,286,023	8,850,491
2. Amendment of the Company's 1990 Directors' Option Plan, increasing the reserved shares by 100,000.	22,708,790	16,378,596	8,534,755
3. Ratify the appointment of Ernst & Young LLP as independent auditors for the fiscal year ending January 31, 1996.	41,876,880	22,822	5,722,439

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter ended July 31, 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATED: September 13, 1995

AUTODESK, INC.
(Registrant)

/s/ Carol A. Bartz

Carol A. Bartz
President and Chief Executive Officer

/s/ Eric B. Herr

Eric B. Herr
Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No.

Description

27

Financial Data Schedule

6-MOS

JAN-31-1996
JUL-31-1995
177,164
45,104
112,017
7,130
8,416
374,281
123,596
73,969
529,319
129,931
0
133,642
0
0
235,724
529,319
285,724
285,724
34,647
167,392
0
1,734
921
82,356
30,080
52,276
0
0
0
52,276
1.03
0