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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

X Annual Report Pursuant to Section 13 or 15(d) of the Securities
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Exchange Act of 1934 for the fiscal year ended January 31, 2000

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	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)

Registrant's telephone number, including area code: (415) 507-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $0.01 par value
(Title of Class)

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 [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting Common Stock held by non-affiliates of the Registrant, based upon the closing sale price of the Common Stock on April 3, 2000 as reported on the NASDAQ National Market, was approximately $2.0 billion. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of April 3, 2000, Registrant had outstanding approximately 62.0 million shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for Registrant's Annual Meeting of Stockholders to be held June 22, 2000 are incorporated by reference in Part III.

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PART I

FORWARD-LOOKING INFORMATION

The forward-looking statements included in this report, which reflect management's best judgment based on factors currently known, involve risks and uncertainties. Actual results could differ materially from those anticipated in the forward-looking statements included herein as a result of a number of factors, including but not limited to those discussed in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 1. BUSINESS

GENERAL

Autodesk was incorporated in California in April 1982 and was reincorporated in Delaware in May 1994. Autodesk's two-dimensional, or 2D, and three-dimensional, or 3D, products are used across industries and in the home for architectural design, mechanical design, spatial data management and mapping, animation, and visualization applications. Autodesk's flagship product, AutoCAD(R), is one of the world's leading computer-aided design, or CAD, tools, with an installed base of more than 2.5 million units worldwide. Autodesk's software products are sold worldwide, primarily through a network of resellers and distributors.

In March 1999, Autodesk acquired Discreet Logic Inc. in a business combination accounted for as a pooling of interests. The Discreet Division develops, assembles, markets and supports nonlinear digital systems and software for creating, editing and compositing imagery. The Discreet Division's products are used extensively in film and video postproduction, games and multimedia, broadcasters' graphics, programming and on-air event coverage, as well as by designers and architects for 3D visualization and conceptualization.

During the second quarter of fiscal 2000, Autodesk reorganized its operations into four business divisions with industry-specific charters: the Design Solutions Division (consisting primarily of the Mechanical Computer-Aided Design, or MCAD, and Architecture, Engineering and Construction, or AEC, market groups and most of the Personal Solutions Group), the Geographic Information Systems Solutions, or GIS, Division, Autodesk Ventures and the Discreet Division (consisting of the Kinetix(R) and Discreet businesses). Autodesk's operating results have been aggregated into two reportable segments: the Discreet Segment and the Design Solutions Segment, which includes GIS and Autodesk Ventures. The Design Solutions and GIS divisions have similar production processes, customer types and distribution methods. Autodesk Ventures' segment information is not material.

The Design Solutions Segment develops and sells design software products for professionals, occasional users or consumers who design, draft and diagram. The end users of the design software products include architects, engineers, construction firms, designers and drafters. The Discreet Segment derives revenues from the sale of its products to creative professionals for a variety of applications, including feature films, television programs, commercials, music and corporate videos, interactive game production, live broadcasting and Web design. Both segments primarily distribute their respective products through authorized resellers and distributors, and, in some cases, they also sell their products directly to end-users.

PRODUCTS

The principal product offerings from the Design Solutions Segment are described below:

AutoCAD
AutoCAD software is a general-purpose CAD tool used independently and in conjunction with other specific applications in fields ranging from construction and manufacturing to process plant design and mapping. Professionals utilize AutoCAD for design, modeling, drafting, mapping, rendering and facility management

tasks. AutoCAD currently runs on Microsoft Windows 95, Windows 98 and Windows NT for Intel and Intel-compatible hardware platforms.

AutoCAD 2000 was introduced in April 1999. Built as a platform for efficiently connecting design teams, AutoCAD 2000 includes enhancements in areas that influence team and individual productivity, including: 3D visualization and geometry creation tools, Internet integration and in-place reference file editing. AutoCAD 2000 also introduced key new design technology including: a new environment for working with multiple design files, an object property manager, the AutoCAD Design Center for drag-and-drop access of local and web-based design content, a new high-performance hardcopy system, and a complete overhaul of the AutoLISP customization environment. In addition to providing significant new features, AutoCAD 2000 demonstrated superior reliability, winning the 1999 All-Star Award from Cadalyst Magazine and the 1999 Editors' Choice Award from Cadence Magazine.

AutoCAD software's open-system architecture allows users to adapt AutoCAD to unique professional requirements with any of more than 5,000 independently developed add-on applications. Many of these applications are based on ObjectARX(TM) technology, utilizing AutoCAD's object-oriented C++-based application programming interfaces, or APIs. AutoCAD 2000 added extensive additions and enhancements to the ObjectARX kernel, enabling complete object access to the core geometry data model and developer access to new AutoCAD 2000 technology and features.

On a stand-alone basis, sales of AutoCAD and related upgrades accounted for 37 percent, 43 percent and 52 percent of Autodesk's consolidated net revenues in fiscal 2000, 1999 and 1998, respectively. During fiscal year 2000, approximately 322,000 new AutoCAD based licenses were added worldwide, compared to 266,000 and 244,000 licenses added during fiscal 1999 and 1998, respectively.

Mechanical Desktop

Mechanical Desktop is the world's leading midpriced 3D design system and is the only system that integrates 2D design with parametric, feature-based solid and surface modeling. It extends the power of the AutoCAD design environment by uniting 2D and 3D design. Core benefits of Mechanical Desktop are 3D, feature-based solid and surface modeling; AutoCAD integration; and flexible 2D design, 3D modeling and surfacing.

AutoCAD Architectural Desktop

AutoCAD Architectural Desktop software offers a new level of architectural design tools built on the speed and power of AutoCAD. Supporting the architectural design process from conceptual design to design development, through construction documentation, AutoCAD Architectural Desktop features industry-specific 2D production drafting functionality as well as integrated and accessible 3D design options. Users benefit from simplified mass modeling, intelligent building components, style definitions, and layer management according to industry standards. AutoCAD Architectural Desktop software's data continuity throughout the entire design process enables efficiency and productivity by eliminating the need to recreate design and drafting data.

AutoCAD Map 2000

AutoCAD Map(R) 2000 is the Autodesk solution for precision mapping and geographic information system analysis in the AutoCAD(R) environment. It contains the complete AutoCAD 2000 toolset to enhance productivity, plus it offers specialized functionality for creating, maintaining and producing maps and geospatial data. AutoCAD Map 2000 integrates a wide variety of data types and file formats, provides powerful database-linking capabilities and includes essential GIS analysis tools. Customers can work with large data sets consisting of multiple maps, and multiple users can access the same map simultaneously without versioning conflicts. Sophisticated plotting and presentation capabilities make AutoCAD Map 2000 an effective communication tool.

AutoCAD LT

AutoCAD LT 2000 is a low-cost 2D CAD application intended for CAD managers, designers and engineers who need a powerful, stand-alone drafting tool, but who do not require the advanced feature set in AutoCAD. AutoCAD LT 2000 software contains an extensive 2D drafting toolset as well as 3D lines and polylines with quick shading and hidden-line removal. Other features include a Start-Up dialog box and Drawing Set-Up wizards to help the user create or open a drawing quickly; real-time pan and zoom; the AutoCAD Design Center(TM) featuring thousands of industry-standard symbols; and Integrated Internet Tools to open or save drawings directly to the Internet. AutoCAD LT operates in the Windows environment with pull-down menus, customizable toolbar, toolbox, menus and scripts, as well as dialog boxes and icons. It supports the Windows Clipboard, as well as ActiveX Automation. AutoCAD LT 2000 is fully compatible with Windows 98 and Windows NT 4.X, and has built-in Microsoft Office 97 compatibility.

The principal product offerings from the Discreet Segment are discussed below:

3D Studio MAX

3D Studio MAX R3 software, which began shipping in the second quarter of fiscal 2000, is a 3D modeling and animation software package specifically written to take advantage of advanced features offered by the Windows NT operating system. With a real-time interface, multiple-processor support and 3D graphics acceleration capabilities, 3D Studio MAX delivers workstation-class performance and functionality to personal computers.

The intuitive interface eliminates many of the commonly accepted boundaries between modeling, rendering and animation, and offers instant feedback; users can see the results of their actions in real time, as they are applied. Shaded views with real-time feedback allow users to visualize natural, real-world environments in which they can directly manipulate objects, regardless of scene complexity. Because 3D Studio MAX software maintains a data history of geometry creation and modification, users can return to and change any step, at any time, without having to redo prior work. 3D Studio MAX is also the only environment that can run Character Studio(R), a powerful character-animation and skinning plug-in software product offered by Autodesk.

flame*

flame* is an on-line, resolution-independent, non-linear, uncompressed digital system. The system is used by creative professionals to create, edit and composite special visual effects in an on-line, real-time environment. Easily integrated into a suite environment and possessing the power and features necessary to serve as the core of a fully digital suite, flame* is designed to allow the operator to create desired effects with near instantaneous feedback. A complete flame* system includes the flame* software, a Silicon Graphics, Inc., or SGI, Octane workstation, discreet storage and various I/O devices.

inferno*

inferno* is an on-line, non-linear, resolution-independent, uncompressed digital system providing all the features of flame* with film tools, and increased image resolution and color control for digital film work. The system also features tools for grain management, wire and scratch removal and color calibration. A complete inferno* system includes the inferno* software, an SGI Onyx2 workstation, discreet storage and various I/O devices.

PRODUCT DEVELOPMENT AND ENHANCEMENT

The majority of Autodesk's basic research and product development has been performed in the U.S., while translation and localization of foreign-market versions, as well as some product development, are performed by development teams or contractors in the local markets. Autodesk's product-related functions in Europe, including software development, localization, quality assurance and technical publications, are centralized in Neuchatel, Switzerland. Production in Europe is centralized in Ireland, and production in Asia Pacific primarily takes place in Singapore.

Autodesk intends to continue recruiting and hiring experienced software developers and to consider the licensing and acquisition of complementary software technologies and businesses. In addition, Autodesk will continue to actively collaborate with and support independent software developers who offer products that enhance and complement AutoCAD software and other products offered by Autodesk.

The technology industry is characterized by rapid technological change in computer hardware, operating systems and software, as well as changes in customer requirements and preferences. To keep pace with these changes, Autodesk maintains an aggressive program of new product development. Autodesk dedicates considerable resources to research and development to further enhance its existing products and to create new products and technologies.

The software products offered by Autodesk are internally complex and, despite extensive testing and quality control, may contain errors or defects. Defects or errors may occur in future releases of AutoCAD or other products. These defects or errors could result in corrective releases to Autodesk's products, damage to Autodesk's reputation, loss of revenues, an increase in product returns, or lack of market acceptance of its products, any of which could harm Autodesk's business.

Autodesk believes that its future results will depend largely upon its ability to offer products that compete favorably in terms of reliability, performance, ease of use, range of useful features and other factors. Delays or difficulties in product development and enhancement may result in the delay or cancellation of planned development projects, and could harm Autodesk's business. Further, increased competition in the market for design, drafting, mapping or multimedia software products could also have a negative impact on Autodesk's business.

From time to time Autodesk or others may announce products, features or technologies which have the potential to shorten the life cycle of or replace its then existing products. Such announcements could cause customers to defer the decision to buy or determine not to buy its products or cause its resellers or distributors to seek to return products, any of which could harm Autodesk's business and consolidated results of operations. In addition, product announcements by SGI and others in the past have caused customers to defer their decision to buy or determine not to buy Autodesk's products. Moreover, products or technologies developed by others may render Autodesk's products or technology noncompetitive or obsolete.

Some of Autodesk's product development activities are performed by independent firms and contractors, while other technologies are licensed from third parties. Autodesk generally either owns or licenses the software developed by third parties. Because talented development personnel are in high demand, independent developers, including those who currently develop products for Autodesk, may not be able to provide development support in the future. Similarly, Autodesk may not be able to obtain and renew existing license agreements on favorable terms, or at all, which could harm Autodesk's business.

Autodesk's business strategy has historically depended in large part on its relationships with third-party developers, who provide products that expand the functionality of Autodesk's design software. Some developers may elect to support other products or otherwise experience disruption in product development and delivery cycles. This disruption in particular markets could negatively impact these third-party developers and end users, which could harm Autodesk's business.

MARKETING AND SALES

Autodesk's customer-related operations are divided into three geographic regions, the Americas, Europe and Asia Pacific, and are supported by a global marketing and sales organization, WWFO (worldwide field operations). This organization develops and manages overall marketing and sales programs and works closely with a network of domestic and foreign offices. Autodesk sells its software products primarily through distributors and value-added resellers, or VARs, who distribute Autodesk's products to end users in more than 150 countries. VARs, including both independent owners and computer store franchisees, are supported by Autodesk and its subsidiaries through technical training and periodic publications.

In addition, Autodesk works directly with reseller and distributor sales organizations, computer manufacturers, other software developers and peripheral manufacturers through cooperative advertising, promotions and trade-show presentations. Autodesk employs mass-marketing techniques such as webcasts, seminars, telemarketing, direct mailings and advertising in business and trade journals. Autodesk has a worldwide user group organization dedicated to the exchange of information related to the use of Autodesk's products.

Domestically, Autodesk distributes its products primarily through its authorized reseller network. Other domestic sales are made principally to large corporations, governmental agencies, educational institutions and, for some low-end design products, to end-users. The majority of Autodesk's international sales are made to resellers and distributors, which are supported by Autodesk's foreign subsidiaries and international sales organizations. Some international sales result from direct exports from the United States. Fluctuations in foreign exchange rates, specifically the stronger value of the dollar, relative to certain international currencies, could have a negative impact on foreign revenues. These foreign currency fluctuations, as well as any slowdowns in any of Autodesk's geographical markets, could harm Autodesk's business and adversely impact future results of operations.

Autodesk's ability to effectively distribute its products depends in part upon the financial and business condition of its VAR network. Although Autodesk is not currently experiencing any material problems with its VAR network, computer software resellers and distributors are typically not highly capitalized, have tended to experience difficulties during times of economic contraction and during periods of technology-market price pressure, and may do so in the future. While no single customer accounted for more than 10 percent of Autodesk's consolidated revenues in any of fiscal years 2000, 1999 or 1998, the loss of, or a significant reduction in, business with any one of Autodesk's major international distributors or large U.S. resellers could harm Autodesk's business.

Autodesk intends to continue to make its products available in foreign languages and expects that foreign sales will continue to contribute a significant portion of its consolidated revenues.

CUSTOMER AND RESELLER SUPPORT

Autodesk provides technical support and training to customers through a leveraged model, augmented by programs designed to address specific direct needs. We expect that end users rely primarily on their resellers and distributors for technical support. Autodesk support the resellers and distributors through technical product training, sales training classes and direct telephone support. Support content is also available on the Product Support portion of the Autodesk Internet site. There are also a number of user group forums in which customers are able to share information.

While Autodesk expects the sales channel to provide the majority of technical support to its customers, it has developed programs to deliver direct support to certain customers. The Premier Support program enables large customers to purchase an annual support contract, which provides unlimited support for designated callers. In addition, Autodesk provides per-incident direct phone support to end users under the Safety Net Program. This is a fee-based program that allows customers to contact Autodesk directly.

Customer technical training is also leveraged through the authorized Autodesk Training Center, or ATC(R), program; there are more than 700 independent ATC's throughout the world. These accredited training centers offer in-depth education and training in computer-aided design skills on Autodesk products, as well as on related, independently developed software. Autodesk offers training sessions to its sales and training channels to maintain a professional level of technical expertise. Learning Assistance programs, which provide lessons related to design projects through an interactive multimedia tool, are provided with select products.

DEVELOPER PROGRAMS

One of Autodesk's key strategies is to maintain an open-architecture design of its software products to facilitate third-party development of complementary products and industry-specific software solutions. This approach enables customers and third parties to customize Autodesk's products for a wide variety of highly specific uses. Autodesk offers several programs that provide marketing, sales, technical support and programming tools to developers who develop add-on applications for Autodesk products.

To support the growth of third-party developers, whose applications extend and enhance the functionality of Autodesk's products worldwide, Autodesk operates the Autodesk Developer Network program, or ADN. The ADN is a business network comprised of qualified independent application developers and customers. This program provides sales, marketing and programming support, technical training and consulting. Autodesk believes that the availability and use of third party add-on products enhance sales opportunities for Autodesk's core products.

Under the Autodesk Developer Channel, Autodesk offers two programs to third-party developers for the license of Autodesk software and technology. The Unique Application Reseller program, or UAR, permits selected software developer partners to sell and support Autodesk software when bundled with specifically defined vertical applications. The Original Equipment Manufacturer program, or OEM, provides the technology for qualified developers to create and deliver suites of scaleable products that focus on solving customer needs in specialized markets.

BACKLOG

Autodesk typically ships products within one to two weeks after receipt of an order, which is common in the computer software industry. Accordingly, Autodesk does not maintain significant backlog, and backlog as of any particular date gives no indication of actual sales for any succeeding period.

COMPETITION

The software industry has limited barriers to entry, and the availability of desktop computers with continually expanding capabilities at progressively lower prices contributes to the ease of market entry. Because of these and other factors, competitive conditions in the industry are likely to intensify in the future. Increased competition could result in price reductions, reduced revenues and profit margins, and loss of market share. The design software market in particular is characterized by vigorous competition in each of the markets in which Autodesk competes, both by entry of competitors with innovative technologies and by consolidation of companies with complementary products and technologies. Some of Autodesk's competitors have significantly greater financial, technical, sales and marketing, and other resources than Autodesk.

Autodesk believes that the principal factors affecting competition in its markets are product reliability, performance, ease of use, range of useful features, continuing product enhancements, reputation, price and training. In addition, the availability of third-party application software is a competitive factor within the CAD market. Autodesk believes that it competes favorably in these areas and that its competitive position will depend, in part, upon its continued ability to enhance existing products and to develop and market new products.

In April 1998, Autodesk received notice that the Federal Trade Commission, or FTC, had undertaken a nonpublic investigation to determine whether Autodesk or others have engaged in or are engaging in unfair methods of competition. In March 2000, the FTC notified Autodesk that the FTC had determined to conclude its investigation without taking any action.

INTELLECTUAL PROPERTY AND LICENSES

Autodesk protects its intellectual property through copyright, trade secret, patent and trademark laws. For substantially all AutoCAD sales outside of North America, Autodesk uses software protection locks to inhibit unauthorized copying. Nonetheless, Autodesk's intellectual property rights may not be successfully asserted in the future or may be invalidated, circumvented or challenged. In addition, the laws of certain foreign countries where Autodesk's products are distributed do not protect Autodesk's intellectual property rights to the same extent as U.S. laws. The inability of Autodesk to protect its proprietary information could harm Autodesk's business.

From time to time, Autodesk receives claims alleging infringement of a third party's intellectual property rights, including patents. Any disputes involving Autodesk's intellectual property rights or those of another party could lead to costly litigation, which could harm Autodesk's business.

Autodesk retains ownership of software it develops. All software is licensed to users and provided in object code pursuant to either shrink-wrap, embedded or on-line licenses, or executed license agreements. These agreements contain restrictions on duplication, disclosure and transfer.

Autodesk believes that because of the limitations of laws protecting its intellectual property and the rapid, ongoing technological changes in both the computer hardware and software industries, it must rely principally upon software engineering and marketing skills to maintain and enhance its competitive market position.

Autodesk has an in-house antipiracy program focused on pursuing companies and individuals who illegally duplicate, sell or install Autodesk's software products. Software piracy is in some cases a felony under U.S. federal law, which allows copyright and patent holders to protect and enforce their rights as owners of intellectual property. In addition, Autodesk is a member and co-founder of the Business Software Alliance, an organization comprised of member software companies whose purpose is to advance favorable public policy for the technology industry and promote the importance of honoring software copyrights.

PRODUCTION AND SUPPLIERS

Production of Autodesk's software products involves duplication of the software media and the printing of user manuals. The purchase of media and the transfer of the software programs onto media for distribution to customers are performed by Autodesk and by licensed subcontractors. Media for Autodesk's products include CD-ROMs and disks, which are available from multiple sources. User manuals for Autodesk's products and packaging materials are produced to Autodesk specifications by outside sources. Domestic production is performed in leased facilities operated by Autodesk. Some product assembly is also performed by independent third-party contractors. International production is performed by independent third-party contractors in Ireland and Singapore. To date, Autodesk has not experienced any material difficulties or delays in the production of its software and documentation.

The Discreet Division has historically relied on third-party vendors to manufacture and supply all of the hardware components used in its systems. Manufacturing consists of assembly (including disk array assembly), testing, and value added systems integration.

The Discreet Division's flame*, effect*, inferno*, fire*, smoke* and frost* software currently run on workstations manufactured by SGI. There are significant risks associated with this reliance on SGI and the Discreet Division may be impacted by the timing of the development and release of products by SGI. In addition, there may be unforeseen difficulties associated with adapting the Discreet Division's products to future SGI products. Moreover, although Autodesk has no reason to believe that the Discreet Division will be unable to obtain sufficient quantities of SGI workstations on a timely basis, the Discreet Division may not continue to be able to procure such workstations in sufficient quantities on a timely basis.

The Discreet Division is also dependent on SGI as the sole source for video I/O cards used in the systems. The Discreet Division generally purchases sole source or other components pursuant to purchase orders placed from time to time in the ordinary course of business and has no written agreements or guaranteed supply arrangements with its sole source suppliers.

EMPLOYEES

As of January 31, 2000, Autodesk had 3,024 full-time employees. Autodesk's future success is dependant in part on the ability to attract, retain and motivate highly qualified technical and management personnel, for whom competition is intense.

ITEM 2. PROPERTIES

Autodesk's executive offices and the principal offices for product development, domestic marketing and sales, and production are located in leased office space in northern California. Autodesk also leases office space in various locations throughout the U.S. for local sales, development and technical support personnel. Autodesk's foreign subsidiaries lease office space for their operations.

Autodesk believes that its existing facilities and offices are adequate to meet its requirements for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

Autodesk is a party to various legal proceedings arising from the normal course of business activities. In management's opinion, resolution of these matters is not expected to have a material adverse impact on Autodesk's consolidated results of operations or its financial position. However, depending on the amount and timing, an unfavorable resolution of a matter could materially affect Autodesk's future results of operations or cash flows in a particular period.

In March 2000, a purported class action lawsuit was filed against Autodesk and some of its officers, alleging violations of the Securities Exchange Act of 1934. The plaintiffs seek to act on behalf of purchasers of Autodesk common stock during the period between September 14, 1998 and May 4, 1999. Autodesk believes that it has meritorious defenses to the complaint and intends to vigorously defend the action.

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

No matters were submitted to a vote of security holders during the fourth quarter of fiscal year 2000.

Executive Officers of the Registrant

The following sets forth certain information as of January 31, 2000 regarding the executive officers of Autodesk:

Name	Age	Position
Carol A. Bartz............	51	Chairman, President and Chief Executive Officer
Joseph H. Astroth, Ph.D..	44	Executive Vice President, GIS Solutions Division
Steve Cakebread...........	48	Senior Vice President and Chief Financial Officer
Dominic J. Gallello.......	44	Executive Vice President, Design Solutions Division
Stephen McMahon...........	58	Senior Vice President, Human Resources and Facilities
John Sanders..............	47	Vice President, Internet
Marcia K. Sterling........	56	Senior Vice President, Business Development, General Counsel, and Secretary
Godfrey R. Sullivan.......	46	Executive Vice President, Discreet Division
Michael E. Sutton.........	54	Executive Vice President, Worldwide Field Organization

Carol A. Bartz joined Autodesk in April 1992 and serves as President, Chief Executive Officer and Chairman of the Board. Ms. Bartz is a director of Network Appliance, Inc., BEA Systems, Inc., Cadence Design Systems, Inc., Cisco Systems, Inc., and VA Linux.

Dr. Joseph H. Astroth joined Autodesk in January 1996 and serves as Executive Vice President, GIS Solutions Division. From September 1989 through December 1995, Dr. Astroth held various positions with Graphic Data Systems Corporation including Director, Environmental Market Group, from January 1993 to June 1994, and Vice President of Product Management, Engineering, from June 1994 to December 1995.

Steve Cakebread joined Autodesk in April 1997 and serves as Senior Vice President and Chief Financial Officer. From April 1993 through March 1997 he served as Vice President, Finance World Trade Corporation at Silicon Graphics. Mr. Cakebread held various finance and general management positions at Hewlett-Packard from January 1972 through March 1993.

Dominic J. Gallello is currently the Executive Vice President of the Design Solutions Division. Previously, he was the Vice President of the MCAD Market Group. Mr. Gallello served as Vice President, Asia Pacific, from the time he joined Autodesk in October 1992 until July 1996.

Stephen McMahon joined Autodesk in July 1992 and serves as Senior Vice President, Human Resources and Facilities. From July 1987 to July 1992, Mr. McMahon served as Senior Director, Human Resources, for Apple Computer, Inc.

John Sanders was named Vice President, Internet, in October 1999. From March 1996 to October 1999 he served as Vice President of Worldwide Support & Services. Prior to joining Autodesk, Mr. Sanders spent 12 years at Apple Computer in a number of sales, support and marketing positions.

Marcia K. Sterling joined Autodesk in October 1995 and serves as Senior Vice President, Business Development, General Counsel, and Secretary. From September 1982 to October 1995, she practiced corporate and securities law at Wilson Sonsini Goodrich & Rosati, where she was a member.

Godfrey R. Sullivan is currently Executive Vice President of the Discreet Division. Previously, he was Vice President of the Personal Solutions Group. Mr. Sullivan served as Vice President, the Americas, since joining Autodesk in October 1992 and as Acting Vice President, AEC/FM Market Group, from February 1995 to September 1995.

Michael E. Sutton currently serves as Executive Vice President, Worldwide Field Organization. Previously, Mr. Sutton served as Vice President, Europe/Middle East/Africa from June 1993 through September 1998.

There is no family relationship among any of the directors or executive officers of Autodesk.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Autodesk's common stock is traded on the Nasdaq National Market under the symbol ADSK. The following table lists the high and low sales prices for each quarter in the last two fiscal years:

Fiscal 2000	High	Low
First Quarter	$43 7/8	$24 15/16
Second Quarter	$30 3/16	$23 9/16
Third Quarter	$26 5/8	$17 1/8
Fourth Quarter	$33 15/16	$18

Fiscal 1999	High	Low
First Quarter	$49-7/8	$39
Second Quarter	$48-7/8	$31 1/8
Third Quarter	$35	$23
Fourth Quarter	$48-1/2	$29

Dividends

Autodesk paid quarterly dividends of $0.06 per share in fiscal 2000 and 1999 to Autodesk shareholders. Autodesk intends to continue paying regular cash dividends on a quarterly basis.

Sale of Securities

On March 16,1999, Autodesk sold 3.0 million shares of Autodesk common stock at $41 per share for net proceeds of $117.5 million.

Stockholders

As of January 31, 2000 the approximate number of common stockholders of record was 1,192.

ITEM 6. SELECTED FINANCIAL DATA

(In thousands, except per share data, percentages, and employees)	Fiscal year ended January 31, 2000	1999	1998	1997	1996
For the Fiscal Year					
Net revenues	$ 820,182	$ 871,879	$ 768,684	$ 598,617	$ 618,164
Income from operations/1/	763	142,087	94,994	65,296	84,113
Net income/1/	9,808	97,132	56,215	42,247	43,647
At Year End					
Total assets	907,326	823,260	699,901	595,610	598,077
Long-term liabilities	5,635	6,819	33,293	34,661	32,748
Common stock data					
Basic net income per share	$ 0.16	$ 1.72	$ 1.00	$ 0.77	$ 0.78
Diluted net income per share	0.16	1.64	0.94	0.74	0.74
Dividends paid per share	0.24	0.20	0.20	0.20	0.20

/1/ Fiscal 2000 results were impacted by non-recurring charges primarily related to acquisitions and a work force reduction.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains trend analyses and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, trend analyses, and other information contained herein relative to markets for Autodesk's products and trends in revenues, as well as other statements including such words as "anticipate," "believe," "plan," "estimate," "expect," "goal," and "intend" and other similar expressions, constitute forward-looking statements. These forward-looking statements are subject to business and economic risks, and Autodesk's actual results could differ materially from those set forth in the forward-looking statements as a result of the factors set forth elsewhere herein, including "Risk Factors Which May Impact Future Operating Results."

Business Combination and Basis of Presentation

In March 1999, Autodesk acquired Discreet in a business combination accounted for as a pooling of interests. Accordingly, all prior period consolidated financial statements presented have been restated to include the combined results of operations of Discreet as though it had always been a part of Autodesk. The transaction resulted in the issuance of an aggregate of approximately 10 million shares of Autodesk common stock in exchange for Discreet's outstanding common stock.

Prior to the acquisition, Discreet's fiscal year ended on June 30. As a result of differing year-ends, Autodesk's consolidated statements of operations for the fiscal years ended January 31, 1999 and 1998 were combined with Discreet's financial statements for the twelve months ended December 31, 1998, and the fiscal year ended June 30, 1998, respectively. As such, Discreet's operating results for the period from January 1, 1998 to June 30, 1998 are duplicated in the consolidated statement of operations for the fiscal years ended January 31, 1999 and 1998. Discreet's revenues, net income, basic net income per share and diluted net income per share were $75.9 million, $9.1 million, $0.16 and $0.15, respectively, for the period January 1, 1998 through June 30, 1998.

In addition, Discreet's January 1999 results have been excluded from the consolidated statement of operations as a result of changing Discreet's year-end to January 31. In January 1999, Discreet recognized net revenues of $3.8 million and incurred a net loss of $5.0 million.

Results of Operations

Net Revenues. Autodesk's fiscal 2000 net revenues of $820.2 million decreased from $871.9 million in fiscal 1999. Increases in Asia Pacific's net revenues of 32 percent were more than offset by decreases of 15 percent and 10 percent in net revenues in the Americas and Europe, respectively. The overall decrease in net revenues was primarily due to a decline in the sales of AutoCAD and AutoCAD LT. On a stand-alone basis, sales of AutoCAD and related upgrades accounted for 37 percent and 45 percent of Autodesk's consolidated net revenues in fiscal 2000 and 1999, respectively.

The value of the U.S. dollar, relative to international currencies, did not have a significant impact on net revenues in fiscal 2000 compared to the same period in the prior fiscal year. International sales, including exports from the U.S., accounted for 65 percent of Autodesk's fiscal 2000 revenues compared to 59 percent in the prior fiscal year.

Autodesk's net revenues increased from $768.7 million in fiscal 1998 to $871.9 million in fiscal 1999. Revenues in the Americas and Europe increased 14 percent and 28 percent, respectively, from fiscal 1998, while net revenues in Asia Pacific decreased slightly for the same period. The increased revenues resulted primarily from increased license revenues from new and upgrade product offerings from Autodesk's market groups. On a stand-alone basis, sales of AutoCAD and related upgrades accounted for 45 percent and 52 percent of Autodesk's consolidated net revenues in fiscal 1999 and 1998, respectively. The value of the U.S. dollar, relative to international currencies, did not have a significant impact on net revenues in fiscal 1999 as compared to fiscal 1998.

Autodesk derives a substantial portion of its revenues from sales of AutoCAD software, AutoCAD upgrades and vertical products that are interoperable with AutoCAD, and expects this trend to continue. As such, any factor adversely affecting sales of AutoCAD and AutoCAD upgrades, including such factors as product life cycle, market acceptance, product performance and reliability, reputation, price, competition and the availability of third-party applications, could harm Autodesk's business and consolidated results of operations. Additionally, slowdowns in any of Autodesk's geographical markets could also harm Autodesk's business and consolidated results of operations.

Product returns, consisting principally of stock rotation, are recorded as a reduction of revenues and represented 5 percent, 4 percent and 6 percent of consolidated net revenues for fiscal 2000, 1999 and 1998, respectively. Management anticipates that the level of product returns in future periods will continue to be impacted by the timing of new product releases, as well as the quality and market acceptance of new products.

Cost of Revenues. Cost of revenues includes the purchase of disks and compact disks, cost of hardware sold (mainly workstations manufactured by Silicon Graphics, Inc.), cost of service contracts, costs associated with transferring Autodesk's software to electronic media, printing of user manuals and packaging materials, freight, royalties, amortization of purchased technology and capitalized software, and, in certain foreign markets, software protection locks.

Cost of revenues increased from 15 percent of net revenues in fiscal 1999 to 18 percent in fiscal 2000. This increase was primarily due to (1) increases in royalties; (2) amortization of capitalized software for AutoCAD 2000, which was introduced in fiscal 2000; and (3) the April 1999 acquisition of VISION* Solutions ("VISION"), which has relatively higher cost of revenues as a percentage of net revenues than other products.

Cost of revenues as a percentage of net revenues decreased to 15 percent in fiscal 1999 from 17 percent in fiscal 1998. The decrease was primarily due to lower royalties for licensed technology, a larger proportion of software as opposed to hardware sales, and the geographic distribution of sales, partially offset by an increase in the amortization of purchased technologies and capitalized software.

In the future, cost of revenues as a percentage of net revenues may be impacted by the mix of product sales, software amortization costs, royalty rates for licensed technology and the geographic distribution of sales.

Marketing and Sales. Marketing and sales expenses include salaries, sales commissions, travel, and facility costs for Autodesk's marketing, sales, dealer training and support personnel. These expenses also include programs aimed at increasing revenues, such as advertising, trade shows and expositions, as well as various sales and promotional programs designed for specific sales channels and end users.

Marketing and sales expenses increased from 34 percent of net revenues in fiscal 1999 to 38 percent in fiscal 2000. The increase in spending was largely due to (1) increased advertising and promotional costs associated with the launch of several new and enhanced products introduced during fiscal 2000; (2) higher employee costs; and (3) incremental costs due to the acquisition of VISION.

Marketing and sales as a percentage of net revenues decreased slightly from 35 percent in fiscal 1998 to 34 percent in fiscal 1999. In fiscal 1998, marketing and sales expenses included costs related to the launch of AutoCAD Release 14 and other new and enhanced products.

Autodesk expects to continue to invest in marketing and sales of its products, to develop market opportunities and to promote Autodesk's competitive position. Accordingly, Autodesk expects marketing and sales expenses to continue to be significant, both in absolute dollars and as a percentage of net revenues.

Research and Development. Research and development expenses consist primarily of salaries and benefits for software engineers, contract development fees, expenses associated with product translations and costs of computer equipment used in software development. Research and development costs increased from $157.1 million in fiscal 1999 to $164.0 million in fiscal 2000. The increase was primarily due to higher employee-related costs; higher costs related primarily to the Design 2000 family of products; increased costs associated with product translations; and incremental costs due to the acquisition of VISION.

Research and development costs increased from $136.8 million in fiscal 1998 to $157.1 million in fiscal 1999. The increase was primarily due to higher employee-related costs and incremental costs due to the acquisition of Genius CAD Software GmbH ("Genius") in May 1998.

Autodesk anticipates that research and development spending will increase in fiscal 2001 as a result of product development efforts by Autodesk's market groups and incremental personnel costs.

General and Administrative. General and administrative expenses include Autodesk's information systems, finance, human resources, legal and other administrative operations. As a percentage of net revenues, general and administrative expenses were 16 percent, 13 percent and 11 percent in fiscal 2000, 1999 and 1998, respectively. The increases between years were primarily due to higher (1) employee-related expenses, (2) costs incurred to ensure that Autodesk's infrastructure was year 2000 compliant, (3) consulting fees related to enhancing the information systems infrastructure, and (4) incremental costs related to acquisitions. Autodesk currently expects that in the coming year general and administrative expenses, as a percentage of net revenues, will remain relatively the same as in fiscal 2000.

Amortization of Goodwill and Purchased Intangibles. Amortization of goodwill and purchased intangibles increased from $28.7 million in fiscal 1999 to $30.6 million in fiscal 2000, primarily as a result of increased amortization expense arising from the April 1999 acquisition of VISION. Amortization of goodwill and purchased intangibles increased from $22.0 million in fiscal 1998 to $28.7 million in fiscal 1999, primarily as a result of the increased amortization expense arising from the May 1998 acquisition of Genius and other acquisitions that occurred during the middle of fiscal 1998. See "Business Combinations" below for additional discussion.

Nonrecurring Charges. Nonrecurring charges in fiscal 2000 ($34.7 million) consisted primarily of Discreet and VISION acquisition-related charges and a corporate restructuring that occurred during the third quarter. As a result of the restructuring, which involved the elimination of approximately 350 positions and related office closures, Autodesk is currently realizing quarterly savings of approximately $9.0 million. These savings are expected to last through the end of fiscal 2001 and will be reflected in each on-going cost and expense line item in the consolidated statement of operations. The savings will be offset over time by costs associated with, among other things, recent acquisitions and investments in related Internet entities.

Nonrecurring charges in fiscal 1999 ($19.7 million) consisted primarily of Genius acquisition-related charges and other charges that involved the consolidation of certain development centers, write-off of purchased technologies associated with these development centers and the elimination of 87 positions in Asia Pacific. The savings resulting from these activities were offset by costs associated with new businesses.

Nonrecurring charges in fiscal 1998 ($26.8 million) consisted primarily of Softdesk, Inc. ("Softdesk"), D-Vision Systems, Inc. ("D-Vision") and other acquisition-related charges. These charges were offset by a gain on the sale of Autodesk's interest in a network technology company and the reversal of certain lease-related reserves related to Discreet's 1996 restructuring.

For additional information regarding the nonrecurring charges recorded over the past three fiscal years, see Note 10. Nonrecurring Charges in the Notes to Consolidated Financial Statements.

Litigation Accrual Reversal. In fiscal 1999, Autodesk reversed $18.6 million of accruals associated with litigation matters. Of the amount, $18.2 million related to final adjudication of a claim involving a trade-secret misappropriation brought by Vermont Microsystems, Inc.

Interest and Other Income. Interest and other income, net was $23.2 million, $17.1 million and $11.7 million in fiscal 2000, 1999 and 1998, respectively. The fiscal 1999 balance includes Autodesk's $2.7 million reversal of an interest accrual resulting from the closure of the Vermont Microsystems litigation matter, and a $1.3 million gain associated with the sale of various technical programs and intangible assets. Excluding these fiscal 1999 amounts, the increases in interest and other income, net between fiscal 2000 and 1999 and between fiscal 1999 and 1998 were largely due to increases in average cash and marketable securities balances resulting from cash provided by operating activities and common stock issuances.

Provision for Income Taxes. Autodesk's effective income tax rate, excluding the impact of nonrecurring charges, was 32.0 percent, 36.6 percent and 38.3 percent in fiscal 2000, 1999 and 1998, respectively. The effective tax rate for fiscal 2000 is less than the federal statutory rate of 35 percent due to the benefits associated with Autodesk's foreign earnings which are taxed at rates different from the federal statutory rate, research credits and tax-exempt interest, partially offset by non-deductible goodwill amortization. The fiscal 2000 rate is lower than the fiscal 1999 rate due to a relatively higher impact of these permanent items. The decrease in the effective income tax rate in fiscal 1999 compared to fiscal 1998 was due to incremental tax benefits associated with Autodesk's foreign earnings, which are taxed at rates different from the U.S. statutory rate, and a reduction in the relative impact of amortization of certain intangible assets, partially offset by a reduction of the benefit from utilization of net operating losses. No tax benefit was recorded with regard to the nonrecurring charges incurred in connection with the Discreet and VISION acquisitions.

Autodesk's U.S. income tax returns for the fiscal years ended January 31, 1992 through 1996, have been examined by the Internal Revenue Service ("IRS"). On August 27, 1997, the IRS issued a Notice for Deficiency proposing increases to the amount of Autodesk's federal income taxes for fiscal 1992 and 1993. On November 25, 1997, Autodesk filed a petition with the United States Tax Court to contest these alleged tax deficiencies. In July 1999, Autodesk made tax payments with respect to all issues addressed as part of the IRS audit. As a result, Autodesk has either resolved all matters or made prepayments with respect to remaining outstanding issues for the tax years ended January 31, 1992 through 1996. The resolution of any remaining adjustments that may ultimately result from these examinations are not expected to have a material adverse impact on Autodesk's consolidated results of operations or its financial position.

Business Combinations

In addition to the acquisition of Discreet, the following acquisitions occurred over the past three years.

VISION

On April 22, 1999, Autodesk acquired VISION, a vendor of enterprise automated mapping/facilities management/geographic information systems (AM/FM/GIS) solutions. Of the $26.0 million purchase price, which was paid in cash, $3.3 million represented the value of in-process research and development ("IPR&D") that had not yet reached technological feasibility and had no alternative future use, and as such, was expensed during fiscal 2000. Of the remaining purchase price, $17.6 million and $2.1 million were allocated to goodwill and other intangibles, respectively.

As of the acquisition date, the IPR&D consisted of the development of two products, VISION 5.3, which was 60 percent complete at the time, and VISION Electric 2.3, which was 39 percent complete. Both projects, which were originally expected to be completed in late fiscal 2000 at an aggregate cost to complete of $1.4 million, are expected to be introduced in fiscal 2001. At January 31, 2000, the estimated cost to complete both projects was less than $0.2 million.

In valuing the developed and in-process technologies at the acquisition date, Autodesk used a discounted cash flow analysis based on projected net revenues, cost of revenues, operating expenses and income taxes resulting from such technologies over a 4-year period. The projected financial results, which were discounted using a 20 percent rate for the developed technology and a 25 percent rate for the in-process technology, were based on expectations for VISION on a stand-alone basis and excluded any special synergistic benefits that Autodesk expected to achieve after the acquisition.

The revenue projections for the developed technologies, which considered the release dates of new products, assumed a gradual decline. The revenue projections for the IPR&D were based on expected trends in technology and the timing of new product introductions by Autodesk.

Genius

On May 4, 1998, Autodesk entered into an agreement with Genius, a German limited liability company, to purchase various mechanical CAD software applications and technologies. Autodesk accounted for this acquisition under the purchase method of accounting. Of the total purchase price of $68.9 million, which was paid in cash, $13.1 million was allocated to IPR&D and was expensed; $12.7 million was allocated to an intangible asset, purchased technology; and $41.6 million was allocated to goodwill.

As of the acquisition date, Genius had initiated the research and development effort related to product features and functionality that currently resides in (1) Genius AutoCAD and AutoCAD LT, (2) Genius Desktop, (3) Genius Vario and (4) Genius Modules product families. The research and development projects were in varying stages of completion, ranging from 20 percent to 45 percent complete as of the acquisition date, with total estimated costs of $1.5 million to reach technological feasibility at the time. The in-process projects were completed in fiscal 2000, at an aggregate amount approximately equal to the original estimated costs to complete.

In valuing the developed and in-process technologies, Autodesk used a discounted cash flow analysis based on projected net revenues, cost of revenues, operating expenses and income taxes resulting from such technologies over a 5-year period. The projected financial results were discounted using a 15 percent rate for the developed technology and a 20 percent rate for the in-process technology.

The revenue projections for the developed technology, which considered historical product life cycles and anticipated product release dates, assumed a gradual decline over the 5-year period. The revenue projections for the IPR&D assumed higher than historical average sales due to the integration and expansion of Genius products into Autodesk's worldwide sales channels, particularly in North America and Asia Pacific, which historically had not contributed significant revenues to Genius.

Autodesk believed that the assumptions used in the valuations were reasonable at the time of the acquisition. Actual revenue results to date have been lower than forecasted due primarily to the reduced demand for AutoCAD-related products in fiscal 2000.

Softdesk

On March 31, 1997, Autodesk exchanged 2.9 million shares of its common stock for all of the outstanding stock of Softdesk, a supplier of AutoCAD-based applications software for the architecture, engineering, and construction market. Based on the value of Autodesk stock and options exchanged, the transaction, including associated costs, was valued at approximately $94.1 million.

Of the $94.1 million purchase price, $19.2 million was allocated to IPR&D and expensed in fiscal 1998; $9.2 million was allocated to an intangible asset, purchased technologies; $6.7 million was allocated to other intangible assets; and $48.0 million was allocated to goodwill.

As of the acquisition date, Softdesk had spent a significant amount of research and development effort related to the reprogramming of all its existing products to a new ARX technology (AutoCAD Runtime Extension) code base. The new ARX technology was expected to provide significant improvement in the orientation of objects in CAD products. As of the acquisition date, Softdesk had completed improvements of ARX technology in various development projects associated within the following technology categories: (1) AutoCAD Architectural/Structural, (2) AutoCAD Civil, (3) AutoCAD Imaging, (4) AutoCAD maintenance, (5) AutoCAD Productivity and (6) AutoCAD Retail.

The research and development projects were in varying stages of completion, ranging from 65 percent to 90 percent complete as of the acquisition date, with total estimated costs to complete of $1.8 million to reach technological feasibility at the time. These in-process projects were completed two years ago at an aggregate amount approximately equal to the original estimated costs to complete.

In valuing the developed and in-process technologies, Autodesk used a discounted cash flow analysis based on projected net revenues, cost of revenues, operating expenses and income taxes over a 7-year period. The projected financial results were discounted using a 15 percent rate for the developed technology and a 20 percent rate for the in-process technology.

The revenue projections for the developed and in-process technologies were based on (1) aggregate revenue growth rates for the business as a whole, (2) individual product revenues, (3) growth rates for the CAD software market, (4) the aggregate size of the CAD software market, (5) anticipated product development and introduction schedules, (6) product sales cycles and (7) the estimated life of a product's underlying technology.

Autodesk believed that the assumptions used in the valuations were reasonable at the time of the acquisition. Actual results to date, however, have been lower than forecasted. This shortfall reflects the reduced demand for

AutoCAD-related products, competitive factors related to price, difficulties in developing robust commercial applications in the new ObjectARX environment, functionality and performance in the architecture, engineering and construction software industry, particularly in regard to localized building services applications.

Lightscape Technologies, Inc. ("Lightscape")

On December 2, 1997, Discreet entered into an Agreement and Plan of Merger and Reorganization with Lightscape, a Delaware corporation. The merger closed on December 30, 1997. As a result of the merger, Discreet acquired, among other products, the Lightscape product, a software application which integrates radiosity and raytracing with physically based lighting, including related know-how and goodwill. The aggregate purchase consideration of $7.6 million consisted primarily of $6.4 million of assumed liabilities.

Of the $7.6 million purchase price, $1.7 million was allocated to IPR&D and was expensed during fiscal 1998; and $4.3 million was allocated to goodwill.

As of the acquisition date, the in-process research and development project involved next generation Lightscape technology, which was 25 percent complete at the time with estimated costs to complete of $2.0 million. In valuing the in-process technology, Discreet used a discounted cash flow analysis based on projected net revenues, cost of revenues, operating expenses and income taxes resulting from the project over a 5-year period. The projected financial results were discounted using a 40 percent rate. The development project has not yet been completed. Management is currently assessing how the technology will be integrated with the 3D Studio MAX rendering system.

The revenue projection was based on estimates of relevant market sizes and growth factors, expected trends in technology and the nature and expected timing of new product introductions by Discreet and its competitors.

Discreet believed that the assumptions used in valuing the in-process technology were reasonable at the time of the acquisition. While the next generation product has been released, actual financial results have been lower than originally projected due to the following factors: (1) unanticipated delays in the integration of the Lightscape product into Discreet's corporate branding initiatives, resulting in a longer than anticipated period of reduced marketing effort; (2) slow progress in the development of a distribution channel; and (3) delays in integrating retained Lightscape personnel into Discreet's research and development and sales and marketing groups. As a result of these factors, Discreet missed market opportunities and anticipates greater uncertainty regarding future revenue levels from Lightscape products.

D-Vision

On July 15, 1997, Discreet acquired all of the outstanding shares of capital stock of D-Vision, an Illinois corporation, pursuant to a Stock Purchase Agreement. As a result of this acquisition, Discreet acquired the D-Vision ONLINE and PRO software products for nonlinear video and digital media editing solutions including related know-how and goodwill. The $27.2 million purchase price was primarily paid through a combination of 0.2 million newly issued common shares that had a value of $10.7 million, and approximately $10.8 million in cash.

Of the $27.2 million purchase price, $5.3 million was allocated to IPR&D and was expensed during fiscal 1998; $3.1 million was allocated to an intangible asset, purchased technology; and $16.7 million was allocated to goodwill.

As of the acquisition date, the in-process research and development project involved next generation D-Vision technology, which was 26 percent complete at the time with estimated costs to complete of $2.6 million. The development project was later completed and the product was released in fiscal 2000 at an aggregate amount approximately equal to the original estimated costs to complete.

In valuing the acquired D-Vision ONLINE and PRO software products and the in-process technology, Discreet used a discounted cash flow analysis based on projected net revenues, cost of revenues, operating expenses and income taxes resulting from such technologies over a 5-year period. The projected financial results were discounted using a 20 percent rate for the developed technology and a 25 percent rate for the in-process technology.

The revenue projections for the developed technologies, which considered the release dates of new products, assumed a gradual decline over the 5-year period. The revenue projections for the IPR&D were based on expected trends in technology and the timing of new product introductions by Discreet.

Discreet believed that the assumptions used in the valuations were reasonable at the time of the acquisition. Actual results to date have been lower than forecasted. This has been primarily due to the following factors: (1) unanticipated delays in the integration of the D-Vision product into Discreet's corporate branding initiatives, resulting in a longer than anticipated period of reduced marketing effort; (2) slow progress in resolving disputes with D-Vision's existing resellers and the development of a distribution channel; (3) following the acquisition, Discreet generated revenues solely from the sale of D-Vision software and not from the sale of software/hardware bundles (including D-Vision software and Truevision graphics boards) as originally forecasted; (4) following the acquisition, Truevision discontinued selling D-Vision software, however, the forecasts were prepared using the assumption that these sales would continue; (5) delays in the realization of synergies from fully integrated products based on the D-Vision technology due to delays in the completion and integration of this technology; and (6) delays in completing research and development projects due to changes in technological and market requirements. As a result of these factors, Discreet missed market opportunities and anticipates greater uncertainty regarding future revenue levels, than originally forecasted.

Denim Software L.L.C. ("Denim")

On June 12, 1997, Discreet acquired substantially all of the assets and assumed certain liabilities of Denim pursuant to the terms of an asset purchase agreement. The purchased assets consisted primarily of Denim software products, including ILLUMINAIRE Paint, ILLUMINAIRE Composition and ILLUMINAIRE Studio and related know-how and goodwill. The aggregate purchase price of $12.2 million consisted primarily of a cash payment of $9.1 million and the assumption of $2.2 million of liabilities.

Of the $12.2 million purchase price, $2.2 million was allocated to IPR&D and was expensed in fiscal 1998; $1.5 million was allocated to an intangible asset, purchased technology; and $7.9 million was allocated to goodwill. As of the acquisition date, the in-process research and development project involved next generation Denim technology, which was 24 percent complete at the time with an estimated cost to complete the project of $1.0 million. The project was later completed and the product was released in fiscal 2000 at an aggregate amount approximately equal to the original estimated costs to complete.

In valuing the developed and in-process technologies, Discreet used a discounted cash flow analysis based on projected net revenues, cost of revenues, operating expenses and income taxes resulting from such technologies over a 5-year period. The projected financial results were discounted using a 20 percent rate for the developed technology and a 25 percent rate for the in-process technology.

The revenue projections for the developed technologies, which considered the release dates of new products, assumed a gradual decline over the 5-year period. The revenue projections for the IPR&D were based on expected trends in technology and the timing of new product introductions by Discreet.

Discreet believed that the assumptions used in the valuations were reasonable at the time of the acquisition. Actual results to date, however, have been lower than forecasted due to the following factors: (1) unanticipated delays in the integration of the Denim product into Discreet's corporate branding initiatives, resulting in a longer than anticipated period of reduced marketing effort; (2) slow progress in the development of a distribution channel; (3) delays in the realization of synergies from fully integrated products based on the Denim technology due to delays in the integration of this technology; and (4) delays in completing research and development projects due to changes in technological and market requirements for digital video systems. As a result of these factors, Discreet missed market opportunities and anticipates greater uncertainty regarding future revenue levels than originally forecasted.

Recently Issued Accounting Standards

Autodesk has until fiscal year 2002 to adopt the provisions of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," or SFAS 133, which was issued in June 1998. This Statement requires Autodesk to recognize all derivatives on the balance sheet at fair value. Autodesk is currently evaluating the impact of SFAS 133 on its financial statements and related disclosures.

During the fourth quarter of fiscal 2000, the Staff of the Securities and Exchange Commission issued two Staff Accounting Bulletins, involving the accounting for restructuring charges and revenue recognition. Management believes that Autodesk's practices and policies are in compliance with the Staff Accounting Bulletins and that the impact will not have a material effect on Autodesk's financial position or results of operations.

Liquidity and Capital Resources

Cash, cash equivalents and marketable securities, which consist primarily of high-quality municipal bonds, tax-advantaged money market instruments and U.S. Treasury bills, totaled $540.9 million at January 31, 2000, compared to $428.0 million at January 31, 1999. The $112.9 million increase was due primarily to cash generated from operations ($103.3 million) and cash proceeds from the issuance of common stock ($165.2 million). This increase was partially offset by cash used to acquire VISION ($26.0 million), to repurchase shares of Autodesk's common stock under a program announced in November, 1999 ($90.1 million), to purchase fixed and other assets ($14.9 million), and to pay dividends ($14.6 million).

In November 1999, management announced a plan to repurchase up to 8.0 million shares of Autodesk's common stock. The primary purpose of the stock repurchase program was to help offset the dilution to earnings per share caused by the issuance of stock under Autodesk's employee stock plans. By January 31, 2000, Autodesk repurchased and retired 2.9 million shares, which were acquired in the open market. In addition, during the fourth quarter of fiscal 2000, Autodesk entered into a series of equity collar (option) contracts with a financial institution with respect to 1.8 million shares of its common stock. The options, which expire between June and December 2000, give Autodesk a choice of physical, cash and net-share settlement methods.

In March 2000, management announced another plan to repurchase up to an additional 8.0 million shares of Autodesk's common stock.

In April 2000, Autodesk invested $17.5 million in a related company, Buzzsaw.com, Inc. Autodesk is accounting for this investment under the equity method of accounting. The impact of Buzzsaw.com's losses in fiscal 2000 was immaterial.

Autodesk has a U.S. line of credit permitting short-term, unsecured borrowings of up to $40.0 million, which may be used from time to time to facilitate short-term cash flow. At January 31, 2000, there were no borrowings outstanding under this agreement, which expires in January, 2001.

Additionally, Autodesk has a revolving demand line of credit with a bank, under which it may borrow up to Cdn$5.0 million ($3.5 million at January 31, 2000). The amount available under the revolving line of credit was reduced by letters of guarantee totaling Cdn$0.3 million ($0.2 million at January 31, 2000).

Principal commitments at January 31, 2000, consisted of obligations under operating leases for facilities.

Longer-term cash requirements, other than normal operating expenses, are anticipated for development of new software products including the incremental product offerings resulting from the acquisitions of Discreet, Genius, and VISION and enhancement of existing products; financing anticipated growth; dividend payments; the share repurchase program; and the acquisition of businesses, software products, or technologies complementary to Autodesk's business. Autodesk believes that its existing cash, cash equivalents, marketable securities, available line of credit, and cash generated from operations will be sufficient to satisfy its currently anticipated short-term and longer-term cash requirements.

Risk Factors Which May Impact Future Operating Results

Autodesk operates in a rapidly changing environment that involves a number of risks, many of which are beyond its control. The following discussion highlights some of these risks and the possible impact of these factors on future results of operations.

Fluctuations in quarterly operating results. From time to time, Autodesk experiences fluctuations in its quarterly operations as a result of, among other things, the timing of the introduction of new products by Autodesk or its competitors, increases in personnel, marketing or operating expenses, changes in product pricing or product mix, delays in product, competitive factors and general economic conditions. During fiscal 2000, Autodesk experienced reduced sales which Autodesk believes may be attributable to a slowdown of customer purchases in response to product transition issues relating to the introduction of AutoCAD 2000 before introduction of current versions of products such as Mechanical Desktop 4.0 and AutoCAD LT 2000, and to general concerns about Year 2000 problems, in particular diversion of software budgets to Year 2000 testing.

In addition, Autodesk has in the past experienced fluctuations in operating results in interim periods in certain geographic regions due to seasonality. In particular, Autodesk's operating results in Europe during the third quarter are usually impacted by a slow summer period, and the Asia Pacific operations typically experience seasonal slowing in the third and fourth quarters.

Within Discreet, a limited number of system sales may account for a substantial percentage of Discreet's quarterly revenue because of the high average sales price of products and the timing of purchase orders. Historically, Discreet has generally experienced greater revenues during the period following the completion of the National Association of Broadcasters trade show, which typically is held in April. In addition, the timing of revenue is influenced by other factors, including the timing of individual orders and shipments, other industry trade shows, competition, seasonal customer buying patterns, changes in customer buying patterns in response to platform changes and changes in product development, and sales and marketing expenditures.

Additionally, Autodesk's operating expenses are based in part on its expectations for future revenues and are relatively fixed in the short term. Accordingly, any revenue shortfall below expectations could have an immediate and significant adverse effect on Autodesk's consolidated results of operations and financial condition.

Shortfalls in Autodesk's revenues or earnings from levels expected by securities analysts could have an immediate and significant adverse effect on the trading price of Autodesk's common stock. Moreover, Autodesk's stock price is subject to the volatility generally associated with technology stocks and may also be affected by broader market trends unrelated to performance.

Product Concentration. Autodesk derives a substantial portion of its revenues from sales of AutoCAD software, AutoCAD upgrades, and adjacent products that are interoperable with AutoCAD. As such, any factor adversely affecting sales of AutoCAD and AutoCAD upgrades, including product life cycle, market acceptance, product performance and reliability, reputation, price, competition and the availability of third-party applications, would likely harm Autodesk's business.

Competition. The software industry has limited barriers to entry, and the availability of desktop computers with continually expanding capabilities at progressively lower prices contributes to the ease of market entry. Because of these and other factors, competitive conditions in the industry are likely to intensify in the future. Increased competition could result in price reductions, reduced revenues and profit margins and loss of market share, any of which could harm Autodesk's business, consolidated results of operations and financial condition. The design software market in particular is characterized by vigorous competition in each of the vertical markets in which Autodesk and its individual market groups compete, both by entry of competitors with innovative technologies and by consolidation of companies with complementary products and technologies. Certain of the competitors of Autodesk have greater financial, technical, sales and marketing and other resources than Autodesk.

Autodesk believes that the principal factors affecting competition in its markets are product reliability, performance, ease of use, range of useful features, continuing product enhancements, reputation, price and training. In addition, the availability of third-party application software is a competitive factor within the CAD market. Autodesk believes that it competes favorably in these areas and that its competitive position depends, in part, upon its continued ability to enhance existing products and to develop and market new products.

Product Development and Introduction. The software industry is characterized by rapid technological change as well as changes in customer requirements and preferences. The software products offered by Autodesk are internally complex, and despite extensive testing and quality control, may contain errors or defects. Defects or errors may occur in future releases of AutoCAD or other software products offered by Autodesk. These defects or errors could result in corrective releases to Autodesk's software products, damage to Autodesk's reputation, loss of revenues, an increase in product returns or lack of market acceptance of its products, any of which could harm Autodesk's business.

Autodesk believes that its future results will depend largely upon its ability to offer products that compete favorably with respect to reliability, performance, ease of use, range of useful features, continuing product enhancements, reputation, price and training. Delays or difficulties may result in the delay or cancellation of planned development projects and could harm Autodesk's business. Further, increased competition in the market for design, drafting, mapping, or multimedia software products could also have a negative impact on Autodesk's business and consolidated results of operations. More specifically, gross margins may be adversely affected if sales of low-end CAD products and AutoCAD upgrades, which historically have had lower margins, grow at a faster rate than Autodesk's higher-margin products.

The success of the Discreet Segment will depend in part upon Autodesk's ability to enhance Discreet's existing systems and software and to develop and introduce new products and features that meet changing customer requirements and emerging industry standards on a timely basis. To date, Discreet's products have been purchased primarily by creative professionals for use in production and postproduction in the film and video industries and computer gaming. In order for the Discreet Segment to achieve sustained growth, the market for Discreet's product offerings must continue to develop, and Autodesk must expand this market to include additional applications within the film and video industries, broadcast, games and the Internet, and develop new products for use in related markets. While Autodesk believes that the market recognition that Discreet achieved through sales of flame*, smoke*, flint*, frost*, inferno*, and fire* systems to creative professionals will facilitate Autodesk's marketing efforts in new markets, the Discreet Segment may not be able to successfully develop and market systems and software for other markets, and, even if it does so, such systems and software may not be accepted at a rate, and in levels, sufficient to maintain growth. Further, the distribution channels, technical requirements, and levels and bases of competition in other markets are different than those in Discreet's current market, so Discreet may not be able to compete favorably in those markets.

Some of Autodesk's historical product development activities have been performed by independent firms and contractors, while other technologies are licensed from third parties. Autodesk generally either owns or licenses the software developed by third parties. Because talented development personnel are in high demand, independent developers, including those who have developed products for Autodesk in the past, may not be able to provide development support to Autodesk in the future. Similarly, Autodesk may not be able to obtain and renew license agreements on favorable terms, if at all, and any failure to do so could harm Autodesk's business.

Autodesk's business strategy has historically depended in large part on its relationships with third-party developers, who provide products that expand the functionality of Autodesk's design software. Some developers may elect to support other products or otherwise experience disruption in product development and delivery cycles. This disruption in particular markets could negatively impact these third-party developers and end users, which could harm Autodesk's business. Further, increased merger and acquisition activity currently experienced in the technology industry could affect relationships with other third-party developers and thus harm operating results.

International Operations. Autodesk anticipates that international operations will continue to account for a significant portion of its consolidated revenues. Risks inherent in Autodesk's international operations include the following: unexpected changes in regulatory practices and tariffs; difficulties in staffing and managing foreign operations; longer collection cycles for accounts receivable; potential changes in tax laws; greater difficulty in protecting intellectual property; and the impact of fluctuating exchange rates between the U.S. dollar and foreign currencies in markets where Autodesk does business. Autodesk's risk management strategy uses derivative financial instruments in the form of forward foreign exchange contracts for the purpose of hedging foreign currency market exposures of underlying assets, liabilities and other obligations which exist as a part of its ongoing business operations. Autodesk does not enter into derivative contracts for the purpose of trading or speculative transactions. Autodesk's international results may also be impacted by general economic and political conditions in these foreign markets. These and other factors may adversely impact Autodesk's future international operations and consequently on Autodesk's business as a whole.

Dependence on Distribution Channels. Autodesk sells its software products primarily to distributors and value-added resellers, or VARs. Autodesk's ability to effectively distribute products depends in part upon the financial and business condition of its VAR network. Although Autodesk has not recently experienced any material problems with the financial viability of its VAR network, computer software resellers and distributors are typically not highly capitalized, have previously experienced difficulties during times of economic contraction and may do so in the future. In addition, Autodesk's VAR network may be impacted in the future by the changing distribution models resulting from the Internet. While no single customer accounted for more than 10 percent of Autodesk's consolidated net revenues in fiscal 2000, 1999 or 1998, the loss of or a significant reduction in business with any one of Autodesk's major international distributors or large U.S. resellers could harm Autodesk's business.

Product Returns. With the exception of various European distributors, agreements with Autodesk's VARs do not contain specific product-return privileges. However, Autodesk permits its VARs to return product in certain instances, generally during periods of product transition and during update cycles. Management anticipates that product returns in future periods will continue to be impacted by product update cycles, new product releases and software quality.

Autodesk establishes reserves, including reserves for stock balancing and product rotation, based on estimated future returns of product and after taking into account channel inventory levels, the timing of new product introductions and other factors. While Autodesk maintains strict measures to monitor channel inventories and to provide appropriate reserves, actual product returns may differ from its reserve estimates, and such differences could harm Autodesk's business.

Intellectual Property. Autodesk relies on a combination of patents, copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights. Despite such efforts to protect its proprietary rights, unauthorized parties from time to time have copied aspects of Autodesk's software products or have obtained and used information that Autodesk regards as proprietary. Policing unauthorized use of Autodesk's software products is time-consuming and costly. While Autodesk has received some revenues resulting from the unauthorized use of its software products, it is unable to measure the extent to which piracy of its software products exists, and software piracy can be expected to be a persistent problem. Autodesk's means of protecting its proprietary rights may not be adequate, and its competitors may independently develop similar technology. Autodesk expects that software product developers will be increasingly subject to infringement claims as the number of products and competitors in its industry segments grows and as the functionality of products in different industry segments overlaps. Infringement or invalidity claims (or claims for indemnification resulting from infringement claims) may be asserted against Autodesk, and any such assertions could harm its business. Any such claims, whether with or without merit, could be time-consuming, result in costly litigation and diversion of resources, cause product shipment delays, or require Autodesk to enter into royalty or licensing agreements. In addition, such royalty or license agreements, if required, may not be available on acceptable terms, if at all, which would likely harm Autodesk's business.

Autodesk also relies on certain software that it licenses from third parties, including software that is integrated with internally developed software and used in its products to perform key functions. These third-party software licenses may not continue to be available on commercially reasonable terms, and the software may not be appropriately supported, maintained or enhanced by the licensors. The loss of licenses to, or inability to support, maintain and enhance any such software could result in increased costs, or in delays or reductions in product shipments until equivalent software could be developed, identified, licensed and integrated, which could harm Autodesk's business.

Attraction and Retention of Employees. Autodesk's continued growth and success depends significantly on the continued service of highly skilled employees. Competition for these employees in today's marketplace, especially in the technology industries, is intense. Autodesk's ability to attract and retain employees is dependent on a number of factors including its continued ability to grant stock incentive awards. The growth of well-financed Internet start-up companies, particularly in the San Francisco Bay Area, may negatively impact Autodesk's ability to recruit new personnel or retain existing personnel. The loss of key employees or inability to recruit new employees would negatively impact Autodesk's business. In addition, Autodesk may experience increased compensation costs to attract and retain skilled personnel.

Impact of Year 2000. Prior to January 1, 2000, Autodesk completed its remediation and testing of systems for Year 2000 readiness. As a result of those planning and implementation efforts, Autodesk experienced no significant disruptions in mission critical information technology or other systems and believes those systems successfully responded to the Year 2000 date change. Autodesk expensed $1.3 million during fiscal 2000 in connection with remediating its systems.

Single European Currency. Autodesk is in the process of addressing the issues raised by the introduction of the Single European Currency ("Euro") as of January 1, 1999 and during the transition period ending January 1, 2002. Autodesk will continue to modify the internal systems that will be affected by this conversion during fiscal 2001, and does not expect the costs of further system modifications to be material. Autodesk may not be able to complete such modifications to comply with Euro requirements, which could harm Autodesk's business. Autodesk is currently evaluating the impact of the introduction of the Euro on its foreign exchange activities, functional currency designations, and pricing strategies in the new economic environment. In addition Autodesk faces risks to the extent that banks and vendors upon whom Autodesk relies and their suppliers are unable to make appropriate modifications to support Autodesk's operations with respect to Euro transactions. While Autodesk may continue to evaluate the impact of the Euro, management does not believe its introduction will harm Autodesk's business.

Risks Associated with Acquisitions and Investments. Autodesk periodically acquires or invests in businesses, software products and technologies that are complementary to Autodesk's business through strategic alliances, debt and equity investments, and the like. The risks associated with such acquisitions or investments include, among others, the difficulty of assimilating the operations and personnel of the companies, the failure to realize anticipated synergies, and the diversion of management's time and attention. In addition, such investments and acquisitions may involve significant transaction-related costs. Autodesk may not be successful in overcoming such risks and such investments and acquisitions may negatively impact Autodesk's business. In addition, such investments and acquisitions may contribute to potential fluctuations in quarterly results of operations due to merger-related costs and charges associated with eliminating redundant expenses or write-offs of impaired assets recorded in connection with acquisitions, any of which could negatively impact results of operations for a given period or cause lack of linearity quarter to quarter in Autodesk's operating results and financial condition.

Autodesk acquired Discreet with the expectation that the acquisition would result in beneficial synergies. The failure to achieve such synergies would likely harm Autodesk's business. The future financial performance of the Discreet division will depend in part on the successful development, introduction, and customer acceptance of existing and new or enhanced products. In addition, for Discreet to achieve sustained growth, the market for its systems and software must continue to develop, and Autodesk must expand this market to include additional applications within the film and video industries and Internet-related businesses and develop or acquire new products for use in related markets. Autodesk may not be successful in marketing its existing or new or enhanced products. In addition, as Autodesk enters new markets, distribution channels, technical requirements and competition may be different from those in Autodesk's current markets, and Autodesk may not be able to compete favorably.

Autodesk periodically makes investments in related Internet entities, such as Buzzsaw.com, Inc., which typically do not expect to earn significant revenues in the initial period of operations and which incur considerable start-up costs. Such investments may negatively impact Autodesk's results of operations and financial condition.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Foreign currency exchange risk

Autodesk's earnings and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Autodesk's risk management strategy utilizes forward foreign exchange contracts to manage its exposures of underlying assets, liabilities, and other obligations which exist as part of its ongoing business operations. Contracts are primarily denominated in Euro dollars, Swiss francs, Canadian dollars, British pounds and Japanese yen. Autodesk does not enter into any foreign exchange derivative instruments for speculative purposes.

A sensitivity analysis was performed on Autodesk's hedging portfolio as of January 31, 2000. This analysis indicated that a hypothetical 10 percent appreciation of the U.S. dollar from January 31, 2000 market rates would increase the fair value of Autodesk's forward contracts by $3.8 million. Conversely, a hypothetical 10 percent depreciation of the dollar from January 31, 2000 market rates would decrease the fair value of Autodesk's forward contracts by $3.8 million. Autodesk does not anticipate any material adverse impact to its consolidated financial position, results of operations or cash flows as a result of these forward foreign exchange contracts.

Interest rate sensitivity

Autodesk had an investment portfolio of fixed income securities, including those classified as security deposits, of $432.2 million at January 31, 2000. These securities are subject to interest rate fluctuations and will decrease in market value if interest rates increase.

A sensitivity analysis was performed on Autodesk's investment portfolio as of January 31, 2000. This sensitivity analysis is based on a modeling technique that measures the hypothetical market value changes that would result from a parallel shift in the yield curve of plus 50, plus 100 or plus 150 basis points over 6-month and 12-month time horizons. For the 6-month time horizon the market value changes for a 50, 100, or 150 basis point increase were ($1.9) million, ($4.1) million and ($6.2) million, respectively. For the 12-month time horizon the market value changes for a 50, 100 or 150 basis point increase were ($1.6) million, ($3.3) million and ($5.0) million, respectively

Autodesk does not use derivative financial instruments in its investment portfolio to manage interest rate risk. Autodesk places its investments in instruments that meet high credit quality standards, as specified in its investment policy guidelines, which limits the amount of credit exposure to any one issue, issuer or type of instrument.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

AUTODESK, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share data)

	Fiscal year ended January 31,		
	2000	1999	1998
Net revenues	$820,182	$ 871,879	$ 768,684
Costs and expenses:			
Cost of revenues	143,871	134,247	133,371
Marketing and sales	312,124	295,890	271,428
Research and development	163,985	157,080	136,816
General and administrative	134,066	112,770	83,713
Amortization of goodwill and purchased intangibles	30,625	28,716	21,957
Nonrecurring charges	34,748	19,694	26,810
Litigation accrual reversal	--	(18,605)	(405)
	819,419	729,792	673,690
Income from operations	763	142,087	94,994
Interest and other income, net	23,157	17,134	11,710
Income before income taxes	23,920	159,221	106,704
Provision for income taxes	14,112	62,089	50,489
Net income	$ 9,808	$ 97,132	$ 56,215
Basic net income per share	$ 0.16	$ 1.72	$ 1.00
Diluted net income per share	$ 0.16	$ 1.64	$ 0.94
Shares used in computing basic net income per share	60,328	56,394	56,340
Shares used in computing diluted net income per share	61,406	59,141	60,022

See accompanying notes.

AUTODESK, INC.
CONSOLIDATED BALANCE SHEET
ASSETS
(in thousands)

	January 31, 2000	January 31, 1999
Current assets:		
Cash and cash equivalents	$ 108,641	$ 258,941
Marketable securities	250,290	102,756
Accounts receivable, net of allowance for doubtful accounts of $10,652 ($10,642 in 1999)	110,839	114,901
Inventories	19,264	23,169
Deferred income taxes	27,670	20,323
Prepaid expenses and other current assets	28,555	24,325
Total current assets	545,259	544,415
Marketable securities	181,992	66,265
Computer equipment, furniture and leasehold improvements, at cost:		
Computer equipment and furniture	142,528	140,513
Leasehold improvements	22,723	24,767
Less accumulated depreciation	(123,367)	(116,625)
Net computer equipment, furniture and leasehold improvements	41,884	48,655
Purchased technologies and capitalized software, net of accumulated amortization of $68,620 ($48,961 in 1999)	29,029	40,630
Goodwill, net	75,489	85,546
Deferred income taxes	27,818	12,147
Other assets	5,855	25,602
	$ 907,326	$ 823,260

See accompanying notes.

AUTODESK, INC.
CONSOLIDATED BALANCE SHEET
LIABILITIES AND STOCKHOLDERS' EQUITY
(in thousands, except per share data)

	January 31, 2000	January 31, 1999
Current liabilities:		
Accounts payable	$ 45,310	$ 49,053
Accrued compensation	50,448	49,592
Accrued income taxes	88,006	96,731
Deferred revenues	33,604	24,833
Other accrued liabilities	82,024	58,905
Total current liabilities	299,392	279,114
Deferred income taxes	4,380	3,333
Other liabilities	1,255	3,486
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.01 par value; 250,000 shares authorized; 59,241 and 57,221 shares outstanding at January 31, 2000 and 1999, respectively	561,814	470,801
Accumulated other comprehensive loss	(14,822)	(14,132)
Deferred compensation	(1,338)	(551)
Retained earnings	56,645	81,209
Total stockholders' equity	602,299	537,327
	$ 907,326	$ 823,260

See accompanying notes.

AUTODESK, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Fiscal year ended January 31,		
	2000	1999	1998
Operating activities			
Net income	$ 9,808	$ 97,132	$ 56,215
Adjustments to reconcile net income to net cash provided by operating activities:			
Charge for acquired in-process research and development	4,170	13,100	29,102
Depreciation and amortization	79,748	80,782	66,331
Litigation and related interest accrual reversal	--	(20,900)	--
Reversal of restructuring reserve, net	(1,630)	(1,504)	(1,504)
Net gain on disposition of business unit	--	(1,307)	--
Net gain on sale of investment	--	(2,500)	(2,500)
Loss on investment	4,776	--	--
Write-off of assets for restructuring	--	--	610
Net loss on fixed asset disposals	5,894	4,032	--
Changes in operating assets and liabilities, net of business combinations:			
Settlement of class action litigation	--	--	(10,800)
Insurance proceeds related to class action litigation	--	--	3,459
Accounts receivable	4,985	(24,486)	4,503
Inventories	1,980	(872)	3,913
Deferred income taxes	(21,264)	11,940	(7,177)
Prepaid expenses and other current assets	(4,167)	(4,604)	1,266
Accounts payable and accrued liabilities	27,403	7,181	25,888
Accrued income taxes	(8,418)	14,559	6,413
Net cash provided by operating activities	103,285	172,533	175,719

AUTODESK, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
(in thousands)

	2000	1999	1998
Investing activities			
Purchases of available-for-sale marketable securities	(3,791,568)	(838,591)	(1,102,015)
Maturities of available-for-sale marketable securities	3,528,305	874,800	1,126,174
Business combinations, net of cash acquired	(26,596)	(69,279)	(16,108)
Capital and other expenditures	(14,932)	(42,809)	(24,538)
Proceeds from disposition of fixed assets	5,587	2,719	818
Proceeds from disposition of business unit	-	5,137	-
Proceeds from sale of investment	-	2,500	2,500
Purchases of software technologies and capitalization of software development costs	(5,150)	(5,979)	(19,833)
Acquisition of other assets	-	(7,537)	-
Net cash used in investing activities	(304,354)	(79,039)	(33,002)
Financing activities			
Proceeds from issuance of common stock, net of issuance costs	165,222	106,431	95,247
Repurchase of common stock	(90,072)	(48,866)	(174,907)
Dividends paid	(14,581)	(11,722)	(11,290)
(Decrease) increase in credit line	(1,921)	2,643	2,713
Notes payable and borrowings (repayments)	(704)	1,828	-
Net cash provided by (used in) financing activities	57,944	50,314	(88,237)
Effect of exchange rate changes on cash and cash equivalents	(7,495)	6,375	(8,414)
Adjustment to conform fiscal year of Discreet Logic	320	(33,810)	-
Net increase (decrease) in cash and cash equivalents	(150,300)	116,393	46,066
Cash and cash equivalents at beginning of year	258,941	142,548	96,482
Cash and cash equivalents at end of period	$ 108,641	$ 258,941	$ 142,548
Supplemental noncash information:			
Common stock received in relation to the equity collar	$ -	$ 4,265	$ -
Common stock issued in connection with the acquisition of Softdesk	$ -	$ -	$ 92,021

See accompanying notes.

AUTODESK, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands)

	Common stock Shares	Common stock Amount	Comprehensive income	Accumulated other comprehensive income	Deferred compensation	Retained earnings	Total stockholders' equity
Balances, January 31, 1997	54,387	$ 228,167		$ (10,663)	$ (674)	$ 71,165	$ 287,995
Common shares issued under stock option and stock purchase plans	2,889	65,490					65,490
Tax effect of stock options		16,230					16,230
Grant of compensatory stock options		836			(836)		
Compensation expense related to stock options					603		603
Reclassification of put warrants		9,870				54,630	64,500
Shares issued in connection with acquisitions	3,083	102,670					102,670
Shares issued to Intel, net-Discreet Logic	213	13,527					13,527
Comprehensive income:							
Net income			$56,215			56,215	56,215
Other comprehensive loss, net of tax:							
Unrealized gains on available-for-sale securities, net of reclassification adjustments			362				362
Foreign currency translation adjustment			(9,801)				(9,801)
Other comprehensive loss			(9,439)	(9,439)			
Comprehensive income			$ 46,776				
Dividends paid						(11,290)	(11,290)
Repurchase of common shares	(5,333)	(29,726)				(145,181)	(174,907)
Balances, January 31, 1998	55,239	407,064		(20,102)	(907)	25,539	411,594
Common shares issued under stock option and stock purchase plans	3,224	76,550					76,550
Tax effect of stock options		15,469					15,469
Cancellation of compensatory stock options		(25)			25		
Compensation expense related to stock options					331		331
Comprehensive income:							
Net income			$97,132			97,132	97,132
Other comprehensive income, net of tax:							
Unrealized gains on available-for-sale securities, net of reclassification adjustments			198				198
Foreign currency translation adjustment			5,772				5,772
Other comprehensive income			5,970	5,970			
Comprehensive income			$ 103,102				
Adjustment to conform fiscal year of Discreet Logic						(9,131)	(9,131)
Dividends paid						(11,722)	(11,722)
Repurchase of common shares	(1,242)	(28,257)				(20,609)	(48,866)
Balances, January 31, 1999	57,221	470,801		(14,132)	(551)	81,209	537,327

AUTODESK, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Continued)
(In thousands)

	Common stock			Accumulated other			Total
	Shares	Amount	Comprehensive income	comprehensive income	Deferred compensation	Retained earnings	stockholders' equity
Balances, January 31, 1999	57,221	$ 470,801		$ (14,132)	$ (551)	$ 81,209	$ 537,327
Common shares issued under stock option and stock purchase plans	1,915	42,819					42,819
Tax effect of stock options		4,642					4,642
Shares issued	3,000	117,467					117,467
Compensation expense related to stock options		1,400			(787)		613
Comprehensive income:							
Net income			9,808			9,808	9,808
Other comprehensive income, net of tax:							
Unrealized gains on available-for-sale securities, net of reclassification adjustments			(2,145)				
Foreign currency translation adjustment			1,455				
Other comprehensive income			(690)	(690)			(690)
Comprehensive income			$ 9,118				
Adjustment to conform fiscal year of Discreet Logic						(5,034)	(5,034)
Dividends paid						(14,581)	(14,581)
Repurchase of common shares	(2,895)	(75,315)				(14,757)	(90,072)
Balances, January 31, 2000	59,241	$ 561,814		$ (14,822)	$ (1,338)	$ 56,645	$ 602,299

See accompanying notes.

Note 1. Autodesk and Summary of Significant Accounting Policies

Autodesk and Basis of Presentation

Autodesk, Inc. ("Autodesk") is the world's leading supplier of PC and web design software and digital content creation tools.

On March 16, 1999, Autodesk acquired Discreet Logic Inc. ("Discreet") by issuing approximately 10.0 million shares of Autodesk common stock in exchange for Discreet's outstanding common stock. Discreet develops, assembles, markets and supports nonlinear digital systems and software for creating, editing and compositing imagery for film, video and HDTV.

Autodesk accounted for this acquisition under the pooling of interests method. Accordingly, all prior period consolidated financial statements presented have been restated to include the combined results of operations, financial position and cash flows as though Discreet had always been part of Autodesk. Separate results of the combined entities for the three months ended April 30, 1999 and the fiscal years ended January 31, 1999 and 1998 are as follows:

(In millions)

	Three months ended April 30, 1999 (unaudited)	1999	1998
Net revenues:			
Autodesk	$ 170.0	$ 740.2	$ 617.1
Discreet	24.9	131.7	151.6
	$ 194.9	$ 871.9	$ 768.7
Net income (loss):			
Autodesk	$ (7.3)	$ 90.6	$ 45.2
Discreet	(9.8)	6.5	11.0
	$ (17.1)	$ 97.1	$ 56.2

Prior to the acquisition, Discreet's fiscal year ended on June 30. As a result of differing year-ends, Autodesk's consolidated statements of operations, stockholders' equity and cash flows for the fiscal years ended January 31, 1999 and 1998 were combined with Discreet's financial statements for the twelve months ended December 31, 1998 and the fiscal year ended June 30, 1998, respectively. As such, Discreet's operating results for the period from January 1, 1998 to June 30, 1998 were duplicated in the accompanying consolidated statement of operations for the year ended January 31, 1999 and 1998. Discreet's net revenues and net income for this six-month period were $75.9 million and $9.1 million, respectively. The net income was recorded as an adjustment to retained earnings during fiscal 1999.

Additionally, Discreet's January 1999 results have been excluded from the accompanying statements of operations as a result of changing Discreet's year-end to January 31. In January 1999, Discreet recognized net revenues of $3.8 million and incurred a net loss of $5.0 million. The loss was recorded as an adjustment to retained earnings during fiscal 2000.

On April 22, 1999, in an acquisition accounted for under the purchase method of accounting, Autodesk acquired VISION* Solutions ("VISION") from MCI Systemhouse Corporation, a subsidiary of MCI WorldCom Inc. Accordingly, VISION's operating results, which are not material in relation to those of Autodesk, have been included in Autodesk's consolidated financial statements since the date of acquisition.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Autodesk and its subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain reclassifications have been made to the fiscal 1999 and 1998 consolidated financial statements to conform to the fiscal 2000 presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in Autodesk's consolidated financial statements and notes thereto. Actual results could differ materially from those estimates.

Foreign Currency Translation

The assets and liabilities of foreign subsidiaries are translated from their respective functional currencies into U.S. dollars at the rates in effect at the balance sheet date, and revenue and expense amounts are translated at weighted average rates during the period. Foreign currency translation adjustments are reflected as a separate component of stockholders' equity. Gains and losses resulting from foreign currency transactions are included in interest and other income.

Forward Foreign Exchange Contracts ("Forwards")

Autodesk hedges a portion of its exposure in certain receivables and payables denominated in foreign currencies using forwards in European and Asian currencies. Gains and losses associated with exchange rate fluctuations on forwards are recorded in interest and other income and offset corresponding gains and losses on the assets and liabilities being hedged. The costs of forwards are amortized on a straight-line basis over the life of the contract as interest and other income.

Cash and Cash Equivalents

Autodesk considers all highly liquid investments with insignificant interest rate risk and original maturities of three months or less to be cash equivalents. Cash equivalents are recorded at cost, which approximates fair value.

Marketable Securities

Marketable securities are stated at fair value. Marketable securities maturing within one year that are not restricted are classified as current assets.

Autodesk determines the appropriate classification of its marketable securities at the time of purchase and reevaluates such classification as of each balance sheet date. Autodesk has classified all of its marketable securities as available-for-sale and carries such securities at fair value, with unrealized gains and losses, net of tax, reported in stockholders' equity until disposition.

Concentration of Credit Risk

Autodesk places its cash, cash equivalents and marketable securities with and in the custody of financial institutions with high credit standing and, by policy, limits the amounts invested with any one institution, type of security and issuer.

Autodesk's accounts receivable are derived from software sales to a large number of resellers and distributors in the Americas, Europe and the Asia Pacific region. Autodesk performs ongoing evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary, but generally requires no collateral. No single customer accounted for more than 10 percent of consolidated net revenues in fiscal 2000, 1999 or 1998.

Inventories

Inventories, consisting principally of disks, compact disks (CDs), user manuals and hardware purchased for resale are stated at the lower of cost (determined on the first-in, first-out method) or market.

Computer Equipment, Furniture and Leasehold Improvements

Computer equipment and furniture are depreciated using the straight-line and declining balance methods over the estimated useful lives of the assets, which range from two to five years. Leasehold improvements are amortized on a straight-line basis over the shorter of the estimated useful life or the lease term. Depreciation expense was $30.2 million, $33.0 million and $29.9 million, in fiscal 2000, 1999 and 1998, respectively.

Purchased Technologies and Capitalized Software

Costs incurred in the initial design phase of software development are expensed as incurred. Once the point of technological feasibility is reached, production costs (programming and testing) are capitalized. Certain acquired software-technology rights are also capitalized. Capitalized software costs are amortized ratably, as revenues are recognized, but not less than on a straight-line basis over two- to seven-year periods. Amortization expense, which is included as a component of cost of revenues, was $18.9 million, $19.1 million and $14.4 million in fiscal 2000, 1999 and 1998, respectively. The actual lives of Autodesk's purchased technologies or capitalized software may differ from management's estimates, and such differences could cause carrying amounts of these assets to be reduced materially.

Other Intangible Assets

Amortization of purchased intangibles and goodwill is provided on a straight-line basis over the respective useful lives of the assets, which range from three to ten years. Accumulated amortization was $91.9 million, $60.9 million and $39.6 million in fiscal 2000, 1999 and 1998, respectively.

As circumstances dictate, Autodesk assesses the recoverability of its other intangible assets by comparing the undiscounted net cash flows associated with such assets against their respective carrying values. Impairment, if any, is based on the excess of the carrying value over the fair value.

Employee Stock Compensation

As permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), Autodesk measures compensation expense for its stock-based employee compensation plans using the intrinsic method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). In accordance with SFAS 123, Autodesk has provided in Note 8 the pro forma disclosures of the effect on net income and earnings per share if SFAS 123 had been applied in measuring compensation expense for all periods presented.

Revenue Recognition

Autodesk's revenue recognition policy is in compliance with the provisions of the American Institute of Certified Public Accountants' Statement of Position 97-2, "Software Revenue Recognition" ("SOP 97-2"), as amended by Statement of Position 98-4 ("SOP 98-4"). Revenue from software licenses and the related hardware and peripherals is recognized at the time of shipment, provided that no significant vendor obligations exist and collection of the resulting receivable is deemed probable. Revenues related to customer consulting and training are recognized as the services are performed. Revenue from post contract customer support and other related services is recognized ratably as the obligations are fulfilled, or when the related services are performed.

With the exception of certain European distributors, agreements with Autodesk's value-added resellers ("VARs") do not contain specific product-return privileges. However, Autodesk permits its VARs to return product in certain instances, generally during periods of product transition and during update cycles.

Autodesk establishes allowances for product returns, including allowances for stock balancing and product rotation, based on estimated future returns of product and after taking into consideration channel inventory levels at its resellers, the timing of new product introductions and other factors. These allowances are recorded as direct reductions of revenue and accounts receivable. While Autodesk maintains strict measures to monitor channel inventories and to provide appropriate allowances, actual product returns may differ from Autodesk's estimates, and such differences could be material to the consolidated financial statements.

Advertising Expenses

Advertising costs are expensed the first time the advertising takes place. Total advertising expenses incurred were $18.3 million, $13.1 million and $14.4 million during fiscal 2000, 1999 and 1998, respectively.

Recently Issued Accounting Standards

Autodesk has until fiscal year 2002 to adopt the provisions of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), which was issued in June 1998. This Statement requires Autodesk to recognize all derivatives on the balance sheet at fair value. Autodesk is currently evaluating the impact of SFAS 133 on its financial statements and related disclosures.

During the fourth quarter of fiscal 2000, the Staff of the Securities and Exchange Commission issued two Staff Accounting Bulletins, involving the accounting for restructuring charges and revenue recognition. Management believes that Autodesk's practices and policies are in compliance with the Staff Accounting Bulletins and that the impact will not have a material impact on Autodesk's financial position or results of operations.

Note 2. Net Income Per Share

Basic net income per share is calculated using the weighted average number of common shares outstanding. Diluted net income per share is computed using the weighted average number of common shares outstanding and the dilutive common stock equivalents outstanding during the period. A reconciliation of the numerators and denominators used in the basic and diluted net income per share amounts follows:

(In thousands)	Year ended January 31,		
	2000	1999	1998
Numerator:			
Numerator for basic and diluted net income per share--net income	$ 9,808	$ 97,132	$ 56,215
Denominator:			
Denominator for basic net income per share--weighted average shares	60,328	56,394	56,340
Effect of dilutive common stock options	1,078	2,747	3,682
Denominator for diluted net income per share	61,406	59,141	60,022

For fiscal 2000, 1999 and 1998, options to purchase 8.3 million, 3.2 million and 1.9 million shares, respectively, have been excluded from the computation of diluted net income per share. Such options were excluded because the options had exercise prices greater than the average market prices of common stock during the respective periods, and, therefore were anti-dilutive.

Note 3. Financial Instruments

Fair Values of Financial Instruments

Estimated fair values of financial instruments are based on quoted market prices. The carrying amounts and fair value of Autodesk's financial instruments are as follows:

(In thousands)	January 31, 2000		January 31, 1999	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	$ 108,641	$ 108,641	$ 258,941	$ 258,941
Marketable securities	434,296	432,282	167,846	169,021
Forward foreign currency contracts	8	8	(80)	(80)

Forwards

Autodesk utilizes forwards to reduce its foreign exchange rate risk. The forwards, which have average maturities of 60 days or less, are used to hedge material foreign currency denominated receivables and payables. They are not used for trading or speculative purposes. Forwards are marked-to-market at the end of each period, with gains and losses recognized as other income or expense to offset the gains or losses resulting from the settlement of the underlying foreign currency denominated receivables and payables.

The notional amounts of foreign currency contracts were $37.6 million and $31.2 million at January 31, 2000 and 1999, respectively. While the contract or notional amount is often used to express the volume of foreign exchange contracts, the amounts potentially subject to credit risk are generally limited to the amounts, if any, by which the counterparties' obligations under the agreements exceed the obligations of Autodesk to the counterparties. Gains resulting from foreign currency transactions were not material in fiscal 2000, 1999 and 1998.

Marketable Securities

Marketable securities include the following available-for-sale securities at January 31, 2000 and 1999:

(In thousands)	January 31, 2000			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Short-term:				
Municipal Bonds	$ 138,084	$ 87	$ (3)	$ 138,168
Preferred Stock	37,200	--	--	37,200
Money Market	60,945	--	--	60,945
Agency Securities	13,996	--	(19)	13,977
	250,225	87	(22)	250,290
Long-term:				
Municipal Bonds	165,663	--	(1,997)	163,666
Treasury Notes	7,991	--	--	7,991
Corporate Bonds	1,500	--	--	1,500
Asset Backed Securities	2,003	--	--	2,003
Agency Securities	6,914	--	(82)	6,832
	184,071	--	(2,079)	181,992
	$ 434,296	$ 87	$ (2,101)	$ 432,282

(In thousands)	January 31, 1999			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Short-term:				
Municipal Bonds	$ 90,655	$ 157	$ --	$ 90,812
Preferred Stock	10,000	--	--	10,000
Treasury Bills	1,944	--	--	1,944
	102,599	157	--	102,756
Long-term:				
Municipal Bonds	65,247	1,018	--	66,265
	$ 167,846	$ 1,175	$ --	$ 169,021

The contractual maturities of Autodesk's long-term marketable securities at January 31, 2000 were as follows: $43.6 million between one and two years; $59.0 million maturing in three years; $70.3 million maturing in four to five years; and $9.1 million beyond five years. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay or call obligations without prepayment penalties. Realized gains and losses on available-for-sale securities were immaterial in fiscal 2000, 1999 and 1998. The cost of securities sold is based on the specific identification method.

Note 4. Income Taxes

The provision for income taxes consists of the following:

(In thousands)	Fiscal year ended January 31,		
	2000	1999	1998
Federal:			
Current	$ 17,059	$ 30,708	$ 33,361
Deferred	(13,027)	7,773	(7,385)
State:			
Current	2,068	3,627	6,043
Deferred	(1,393)	1,229	(1,245)
Foreign:			
Current	14,946	17,029	19,106
Deferred	(5,541)	1,723	609
	$ 14,112	$ 62,089	$ 50,489

The principal reasons that the aggregate income tax provisions differ from the U.S. statutory rate are as follows:

(In thousands)	Fiscal year ended January 31,		
	2000	1999	1998
Income tax provision at statutory rate	$ 8,372	$ 55,727	$ 37,346
Foreign income taxed at rates different from the U.S. statutory rate	(2,679)	(1,994)	528
State income taxes, net of federal benefit	576	3,041	2,727
Tax-exempt interest	(3,165)	(2,087)	(2,031)
Acquired in-process research and development	645	3,973	9,348
Goodwill amortization	5,945	7,478	6,724
Effect of not benefiting foreign subsidiaries tax losses	--	2,304	1,599
Utilization of net operating losses not previously benefited	--	(3,786)	(4,839)
Research and development tax credit benefit	(2,438)	(2,521)	(1,802)
Non-deductible acquisition costs	6,473	--	--
Other	383	(46)	889
	$ 14,112	$ 62,089	$ 50,489

Significant components of Autodesk's deferred tax assets and liabilities are as follows:

(In thousands)	January 31, 2000	1999
Purchased technology and capitalized software	$ 10,880	$ 13,580
Reserves for product returns and bad debts	9,359	6,902
Tax loss carryforwards	5,720	5,676
Accrued compensation and benefits	4,966	4,705
Fixed assets	9,371	3,249
Accrued state income taxes	331	410
Research and development credit carryforwards	11,325	--
Inventory reserves	1,319	1,039
Other accruals not currently deductible for tax	8,947	4,775
Other	4,945	6,050
Total deferred tax assets	67,163	46,386
Less: Valuation allowance	(10,037)	(11,231)
Net deferred tax assets	57,126	35,155
Unremitted earnings of foreign subsidiaries	(6,018)	(6,018)
Total deferred tax liability	(6,018)	(6,018)
Net deferred tax assets	$51,108	$ 29,137

The tax benefit associated with dispositions from employee stock plans reduced taxes currently payable for fiscal 2000, 1999 and 1998 by $4.6 million, $15.5 million and $16.2 million, respectively. No provision has been made for federal income taxes on unremitted earnings of certain of Autodesk's foreign subsidiaries (cumulative $266.0 million at January 31, 2000) because Autodesk plans to reinvest all such earnings for the foreseeable future. At January 31, 2000, the unrecognized deferred tax liability for these earnings was approximately $77.0 million. Foreign pretax income was $16.6 million, $110.1 million and $57.5 million, in fiscal 2000, 1999 and 1998, respectively. The valuation allowance decreased by $1.2 million and increased by $2.8 million in fiscal 2000 and 1999, respectively.

Autodesk's U.S. income tax returns for the fiscal years ended January 31, 1992 through 1996, have been examined by the Internal Revenue Service ("IRS"). On August 27, 1997, the IRS issued a Notice for Deficiency proposing increases to the amount of Autodesk's federal income taxes for fiscal years 1992 and 1993. On November 25, 1997, Autodesk filed a petition with the United States Tax Court to contest these alleged tax deficiencies. In July 1999, Autodesk made tax payments with respect to all issues addressed as part of the IRS audit. As a result, Autodesk has either resolved all matters or made prepayments with respect to remaining outstanding issues for the tax years ended January 31, 1992 through 1996. The resolution of any remaining adjustments that may ultimately result from these examinations are not expected to have a material adverse impact on Autodesk's consolidated results of operations or its financial position.

Cash payments for income taxes were approximately $37.6 million, $20.9 million and $35.8 million for fiscal 2000, 1999 and 1998, respectively.

Autodesk has $17.5 million of cumulative tax loss carryforwards, which may be available to reduce future income tax liabilities in certain jurisdictions. The tax loss carryforwards will expire beginning January 31, 2007. Autodesk has recorded a valuation allowance against certain deferred tax assets including the tax benefit of these tax loss carryforwards due to the uncertainty of their realizability.

Autodesk has $11.3 million of cumulative research tax credit carryforwards, which may be available to reduce future income tax liabilities in the U.S. The credit carryforwards will expire beginning January 31, 2019.

Note 5. Borrowing Arrangements

Autodesk has a U.S. line of credit permitting short-term, unsecured borrowings of up to $40.0 million, which may be used from time to time to facilitate short-term cash flow. At January 31, 2000, there were no borrowings outstanding under this agreement, which expires in January 2001.

Additionally, Autodesk has a revolving demand line of credit with a bank, under which it may borrow up to Cdn$5.0 million (U.S.$3.5 million at January 31, 2000). The amount available under the revolving line of credit was reduced by letters of guarantee totaling Cdn$0.3 million (U.S.$0.2 million at January 31, 2000).

Note 6. Commitments and Contingencies

Autodesk leases office space and equipment under noncancelable operating lease agreements. The leases generally provide that Autodesk pay taxes, insurance and maintenance expenses related to the leased assets. Future minimum lease payments for fiscal years ended January 31 are as follows: $24.1 million in 2001; $17.1 million in 2002; $13.4 million in 2003; $10.0 million in 2004; $8.8 million in 2005; and $21.1 million thereafter.

Rent expense was $30.2 million, $25.7 million and $19.7 million in fiscal 2000, 1999 and 1998, respectively.

Autodesk is a party to various legal proceedings arising from the normal course of business activities. In management's opinion, resolution of these matters is not expected to have a material adverse impact on Autodesk's consolidated results of operations or its financial position. However, depending on the amount and timing, an unfavorable resolution of a matter could materially affect Autodesk's future results of operations or cash flows in a particular period.

Note 7. Stockholders' Equity

Preferred Stock

Under Autodesk's Certificate of Incorporation, 2.0 million shares of preferred stock are authorized. At January 31, 2000, there were no preferred shares issued or outstanding. The Board of Directors has the authority to issue the preferred stock in one or more series and to fix rights, preferences, privileges and restrictions, including dividends, and the number of shares constituting any series or the designation of such series, without any further vote or action by the stockholders.

Common Stock Repurchase Programs

During fiscal years 2000, 1999 and 1998, Autodesk repurchased and retired a total of 2.9 million, 1.2 million and 5.3 million shares of its common stock at average repurchase prices of $31.11, $39.34 and $32.80, respectively. The primary purpose of the stock repurchase programs was to help offset the dilution to earnings per share caused by the issuance of stock under Autodesk's employee stock plans.

In November, 1999, Autodesk announced a plan to repurchase up to 8.0 million shares of Autodesk's common stock. The number of shares acquired and the timing of the purchases are based on several factors, including general market conditions and the trading price of Autodesk common stock. By January 31, 2000, Autodesk repurchased and retired 2.9 million shares, which were acquired in the open market. In addition, during the fourth quarter of fiscal 2000, Autodesk entered into a series of equity collar contracts with a financial institution with respect to 1.8 million shares of its common stock by selling put options (which entitle the holder of the option to sell shares to Autodesk at a specified price) and purchasing call options (which entitle Autodesk to purchase shares of common stock from the seller of the option at a specified price). There was no exchange of cash in placement of the contracts. The put and call options, which expire between June and December, 2000, give Autodesk a choice of physical, cash and net share settlement methods.

In fiscal 1999 and 1998, Autodesk used a combination of open market purchases and equity collar contracts to repurchase Autodesk's common stock. These share repurchases were part of an on-going and systematic repurchase plan that was approved by Autodesk's Board of Directors. In August 1998, in connection with the acquisition of Discreet, the Board of Directors rescinded its authorization and terminated Autodesk's repurchase plans that existed at the time.

Dividends

During fiscal 2000, 1999 and 1998, Autodesk paid annual dividends of $0.24, $0.20 and $0.20 per share, respectively. Fiscal year 2000 dividends were paid at a rate of $0.06 each quarter.

Note 8. Stock Compensation and Employee Benefit Plans

Stock Option Plans

Incentive and nonqualified stock options may be granted to officers, employees, directors and consultants. Options vest over periods of one to five years and generally have terms of up to ten years. The exercise price of the stock options is generally at least equal to the fair market value of the stock on the grant date. A summary of stock option activity is as follows:

(Shares in thousands)

	Number of shares	Weighted average price per share
Options outstanding at January 31, 1997	13,541	$ 27.44
Granted	3,709	36.47
Assumed via acquisitions	306	23.72
Exercised	(2,387)	22.82
Canceled	(952)	33.13
Options outstanding at January 31, 1998	14,217	$ 30.10
Granted	3,320	36.49
Exercised	(2,595)	24.74
Canceled	(1,020)	34.96
Options outstanding at January 31, 1999	13,922	$ 32.27
Granted	5,984	26.70
Exercised	(1,087)	21.06
Canceled	(2,902)	34.65
Options outstanding at January 31, 2000	15,917	$ 30.47
Options exercisable at January 31, 2000	7,662	$ 31.20
Options available for grant at January 31, 2000	2,685	--

The following table summarizes information about options outstanding and exercisable at January 31, 2000.

	Options Exercisable		Options Outstanding		
	Number of shares (in thousands)	Weighted average exercise price	Number of shares (in thousands)	Weighted average contractual life (in years)	Weighted average exercise price
Range of per share exercise prices:					
$ 0.01 - 23.87	2,305	$ 19.27	3,021	4.5	$ 19.60
$ 24.13 - 33.34	2,213	28.76	7,967	8.2	28.05
$ 33.87 - 47.73	2,239	37,96	3,929	7.6	38.34
$ 47.93 - 49.25	905	50.80	1,000	5.9	51.67
	7,662	$ 31.20	15,917	7.2	$ 30.47

These options will expire if not exercised at specific dates ranging from February 2000 to January 2010. A total of 18.6 million shares of Autodesk's common stock have been reserved for future issuance under existing stock option programs.

Employee Stock Purchase Plan

Under Autodesk's employee stock purchase plan, eligible employees may purchase shares of Autodesk's common stock, at their discretion up to 15 percent of their compensation subject to certain limitations, at not less than 85 percent of fair market value as defined in the plan agreement. In fiscal 2000, 1999 and 1998, shares totaling 0.8 million, 0.6 million and 0.5 million, respectively, were issued under the plan at average prices of $20.25, $23.21 and $22.35 per share. At January 31, 2000, a total of 1.9 million shares were available for future issuance under the plan.

Pro Forma Net Income (Loss) Information

Autodesk applies APB 25 in accounting for its employee stock plans. Accordingly, no compensation expense is recognized in Autodesk's consolidated statement of operations, other than for stock awards that have exercise prices less than the fair market value of Autodesk's common stock at the date of grant. Had compensation expense been determined in accordance with the fair value method prescribed by SFAS 123, Autodesk's pro forma net loss for fiscal 2000 and net income for fiscal 1999 and 1998 was $(44.7) million, $52.2 million and $13.9 million, respectively. Pro forma basic net income (loss) per share was $(0.74), $0.93 and $0.25 in fiscal 2000, 1999 and 1998, respectively. Pro forma diluted net income (loss) per share was $(0.74), $0.88 and $0.23 in fiscal 2000, 1999 and 1998, respectively.

The weighted average estimated fair value of stock options granted during fiscal 2000, 1999 and 1998 was $22.60, $14.14 and $13.53 per share, respectively. These were estimated using the Black-Scholes option-pricing model, based on the following assumptions: expected volatility of 1.6, 0.6 and 0.5. for fiscal 2000, 1999 and 1998; the weighted average estimated life was 5 years for fiscal 2000 and 3 years for 1999 and 1998; the weighted average risk-free rate was 5.8%; 5.6% and 5.7% for fiscal 2000, 1999 and 1998; and the dividend yield was 0.9%, 0.7% and 0.6% for fiscal 2000, 1999 and 1998, respectively.

The weighted average estimated fair value of shares granted under the employee stock purchase plan during fiscal 2000, 1999 and 1998 was $7.64, $9.07 and $7.27, respectively. These were estimated using the Black-Scholes option-pricing model, based on the following assumptions: expected volatility of 0.6, 0.6 and 0.5 for fiscal 2000, 1999 and 1998; the weighted average estimated life was 0.5 years for fiscal 2000, 1999 and 1998; the weighted average risk-free rate was 4.2%, 5.1% and 5.4% for fiscal 2000, 1999 and 1998; and the dividend yield was 0.9%, 0.7% and 0.6% for fiscal 2000, 1999 and 1998, respectively.

Pretax Savings Plan

Autodesk has a 401(k) plan that covers nearly all U.S. employees. Eligible employees may contribute up to 20 percent of their pretax salary, subject to certain limitations. Autodesk makes voluntary contributions and matches a portion of employee contributions. Autodesk's contributions were $5.0, $4.6 million and $4.1 million in fiscal 2000, 1999 and 1998, respectively.

Autodesk provides defined-contribution plans in certain foreign countries where required by statute. Autodesk's funding policy for foreign defined-contribution plans is consistent with the local requirements in each country. Autodesk's contributions to these plans during fiscal 2000, 1999 and 1998 were $2.4 million, $1.7 million and $1.4 million, respectively.

Note 9. Business Combinations

In addition to the acquisition of Discreet, the following acquisitions occurred over the past three years. Pro forma financial results, as defined by Accounting Principles Board Opinion No. 16, "Business Combinations," have not been provided since the acquisitions were not material.

VISION

On April 22, 1999, Autodesk acquired VISION, a vendor of enterprise automated mapping/facilities management/geographic information systems (AM/FM/GIS) solutions. Of the $26.0 million purchase price, which was paid in cash, $3.3 million represented the value of in-process research and development ("IPR&D")

that had not yet reached technological feasibility and had no alternative future use, and as such, was expensed during fiscal 2000. Of the remaining purchase price, $17.6 million and $2.1 million were allocated to goodwill and other intangibles, respectively.

Genius CAD Software GmbH ("Genius")

On May 4, 1998, Autodesk entered into an agreement with Genius, a German limited liability company, to purchase various mechanical CAD software applications and technologies. Autodesk accounted for this acquisition under the purchase method of accounting. Of the total purchase price of $68.9 million, which was paid in cash, $13.1 million was allocated to IPR&D and was expensed since the technology had not reached technological feasibility and had no alternative future use; $12.7 million was allocated to an intangible asset, purchased technology; and $41.6 million was allocated to goodwill.

The value assigned to the IPR&D ($13.1 million) was determined by identifying research projects in areas for which technological feasibility had not been achieved. The calculations of value were adjusted to reflect the value creation efforts of Genius prior to the close of the acquisition. The value was determined by estimating the costs remaining to develop the purchased in-process technology into commercially viable products, estimating the resulting net cash flows from such projects, and discounting the net cash flows back to their present value. The discount rate included a factor that took into account the uncertainty surrounding the successful development of the purchased in-process technology projects.

The value assigned to purchased technology ($12.7 million) was determined based on the expected future cash flows of the existing developed technologies, discounted for the characteristics and applications of the product, the size of existing markets, growth rates of existing and future markets, as well as an evaluation of past and anticipated product-life cycles.

Softdesk, Inc. ("Softdesk")

On March 31, 1997, Autodesk exchanged 2.9 million shares of its common stock for all of the outstanding stock of Softdesk, a supplier of AutoCAD-based applications software for the architecture, engineering and construction market. Based on the value of Autodesk stock and options exchanged, the transaction, including transactions costs, was valued at approximately $94.1 million.

Of the $94.1 million purchase price, $19.2 million was allocated to IPR&D and expensed in fiscal 1998 since the technology had not yet reached technological feasibility and had no alternative future use; $9.2 million was allocated to an intangible asset, purchased technologies; $6.7 million was allocated to other intangible assets; and $48.0 million was allocated to goodwill.

The value assigned to IPR&D ($19.2 million) was determined by identifying research projects in areas for which technological feasibility had not been achieved. The value was determined by estimating the costs to develop the purchased in-process technology into commercially viable products, estimating the resulting net cash flows from such projects, and discounting the net cash flows back to their present value. The discount rate included a factor that took into account the uncertainty surrounding the successful development of the purchased in-process technology projects.

The value assigned to purchased technology ($9.2 million) was determined by taking the expected future cash flows of the existing developed technologies, and then discounting them for the specific characteristics and applications of the product, the size of existing markets, growth rates of existing and future markets, as well as an evaluation of past and anticipated product-life cycles.

3D/Eye

In fiscal 1998, Autodesk also acquired certain assets and licensed technology from 3D/Eye for $5.8 million. Of the total cost, $3.0 million represented the value of IPR&D that had not yet reached technological feasibility and had no alternative future use. This amount was expensed.

Denim Software L.L.C. ("Denim")

On June 12, 1997, Discreet acquired substantially all of the assets and assumed certain liabilities of Denim pursuant to the terms of an asset purchase agreement. The purchased assets consisted primarily of Denim software products, including ILLUMINAIRE Paint, ILLUMINAIRE Composition and ILLUMINAIRE Studio and related know-how and goodwill. The aggregate purchase price of $12.2 million consisted primarily of a cash payment of $9.1 million and the assumption of $2.2 million of liabilities.

Of the $12.2 million purchase price, $2.2 million was allocated to IPR&D and was expensed in fiscal 1998 since the technology had not yet reached technological feasibility and had no alternative use; $1.5 million was allocated to an intangible asset, purchased technology; and $7.9 million was allocated to goodwill.

D-Vision Systems, Inc. ("D-Vision")

On July 15, 1997, Discreet acquired all of the outstanding shares of capital stock of D-Vision, an Illinois corporation, pursuant to a Stock Purchase Agreement. As a result of this acquisition, Discreet acquired the D-Vision OnLINE and PRO software products for non-linear video and digital media editing solutions including related know-how and goodwill. The $27.2 million purchase price was paid through a combination of 0.2 million newly issued common shares that had a value of $10.7 million, and approximately $10.8 million in cash. Of the $27.2 million purchase price, $5.3 million was allocated to IPR&D and was expensed during fiscal 1998 since the technology had not yet reached technological feasibility and had no alternative future use; $3.1 was allocated to an intangible asset, purchased technology; and $16.7 million was allocated to goodwill.

Lightscape Technologies, Inc ("Lightscape")

On December 2, 1997, Discreet entered into an Agreement and Plan of Merger and Reorganization with Lightscape, a Delaware corporation. The merger closed on December 30, 1997. As a result of the merger, Discreet acquired, among other products, the Lightscape product, a software application which integrates radiosity and raytracing with physically based lighting, including related know-how and goodwill. The aggregate purchase consideration of $7.6 million consisted primarily of $6.4 million of assumed liabilities.

Of the $7.6 million purchase price, $1.7 million was allocated to IPR&D and was expensed during fiscal 1998 since the technology had not yet reached technological feasibility and had no alternative future use; and $4.3 million was allocated to goodwill.

Note 10. Nonrecurring Charges

During fiscal 2000, Autodesk recorded nonrecurring charges totaling $34.7 million, which primarily resulted from the acquisition of Discreet ($17.1 million), acquisition of VISION ($3.3 million--See Note 9), and a corporate restructuring that occurred during the third quarter ($15.5 million). These nonrecurring charges were offset by a $1.0 million reversal of a litigation reserve established in fiscal 1999. The litigation matter was settled for less than originally estimated.

Of the $17.1 million of charges resulting from the acquisition of Discreet, $14.1 million related to transaction costs, which included fees paid to investment bankers, attorneys, accountants and financial printers; $2.6 million related to restructuring costs, which consisted primarily of employee termination costs and legal entity liquidations, and $0.4 million related to one-time costs. At January 31, 2000, the remaining liabilities associated with these charges totaled $1.0 million, of which $0.5 million related to transaction costs and $0.5 million related to the legal entity liquidation portion of the restructuring.

Of the $15.5 million of corporate restructuring charges, which resulted from Autodesk's efforts to reduce operating expenses, $11.7 million related to termination and other employee costs associated with the elimination of 350 positions, most of which occurred in the U.S.; $3.2 million related to office closure costs; and $0.6 million related to one-time costs. Employee termination costs included wage continuation, advance notice pay and medical and other benefits. The liabilities associated with the employee terminations will be substantially settled over the next several months. Office closure costs included losses on operating lease payments ($1.1 million) and the write-off of leasehold improvements and equipment ($2.1 million). The following table sets forth the restructuring activity during fiscal 2000:

(In millions)	Balance at February 1, 1999	Additions	Charges Utilized	Reversals	Balance at January 31, 2000
Employee termination costs	$ --	$ 13.4	$ (11.5)	$ (0.9)	$ 1.0
Office closure costs	0.3	3.3	(2.6)	(0.3)	0.7
Legal entity liquidations	0.4	0.9	(0.4)	(0.4)	0.5
One-time costs	--	0.9	(0.9)	--	--
Total	$ 0.7	$ 18.5	$ (15.4)	$ (1.6)	$ 2.2

During fiscal 1999, Autodesk recorded nonrecurring charges totaling $19.7 million, which resulted from the acquisition of Genius ($13.1 million - See Note 9) and certain other charges ($8.9 million). These nonrecurring charges were offset by $2.3 million of excess lease-related reserves, which were associated with a fiscal 1996 restructuring, that Discreet reversed.

Of the $8.9 million of other charges, $1.5 million related to the consolidation of certain development centers, $2.2 million related to the write-off of purchased technologies associated with these operations, $1.7 million related to staff reductions in Asia Pacific, $2.5 million related to costs involving a certain litigation matter, and $1.0 million related to the write-down to fair market value of older computer equipment. At January 31, 2000, there were no remaining liabilities associated with these nonrecurring charges.

During fiscal 1998, Autodesk recorded nonrecurring charges of $26.8 million, which primarily resulted from the acquisitions of Softdesk ($19.2 million), 3D/Eye ($3.0 million), Denim ($2.2 million), D-Vision ($5.3 million) and Lightscape ($1.7 million) - See Note 9. These nonrecurring charges were offset by a gain on the sale of Autodesk's interest in a network technology company ($2.5 million) and the reversal of $2.3 million of reserves related to a prior restructuring. The $2.3 reserve reversal was also included in the fiscal 1999 results as a result of consolidating Discreet, which previously had a different fiscal year-end than Autodesk (see Note 1).

Note 11. Litigation Accrual Reversal

In fiscal 1995, Autodesk recorded a significant reserve as a result of a judgment against Autodesk on a claim involving a trade-secret misappropriation. Autodesk appealed the judgment and as a result of the appeal decision, which was finalized in May 1998, the amount levied against Autodesk was significantly reduced. During fiscal 1999, Autodesk reversed the remaining unutilized litigation and interest accruals, which totaled $18.2 million and $2.7 million, respectively.

Note 12. Segments

During the second quarter of fiscal 2000, Autodesk reorganized its operations into four business divisions with industry-specific charters: the Design Solutions Division (consisting primarily of the MCAD and AECAD market groups and most of the Personal Solutions Group), the GIS Solutions Division ("GIS"), the Discreet Division (consisting of the Kinetix and Discreet businesses), and Autodesk Ventures.

Autodesk's operating results have been aggregated into two reportable segments: the Discreet Segment and the Design Solutions Segment. Segment information involving GIS and Autodesk Ventures was aggregated with the Design Solutions Division (collectively, referred to in these financial statements as the "Design Solutions Segment"). The Design Solutions and GIS divisions have similar production processes, customer types and distribution methods. Autodesk Ventures segment information is not material.

The Design Solutions Segment develops and sells design software products for professionals, occasional users, or consumers who design, draft and diagram. The end users of the design software products include architects, engineers, construction firms, designers and drafters. The Discreet Segment derives revenues from the sale of its products to creative professionals for a variety of applications, including feature films, television programs, commercials, music and corporate videos, interactive game production, live broadcasting and Web design. Both segments primarily distribute their respective products through authorized dealers and distributors, and, in some cases, they also sell their products directly to end-users.

The accounting policies of the reportable segments are the same as those described in Note 1 to Notes of Consolidated Financial Statements. Autodesk evaluates each segment's performance on the basis of income from operations before income taxes. Autodesk currently does not separately accumulate and report asset information by segment. Prior year amounts have been restated to conform to the current year presentation. Information concerning the operations of Autodesk's reportable segments was as follows:

(In millions)	Fiscal year ended January 31,		
	2000	1999	1998
Net revenues:			
Design Solutions	$ 648.1	$ 699.3	$ 584.0
Discreet	172.1	172.6	184.7
	$ 820.2	$ 871.9	$ 768.7
Income (loss) from operations:			
Design Solutions	$ 323.4	$ 394.4	$ 320.9
Discreet	(13.2)	19.5	17.4
Unallocated amounts/1/	(309.4)	(271.8)	(243.3)
	$ 0.8	$ 142.1	$ 95.0
Depreciation and amortization:			
Design Solutions	$ 43.4	$ 39.4	$ 22.9
Discreet	20.6	22.1	23.7
Unallocated amounts	15.7	19.3	19.7
	$ 79.7	$ 80.8	$ 66.3

/1/ Unallocated amounts in fiscal 2000 are attributed primarily to corporate expenses of $136.0 million, other geographic costs and expenses managed outside the reportable segments of $159.6 million, and nonrecurring charges of $13.8 million, a significant portion of which consisted of the corporate restructuring charges, which were not allocated. Unallocated amounts in fiscal year 1999 are attributed primarily to corporate expenses of $110.3 million, other geographic costs and expenses that are managed outside the reportable segments of $174.2 million and nonrecurring income of $12.7 million. Fiscal year 1998 unallocated amounts are primarily related to corporate expenses of $76.6 million and other geographic costs and expenses not allocated to specific segments of $166.7 million.

Information regarding Autodesk's operations by geographic area is as follows:

(In millions)	Fiscal year ended January 31,		
	2000	1999	1998
Net revenues:			
United States customers	$ 294.5	$ 356.5	$ 317.2
Other Americas	58.6	57.2	46.9
Total Americas	353.1	413.7	364.1
Europe	296.4	329.6	257.5
Asia Pacific	170.7	128.6	147.1
Total net revenues	$ 820.2	$ 871.9	$ 768.7

(In millions)	January 31,	
	2000	1999
Long-lived assets:/1/		
United States operations	$ 347.0	$ 146.3
Other Americas	15.1	95.1
Total Americas	362.1	241.4
Neuchatel, Switzerland/2/	195.1	37.7
Other Europe	228.4	21.4
Total Europe	423.5	59.1
Asia Pacific	6.6	26.2
Consolidating eliminations	(639.9)	(126.3)
Total long-lived assets	$ 152.3	$ 200.4

1 Long-lived assets exclude financial instruments and deferred tax assets. As such, marketable securities and deferred taxes have been excluded above.

2 Investment in Discreet held by Neuchatel. This investment eliminates upon consolidation.

Note 13. Comprehensive Income

The components of total accumulated other comprehensive loss in the balance sheet are as follows:

(In thousands)	January 31,	
	2000	1999
Unrealized gains (losses) on available-for-sale securities, net of tax	$ (1,370)	$ 775
Foreign currency translation adjustment	(13,452)	(14,907)
Total accumulated other comprehensive loss	$ (14,822)	$ (14,132)

The related income tax effects allocated to each component of other comprehensive income (loss) are as follows:

(In thousands)

	Amount before taxes	Income tax (expense) benefit	Amount net of taxes
Fiscal 2000:			
Unrealized losses on available-for-sale securities	$ (2,869)	$ 918	$ (1,951)
Less: reclassification for amounts realized in net income	(285)	91	(194)
Net unrealized losses	(3,154)	1,009	(2,145)
Foreign currency translation adjustments	1,455	--	1,455
Total other comprehensive loss	$ (1,699)	$ 1,009	$ (690)
Fiscal 1999:			
Unrealized gains on available-for-sale securities	$ 18	$ (6)	$ 12
Less: reclassification for amounts realized in net income	(269)	83	(186)
Net unrealized gains	287	(89)	198
Foreign currency translation adjustments	5,772	--	5,772
Total other comprehensive income	$ 6,059	$ (89)	$ 5,970
Fiscal 1998:			
Net unrealized gains on available-for-sale securities	$ 565	$ (203)	$ 362
Foreign currency translation adjustments	(9,801)	--	(9,801)
Total other comprehensive loss	$ (9,236)	$ (203)	$ (9,439)

Note 14. Quarterly Financial Information (Unaudited)

Summarized quarterly financial information for fiscal 2000, 1999, and 1998 is as follows:

(In thousands, except per share data)

	1st quarter	2nd quarter	3rd quarter	4th quarter	Fiscal year
Fiscal 2000					
Net revenues	$ 194,939	$ 202,945	$ 202,072	$ 220,226	$ 820,182
Gross margin	162,531	163,331	166,852	183,597	676,311
Income (loss) from operations	(20,209)	(5,248)	(4,435)	30,655	763
Net income (loss)	(17,144)	389	1,393	25,170	9,808
Basic net income (loss) per share	(0.29)	0.01	0.02	0.42	0.16
Diluted net income (loss) per share	(0.29)	0.01	0.02	0.41	0.16
Fiscal 1999					
Net revenues	$ 222,918	$ 226,811	$ 204,609	$ 217,541	$ 871,879
Gross margin	188,896	191,229	173,600	183,907	737,632
Income from operations	42,689	40,888	25,193	33,317	142,087
Net income	28,733	27,530	17,624	23,245	97,132
Basic net income per share	0.51	0.49	0.31	0.41	1.72
Diluted net income per share	0.48	0.46	0.31	0.39	1.64
Fiscal 1998					
Net revenues	$ 157,389	$ 191,364	$ 197,907	$ 222,024	$ 768,684
Gross margin	124,020	158,947	166,061	186,285	635,313
Income (loss) from operations	(17,182)	29,438	33,160	49,578	94,994
Net income (loss)	(18,529)	18,995	22,046	33,703	56,215
Basic net income (loss) per share	(0.33)	0.33	0.39	0.61	1.00
Diluted net income (loss) per share	(0.33)	0.31	0.36	0.57	0.94

Results for the first quarter of fiscal 2000 included nonrecurring charges totaling $21.8 million, which resulted from the acquisition of Discreet and VISION. Results for the third quarter of fiscal 2000 included nonrecurring charges totaling $14.7 million, which primarily related to a corporate restructuring. Results for the fourth quarter of fiscal 2000 included nonrecurring credits totaling $1.8 million, primarily related to the reversal of a litigation reserve established in fiscal 1999.

Results for the second quarter of fiscal 1999 included nonrecurring charges of $19.7 million, which resulted from the acquisition of Genius and certain restructuring charges. Results for the first quarter of fiscal 1998 included nonrecurring charges of $19.2 million, $5.3 million and $3.0 million, related to the Softdesk, D-Vision and 3D/Eye acquisitions, respectively. Results for the second quarter of fiscal 1998 included nonrecurring charges of approximately $1.7 million related to the Lightscape acquisition. Results for the fourth quarter of fiscal 1998 included nonrecurring credits of $2.3 million primarily related to a gain on sale of an investment.

Report of Ernst & Young LLP, Independent Auditors

The Board of Directors and Stockholders of Autodesk, Inc.

We have audited the consolidated balance sheets of Autodesk, Inc., as of January 31, 2000 and 1999 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2000. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of Autodesk's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits. We did not audit the financial statements of Discreet Logic Inc., a wholly-owned subsidiary acquired in March, 1999, which statements reflect total assets constituting 16% of the related consolidated financial statement totals, and which reflect net income constituting approximately 9% of the related consolidated financial statement totals for the two year period ended January 31, 1999. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to data included for Discreet Logic Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Autodesk, Inc. at January 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

San Jose, California
February 18, 2000

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

Certain information required by Part III is omitted from this Report in that the Registrant will file a definitive proxy statement pursuant to Regulation 14A (the "Proxy Statement") not later than 120 days after the end of the fiscal year covered by this Report and certain information included therein is incorporated herein by reference. Only those sections of the Proxy Statement that specifically address the items set forth herein are incorporated by reference. Such incorporation does not include the Compensation Committee Report or the Performance Graph included in the Proxy Statement.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information concerning Autodesk's directors and compliance with Section 16 of the Securities and Exchange Act of 1934 required by this Item are incorporated by reference to Autodesk's Proxy Statement.

The information concerning Autodesk's executive officers required by this Item is incorporated by reference herein to the section of this Report in Part I, Item 4, entitled "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to Autodesk's Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to Autodesk's Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to Autodesk's Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as a part of this Report:

1. Financial Statements: The information concerning Autodesk's financial statements, and Report of Ernst & Young LLP, Independent Auditors required by this Item is incorporated by reference herein to the section of this Report in Item 8, entitled "Financial Statements and Supplementary Data."

2. Financial Statement Schedule: The following financial statement schedule of Autodesk, Inc., for the fiscal years ended January 31, 2000, 1999 and 1998, is filed as part of this Report and should be read in conjunction with the Consolidated Financial Statements of Autodesk, Inc.

   Schedules not listed above have been omitted because they are not applicable or are not required or the information required to be set forth therein is included in the Consolidated Financial Statements or Notes thereto.

3. Exhibits: The Exhibits listed below are filed as part of, or incorporated by reference into, this Report.

Exhibit No.	Description
2.1 (1)	Second Amended and Restated Agreement and Plan of Acquisition and Amalgamation by and among Autodesk, Inc., Autodesk Development BV, 9066-9771 Quebec Inc., Autodesk Canada Inc., 9066-9854 Quebec Inc. and Discreet Logic Inc., dated as of November 18, 1998, as amended on December 18, 1998 and January 18, 1999
2.2 (1)	Second Amended and Restated Amalgamation Agreement by and among Discreet Logic Inc., 9066-9854 Quebec Inc. and Autodesk, Inc. dated as of January 18, 1999
3.1 (2)	Certificate of Incorporation of Registrant
3.2 (4)	Certificate of Designation of Rights, Preferences and Privileges of Series A Participating Preferred Stock of Autodesk, Inc.
3.3 (2)	Certificate of the Powers, Designations, Preferences and Rights of Series B Preferred Stock of Autodesk, Inc.
3.4 (3)	Bylaws of Registrant, as amended
4.1 (5)	Preferred Shares Right Agreement dated December 14, 1995
4.2 (5)	Amendment No. 1 to Preferred Shares Rights Agreement
9.1 (2)	Voting and Exchange Trust Agreement dated March 16, 1999 among Autodesk, Inc., Discreet Logic Inc., Autodesk Development B.V., and Montreal Trust Company of Canada
10.2 *	Registrant's 1998 Employee Qualified Stock Purchase Plan and form of Subscription Agreement, as amended
10.3 (3)*	Registrant's 1990 Directors' Option Plan, as amended
10.4 *	Registrant's 1996 Stock Plan, as amended
10.5 (6)*	Form of Indemnification Agreement executed by Autodesk and each of its officers and directors
10.6 (7)*	Agreement between Registrant and Carol A. Bartz dated April 7, 1992

10.7 (2)	Support Agreement dated March 16, 1999 among Autodesk, Inc., Autodesk Development B.V. and Discreet Logic Inc.
10.8 *	Form of Restricted Stock Purchase Agreement of Buzzsaw.com, Inc.
21.1	List of Subsidiaries
23.1	Consent of Ernst & Young LLP, Independent Auditors
24.1	Power of Attorney
27.1	Financial Data Schedule

(1) Incorporated by reference to the exhibit filed with the Registrant's Report on Form 8-K filed on March 16, 1999.

(2) Incorporated by reference to the exhibits filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 1999.

(3) Incorporated by reference to the exhibit filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 1998.

(4) Incorporated by reference to the exhibit filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 1997.

(5) Incorporated by reference to the Registrant's Report on Form 8-A filed on January 5, 1996, as amended on January 8, 1996 and January 15, 1998.

(6) Incorporated by reference to the exhibit filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 1995.

(7) Incorporated by reference to the exhibit filed with the Registrant's Report on Form 10-Q for the fiscal quarter ended April 30, 1992.

* Denotes a management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

AUTODESK, INC.

By: /s/ CAROL A. BARTZ

Carol A. Bartz
Chairman of the Board

Dated: April 14, 2000

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Carol A. Bartz as his or her attorney-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ CAROL A. BARTZ Carol A. Bartz	Chairman, President and Chief Executive Officer (Principal Executive Officer)	April 14, 2000
/s/ STEVE CAKEBREAD Steve Cakebread	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	April 14, 2000
/s/ MARK A. BERTELSEN Mark A. Bertelsen	Director	April 14, 2000
/s/ CRAWFORD W. BEVERIDGE Crawford W. Beveridge	Director	April 14, 2000
/s/ J. HALLAM DAWSON J. Hallam Dawson	Director	April 14, 2000
/s/ PAUL OTELLINI Paul Otellini	Director	April 14, 2000
/s/ MARY ALICE TAYLOR Mary Alice Taylor	Director	April 14, 2000

Schedule II

AUTODESK, INC.

Valuation and Qualifying Accounts

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions Write-Offs	Balance at End of Year
Fiscal year ended January 31, 2000				
Allowance for doubtful accounts	$ 10,642,000	$ 1,515,000	$ 1,505,000	$ 10,652,000
Allowance for stock balancing and product rotation	14,777,000	47,255,000	42,662,000	19,370,000
Restructuring	723,000	18,500,000	17,023,000	2,200,000
Fiscal year ended January 31, 1999				
Allowance for doubtful accounts	$ 10,830,000	$ 1,930,000	$ 2,118,000	$ 10,642,000
Allowance for stock balancing and product rotation	20,219,000	25,484,000	30,926,000	14,777,000
Restructuring	825,000	0	102,000	723,000
Fiscal year ended January 31, 1998				
Allowance for doubtful accounts	$ 10,122,000	$ 4,010,000	$ 3,302,000	$ 10,830,000
Allowance for stock balancing and product rotation	17,175,000	38,419,000	35,375,000	20,219,000
Restructuring	4,273,000	829,000	4,277,000	825,000

EXHIBIT 10.2

AUTODESK, INC.

1998 EMPLOYEE QUALIFIED STOCK PURCHASE PLAN/1/

The following constitute the provisions of the 1998 Employee Qualified Stock Purchase Plan (herein called the "Plan") of Autodesk, Inc. (herein called the "Company").

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986. The provisions of the Plan shall, accordingly, be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.

2. Definitions.

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Code" shall mean the Internal Revenue Code of 1986.

(c) "Common Stock" shall mean the Common Stock, par value $0.01 per share, of the Company.

(d) "Company" shall mean Autodesk, Inc., a Delaware corporation.

(e) "Compensation" shall mean all regular straight time earnings, payments for overtime, shift premium and commissions, but exclusive of any incentive compensation, incentive payments, bonuses, or other compensation.

(f) "Continuous Status as an Employee" shall mean the absence of any interruption or termination of service as an Employee. Continuous Status as an Employee shall not be considered interrupted in the case of a leave of absence agreed to in writing by the Company, provided that such leave is for a period of not more than 90 days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

(g) "Designated Subsidiaries" shall mean the Subsidiaries which have been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.

/1/As amended by the Company's Board of Directors on September 9, 1998.

(h) "Employee" shall mean any person, including an officer, who is customarily employed for at least twenty (20) hours per week and more than five (5) months in a calendar year by the Company or one of its Designated Subsidiaries.

(i) "Exercise Date" shall mean the date one day prior to the date six (6) months, twelve (12) months, eighteen (18) months or twenty-four (24) months after the Offering Date of each Offering Period.

(j) "Exercise Period" shall mean a period commencing on an Offering Date or on the day after an Exercise Date and terminating one day prior to the date six (6) months later.

(k) "Offering Period" shall mean a period of twenty-four (24) months consisting of four (4) six-month Exercise Periods during which options granted pursuant to the Plan may be exercised.

(l) "Offering Date" shall mean the first day of each Offering Period of the Plan.

(m) "Plan" shall mean this 1998 Employee Qualified Stock Purchase Plan.

(n) "Subsidiary" shall mean a corporation, domestic or foreign, of which not less than 50% of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.

3. Eligibility.

(a) Any Employee as defined in paragraph 2 who shall be employed by the Company on the Offering Date shall be eligible to participate in the Plan, subject to limitations imposed by Section 423(b) of the Code.

(b) Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) if, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own stock and/or hold outstanding options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any subsidiary of the Company, or (ii) which permits such Employee's rights to purchase stock under all employee stock purchase plans of the Company and its subsidiaries to accrue at a rate which exceeds Twenty-Five Thousand Dollars ($25,000) of fair market value of such stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. Offering Periods. The Plan shall be implemented by twenty-four (24) month Offering Periods beginning every six (6) months, until terminated in accordance with Section 20 hereof; provided that, the first Offering Period shall begin on the first business day after the Company's Special Meeting on March 31,1998. The Board of Directors of the Company shall have the power to change the duration of offering periods with respect to future offerings without stockholder approval if such change is

announced at least fifteen (15) days prior to the scheduled beginning of the first offering period to be affected.

5. Participation.

(a) An eligible Employee may become a participant in the Plan by completing a subscription agreement authorizing payroll deductions on the form provided by the Company and filing it with the Company's payroll office at least one week prior to the applicable Offering Date, unless a later time for filing the subscription agreement is set by the Board for all eligible Employees with respect to a given offering.

(b) Payroll deductions for a participant shall continue at the rate specified in the subscription agreement throughout the Offering Period with automatic re-enrollment for the Offering Period which commences the day after the Exercise Date at the same rate specified in the original subscription agreement, subject to any change in subscription rate made pursuant to Section 6(c), unless sooner terminated by the participant as provided in Section 10.

6. Payroll Deductions.

(a) At the time a participant files his or her subscription agreement, such participant shall elect to have payroll deductions made on each payday during the offering period in an amount not exceeding fifteen percent (15%) of his or her Compensation on each payroll date. The aggregate of such payroll deductions during any offering period shall not exceed fifteen percent (15%) of his or her aggregate Compensation during said offering period.

(b) All payroll deductions made by a participant shall be credited to his or her account under the Plan. A participant may not make any additional payments into such account.

(c) A participant may discontinue his or her participation in the Plan as provided in Section 11, or may increase or decrease the rate of his or her payroll deductions at any time during the Offering Period by completing or filing with the Company a form provided by the Company notifying the payroll office of such withdrawal or reduction of withholding rate. The change in rate shall be effective as of the next pay date following receipt of the form or at such other time as the Company and the participant may agree.

7. Grant of Option.

(a) On the Offering Date of each Offering Period, each eligible Employee participating in the Plan shall be granted an option to purchase on each Exercise Date during such Offering Period (at the per share option price) up to a number of shares of the Company's Common Stock determined by dividing such Employee's payroll deductions to be accumulated prior to such Exercise Date by the lower of (i) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Offering Date or (ii) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Exercise Date; provided that in no event shall an Employee be permitted to purchase during an Offering Period a number of shares in excess of a number determined by dividing $50,000 by the fair market value of a share of the Company's Common Stock on the Offering Date, subject to the limitations set forth in Sections 3(b) and 13 hereof. Fair market value of a share of the Company's Common Stock shall be determined as provided in Section 7(b) herein.

(b) The option price per share of the shares offered in a given Exercise Period shall be the lower of: (i) 85% of the fair market value of a share of the Common Stock of the Company on the Offering Date; or (ii) 85% of the fair market value of a share of the Common Stock of the Company on the Exercise Date. The fair market value of the Company's Common Stock on a given date shall be the closing price as quoted on the Nasdaq Stock Market, Inc.'s National Market or, if traded on a securities exchange, the closing price on such exchange.

8. Exercise of Option. Unless a participant withdraws from the Plan as provided in Section 11, his or her option for the purchase of shares will be exercised automatically on each Exercise Date of the Offering Period, and the maximum number of full shares subject to option will be purchased for him or her at the applicable option price with the accumulated payroll deductions in his or her account. During his or her lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

9. Delivery. As promptly as practicable after the Exercise Date of each offering, the Company shall arrange the delivery to each participant, as appropriate, of a certificate representing the shares purchased upon exercise of his or her option. Any cash remaining which is insufficient to purchase a full share of Common Stock at the termination of each Exercise Period shall be applied to such participant's account in the subsequent Exercise Period unless the participant requests withdrawal of such cash.

10. Automatic Transfer to Low Price Offering Period. In the event that the fair market value of the Company's Common Stock is lower on an Exercise Date than it was on the first Offering Date for that Offering Period, all Employees participating in the Plan on the Exercise Date shall be deemed to have withdrawn from the Offering Period immediately after the exercise of their option on such Exercise Date and to have enrolled as participants in a new Offering Period which begins on or about the day following such Exercise Date. A participant may elect to remain in the previous Offering Period by filing a written statement declaring such election with the Company prior to the time of the automatic change to the new Offering Period.

11. Withdrawal; Termination of Employment.

(a) A participant may withdraw all but not less than all the payroll deductions credited to his or her account under the Plan at any time prior to the Exercise Date of the Offering Period by giving written notice to the Company. All of the participant's payroll deductions credited to his or her account will be paid to him or her at the next pay date after receipt of his or her notice of withdrawal and his or her option for the current period will be automatically terminated, and no further payroll deductions for the purchase of shares will be made during the Offering Period.

(b) Upon termination of the participant's Continuous Status as an Employee prior to the Exercise Date for any reason, including retirement or death, the payroll deductions credited to his or her account will be returned to the participant's or, in the case the of participant's death, to the person or persons entitled thereto under Section 15, and his or her option will be automatically terminated.

(c) A participant's withdrawal from an offering will not have any effect upon his or her eligibility to participate in a succeeding offering or in any similar plan which may hereafter be adopted by the Company.

12. Interest. No interest shall accrue on the payroll deductions of a participant in the Plan.

13. Stock.

(a) The maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 2,000,000 shares, plus an annual increase to be made on the last day of the immediately preceding fiscal year equal to the lesser of (i) 2,500,000 shares, (ii) 2% of the Issued Shares (as defined below) on such date or (iii) a lesser amount determined by the Board, subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof. "Issued Shares" shall mean the number of shares of Common Stock of the Company outstanding on such date plus any shares reacquired by the Company during the fiscal year that ends on such date. If the total number of shares which would otherwise be subject to options granted pursuant to Section 7(a) hereof on the Exercise Date of an Offering Period exceeds the number of shares then available under the Plan (after deduction of all shares for which options have been exercised or are then outstanding), the Company shall make a pro rata allocation of the shares remaining available for option grant in as uniform a manner as shall be practicable and as it shall determine to be equitable. In such event, the Company shall give written notice of such reduction of the number of shares subject to the option to each Employee affected thereby and shall similarly reduce the rate of payroll deductions, if necessary.

(b) The participant will have no interest or voting right in shares covered by his or her option until such option has been exercised.

(c) Shares to be delivered to a participant under the Plan will be registered in the name of the participant or in the name of the participant and his or her spouse.

14. Administration. The Plan shall be administered by the Board of Directors of the Company or a committee appointed by the Board. The administration, interpretation or application of the Plan by the Board or its committee shall be final, conclusive and binding upon all participants. Members of the Board who are eligible Employees are permitted to participate in the Plan, provided that:

(a) Members of the Board who are eligible to participate in the Plan may not vote on any matter affecting the administration of the Plan or the grant of any option pursuant to the Plan.

(b) If a Committee is established to administer the Plan, no member of the Board who is eligible to participate in the Plan may be a member of the Committee.

15. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to the end of the offering period but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to the Exercise Date of the offering period.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. Transferability. Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Section 11.

17. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

18. Reports. Individual accounts will be maintained for each participant in the Plan. Statements of account will be given to participating Employees annually promptly following the Exercise Date, which statements will set forth the amounts of payroll deductions, the per share purchase price, the number of shares purchased and the remaining cash balance, if any.

19. Adjustments Upon Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but have not yet been placed under option (collectively, the "Reserves"), as well as the price per share of Common Stock covered by each option under the Plan which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split or the payment of a stock

dividend (but only on the Common Stock) or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

In the event of the proposed dissolution or liquidation of the Company, the offering period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each option under the Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Board determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, that the participant shall have the right to exercise the option as to all of the optioned stock, including shares as to which the option would not otherwise be exercisable. If the Board makes an option fully exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Board shall notify the participant that the option shall be fully exercisable for a period of thirty (30) days from the date of such notice, and the option will terminate upon the expiration of such period.

The Board may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the price per share of Common Stock covered by each outstanding option, in the event that the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding Common Stock.

20. Amendment or Termination. The Board of Directors of the Company may at any time terminate or amend the Plan. No such termination can affect options previously granted, nor may an amendment make any change in any option theretofore granted which adversely affects the rights of any participant. In addition, to the extent necessary to comply with Rule 16b-3 under the Act or under Section 423 of the Code (or any successor rule or provision or any other applicable law or regulation), the Company shall obtain stockholder approval in such a manner and to such a degree as so required.

21. Notices. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Stockholder Approval.

(a) Continuance of the Plan shall be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted. If such stockholder approval is obtained at a duly held stockholders' meeting, it must be obtained by the affirmative vote of the holders of a majority of the outstanding shares of the Company, or if such stockholder approval is obtained by written consent, it must be obtained by the unanimous written consent of all stockholders of the Company; provided, however, that approval at a meeting or by written consent may be obtained by a lesser degree of stockholder approval if the Board determines, in its discretion after consultation with the Company's legal counsel, that such a lesser degree of stockholder approval will comply with all applicable laws and will not adversely affect the qualification of the Plan under Section 423 of the Code.

(b) If and in the event that the Company registers any class of equity securities pursuant to Section 12 of the Exchange Act, any required approval of the stockholders of the Company obtained after such registration shall be solicited substantially in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

(c) If any required approval by the stockholders of the Plan itself or of any amendment thereto is solicited at any time otherwise than in the manner described in paragraph 21(b) hereof, then the Company shall, at or prior to the first annual meeting of stockholders held subsequent to the later of (1) the first registration of any class of equity securities of the Company under Section 12 of the Exchange Act or (2) the granting of an option hereunder to an officer or director after such registration, do the following:

(i) furnish in writing to the holders entitled to vote for the Plan substantially the same information which would be required (if proxies to be voted with respect to approval or disapproval of the Plan or amendment were then being solicited) by the rules and regulations in effect under Section 14(a) of the Exchange Act at the time such information is furnished; and

(ii) file with, or mail for filing to, the Securities and Exchange Commission four copies of the written information referred to in subsection (i) hereof not later than the date on which such information is first sent or given to stockholders.

23. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

24. Term of Plan. The Plan shall become effective upon the earlier to occur of its adoption by the Board of Directors or its approval by the stockholders of the Company as described in paragraph 22. It shall continue in effect for a term of twenty (20) years unless sooner terminated under paragraph 20.

AUTODESK, INC.

EMPLOYEE QUALIFIED STOCK PURCHASE PLAN

SUBSCRIPTION AGREEMENT

_____ Original Application   Date: ___________________________

_____ Change in Payroll Deduction Rate

_____ Change of Beneficiary(ies)

1. __________________________________ hereby elects to participate in the Autodesk, Inc. Employee Qualified Stock Purchase Plan (the "Stock Purchase Plan") and subscribes to purchase shares of the Company's Common Stock, without par value, in accordance with this Subscription Agreement and the Stock Purchase Plan.

2. I hereby authorize payroll deductions from each paycheck in the amount of _____% (maximum 15%) of my Compensation on each payday during the Offering Period in accordance with the Stock Purchase Plan. Such deductions are to continue for succeeding Offering Periods until I give written instructions for a change in or termination of such deductions.

3. I understand that said payroll deductions shall be accumulated for the purchase of shares of Common Stock, without par value, at the applicable purchase price determined in accordance with the Stock Purchase Plan. I further understand that, except as otherwise set forth in the Stock Purchase Plan, shares will be purchased for me automatically on each Exercise Date of the offering period unless I otherwise withdraw from the Stock Purchase Plan by giving written notice to the Company for such purpose.

4. I have received a copy of the complete "Autodesk, Inc. Employee Qualified Stock Purchase Plan." I understand that my participation in the Stock Purchase Plan is in all respects subject to the terms of the Plan. I have been provided with a prospectus describing the Stock Purchase Plan. I understand that I may withdraw from the Stock Purchase Plan and have payroll deductions refunded (without interest) on the next payroll date following notice of withdrawal at any time during the Offering Period.

5. Shares purchased for me under the Stock Purchase Plan should be issued in the name(s) of: ____.

6. I understand that if I dispose of any shares received by me pursuant to the Stock Purchase Plan within 2 years after the Offering Date (the first day of the offering period during which I purchased such shares) or within one year after the date on which such shares were transferred to me, I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were transferred to me over the price which I paid for the shares,

and that I may be required to provide income tax withholding on that amount. I hereby agree to notify the Company in writing within 30 days after the date of any such disposition. However, if I dispose of such shares at any time after the expiration of the two-year and one-year holding periods, I understand that I will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will be treated as ordinary income only to the extent of an amount equal to the lesser of (1) the excess of the fair market value of the shares at the time of such disposition over the purchase price which I paid for the shares under the option, or (2) the excess of the fair market value of the shares over the option price, measured as if the option had been exercised on the Offering Date. The remainder of the gain or loss, if any, recognized on such disposition will be treated as capital gain or loss. The federal income tax treatment of ordinary income and capital gain and loss is described in the Company's prospectus relating to the Stock Purchase Plan.

7. I hereby agree to be bound by the terms of the Stock Purchase Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Stock Purchase Plan.

8. In the event of my death, I hereby designate the following as my beneficiary(ies) to receive all payments and shares due me under the Stock Purchase Plan:

NAME: (Please print) ____
(First) (Middle) (Last)

________________________________ ____
Relationship

____
(Address)

NAME: (Please print) ____
(First) (Middle) (Last)

________________________________ ____
Relationship

____
(Address)

Employee's Social
Security Number: ____________________________

Employee's Address:** ______________________________________

____

____

I UNDERSTAND THAT THIS SUBSCRIPTION AGREEMENT SHALL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

Dated: ____________________ ____
Signature of Employee

____

** It is the participant's responsibility to notify the Company's stock administrator in the event of a change of address.

EXHIBIT 10.4

AUTODESK, INC.

1996 STOCK PLAN/1/

1. Purposes of the Plan. The purposes of this Stock Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,

- to provide additional incentive to Employees, and

- to promote the success of the Company's business.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights and Long-Term Performance Awards may also be granted under the Plan.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the legal requirements relating to the administration of stock option plans under U. S. state corporate laws, U.S. federal and state securities laws, the Code and the applicable laws of any foreign country or jurisdiction where Options or Stock Purchase Rights will be or are being granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a Committee appointed by the Board in accordance with Section 4 of the Plan.

(f) "Common Stock" means the Common Stock of the Company.

(g) "Company" means Autodesk, Inc., a Delaware corporation.

(h) "Continuous Status as an Employee" means that the employment relationship with the Company, its Parent, or any Subsidiary, is not interrupted or terminated. Continuous Status as an Employee shall not be considered interrupted in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. A leave of absence approved by the Company shall include sick

/1/ As amended by the Company's Board of Directors on September 9, 1998.

leave, military leave, or any other personal leave approved by an authorized representative of the Company. For purposes of Incentive Stock Options, no such leave may exceed ninety days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 181st day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

(i) "Director" means a member of the Board.

(j) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(k) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(m) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or national market system, including without limitation The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the date of such determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

(n) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(o) "Insiders" means individuals subject to Section 16 of the Exchange Act.

(p) "Long-Term Performance Award" means an award of cash or stock pursuant to Section 12 of the Plan.

(q) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(r) "Notice of Grant" means a written or electronic notice evidencing certain terms and conditions of an individual Option, Stock Purchase Right or Long-Term Performance Award grant. The Notice of Grant is part of the Option Agreement.

(s) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(t) "Option" means a stock option granted pursuant to the Plan.

(u) "Option Agreement" means a written or electronic agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(v) "Optioned Stock" means the Common Stock subject to an Option, Stock Purchase Right or Long-Term Performance Award.

(w) "Optionee" means an Employee who holds an outstanding Option, Stock Purchase Right or Long-Term Performance Award.

(x) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(y) "Plan" means this 1996 Stock Plan, as amended.

(z) "Restricted Stock" means shares of Common Stock acquired pursuant to a grant of Stock Purchase Rights under Section 11 below.

(aa) "Restricted Stock Purchase Agreement" means a written agreement between the Company and the Optionee evidencing the terms and restrictions applying to stock purchased under a Stock Purchase Right. The Restricted Stock Purchase Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(bb) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(cc) "Section 16(b)" means Section 16(b) of the Securities Exchange Act of 1934, as amended.

(dd) "Share" means a share of the Common Stock, as adjusted in accordance with Section 14 of the Plan.

(ee) "Stock Purchase Right" means the right to purchase Common Stock pursuant to Section 11 of the Plan, as evidenced by a Notice of Grant.

(ff) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 3,500,000 shares, plus (a) an annual increase to be made on the last day of the immediately preceding fiscal year equal to the lesser of (i) 500,000 Shares, (ii) 3.5% of the Issued Shares (as defined below) on such date or (iii) a lesser amount determined by the Board, (b) any Shares which have been reserved but unissued under the Company's 1987 Stock Option Plan ("1987 Plan") as of the date of stockholder approval of the original adoption of this Plan not to exceed 3,000,000 Shares, and (c) any Shares returned to the 1987 Plan as a result of termination of options under the 1987 Plan not to exceed 9,000,000 Shares. "Issued Shares" shall mean the number of shares of Common Stock of the Company outstanding on such date plus any shares reacquired by the Company during the fiscal year that ends on such date.

If an Option, Stock Purchase Right or Long-Term Performance Award expires or becomes unexercisable without having been exercised in full, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated); provided, however, that Shares that have actually been issued under the Plan, whether upon exercise of an Option, Stock Purchase Right or Long-Term Performance Award, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if Shares of Restricted Stock are repurchased by the Company at their original purchase price, and the original purchaser of such Shares did not receive any benefits of ownership of such Shares, such Shares shall become available for future grant under the Plan. For purposes of the preceding sentence, voting rights shall not be considered a benefit of Share ownership.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. If permitted by Rule 16b-3, the Plan may be administered by different bodies with respect to Directors, Officers who are not Directors, and Employees who are neither Directors nor Officers.

(ii) Administration With Respect to Directors and Officers Subject to Section 16(b). With to Option, Stock Purchase Right or Long-Term Performance Award grants made to Employees who are also Officers or Directors subject to Section 16(b) of the Exchange Act, the Plan shall be administered by (A) the Board, if the Board may administer the Plan in a manner complying with the rules under Rule 16b-3 relating to the disinterested administration of employee benefit plans under which Section 16(b) exempt discretionary grants and awards of equity securities are to be made, or (B) a committee designated by the Board to administer the Plan, which committee shall be constituted to comply with the rules under Rule 16b-3 relating to the disinterested administration of employee benefit plans under which Section 16(b) exempt discretionary grants and awards of equity securities are to be made. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. From time to time the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and substitute new members, fill vacancies (however caused), and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by the rules under Rule 16b-3 relating to the disinterested administration of employee benefit plans under which Section 16(b) exempt discretionary grants and awards of equity securities are to be made.

(iii) Administration With Respect to Other Persons. With respect to Option, Stock Purchase Right or Long-Term Performance Award grants made to Employees who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a committee designated by the Board, which committee shall be constituted to satisfy Applicable Laws. Once appointed, such Committee shall serve in its designated capacity until otherwise directed by the Board. The Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and substitute new members, fill vacancies (however caused), and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value of the Common Stock, in accordance with Section 2(n) of the Plan;

(ii) to select the Employees to whom Options, Stock Purchase Rights and Long-Term Performance Awards may be granted hereunder;

(iii) to determine whether and to what extent Options, Stock Purchase Rights and Long-Term Performance Awards or any combination thereof, are granted hereunder;

(iv) to determine the number of shares of Common Stock to be covered by each Option, Stock Purchase Right and Long-Term Performance Awards granted hereunder;

(v) to approve forms of agreement for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options, Stock Purchase Rights or Long-Term Performance Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option, Stock Purchase Right or Long-Term Performance Awards or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(ix) to modify or amend each Option, Stock Purchase Right or Long-Term Performance Awards (subject to Section 16(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option, Stock Purchase Right or Long-Term Performance Awards previously granted by the Administrator;

(xi) to determine the terms and restrictions applicable to Options, Stock Purchase Rights, Long-Term Performance Awards and any Restricted Stock; and

(xii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations shall be final and binding on all Optionees and any other holders of Options, Stock Purchase Rights or Long-Term Performance Awards.

5. Eligibility. Incentive Stock Options, Nonstatutory Stock Options, Stock Purchase Rights and Long-Term Performance Awards may be granted to Employees. If otherwise eligible, an Employee who has been granted an Option, Stock Purchase Right or Long-Term Performance Awards may be granted additional Options, Stock Purchase Rights or Long-Term Performance Awards.

6. Limitations.

(a) Each Option shall be designated in the written option agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options shall be treated as Nonstatutory Stock Options.

(b) Neither the Plan nor any Option, Stock Purchase Right or Long-Term Performance Award shall confer upon an Optionee any right with respect to continuing the Optionee's employment or consulting relationship with the Company, nor shall they interfere in any way with the Optionee's right or the Company's right to terminate such employment or consulting relationship at any time, with or without cause.

(c) The following limitations shall apply to grants of Options to Employees:

(i) No Employee shall be granted, in any fiscal year of the Company, Options to purchase more than 1,000,000 Shares.

(ii) In connection with his or her initial employment, an Employee may be granted Options to purchase up to an additional 1,000,000 Shares which shall not count against the limit set forth in subsection (i) above.

(iii) The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 14.

(iv) If an Option is cancelled in the same fiscal year of the Company in which it was granted (other than in connection with a transaction described in Section 14), the cancelled Option will be counted against the limits set forth in subsections (i) and (ii) above.

7. Term of Plan. Subject to Section 20 of the Plan, the Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company as described in Section 20 of the Plan. It shall continue in effect for a term of ten (10) years unless terminated earlier under Section 16 of the Plan.

8. Term of Option. The term of each Option shall be stated in the Notice of Grant; provided, however, that in the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the Notice of Grant.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised. In so doing, the Administrator may specify that an Option may not be exercised until either the completion of a service period or the achievement of performance criteria with respect to the Company or the Optionee.

(c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of:

(i) cash;

(ii) check;

(iii) promissory note;

(iv) other Shares which (A) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(v) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price;

(vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

(vii) any combination of the foregoing methods of payment; or

(viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement and the Notice of Grant.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 14 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Employment Relationship. Upon termination of an Optionee's Continuous Status as an Employee, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Notice of Grant to the extent that he or she is entitled to exercise it on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). In the absence of a specified time in the Notice of Grant, the Option shall remain exercisable for three (3) months following the Optionee's termination. If, on the date of termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. Upon termination of an Optionee's Continuous Status as an Employee as a result of the Optionee's Disability, the Optionee may exercise his or her Option at any time within twelve (12) months (or such other period of time as is determined by the Administrator) from the date of termination, but only to the extent that the Optionee is entitled to exercise it on the date of termination (and in no event later than the expiration of the term of the Option as set forth in the Notice of Grant). If, on the date of termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. In the event of the death of an Optionee, the Option shall become fully exercisable, including as to Shares for which it would not otherwise be exercisable and may be exercised at any time within twelve (12) months (or such other period of time as is determined by the Administrator) following the date of death (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance. If, after death, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Rule 16b-3. Options granted to individuals subject to Section 16 of the Exchange Act (Insiders) must comply with the applicable provisions of Rule 16b-3 and shall contain such additional conditions or restrictions as may be required thereunder to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

11. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing or electronically, by means of a Notice of Grant, of the terms, conditions and restrictions related to the offer, including the number of Shares that the offeree shall be entitled to purchase, the price to be paid provided, however, that the purchase price shall not be less than the par value of the Company's Common Stock, and the time within which the offeree must accept such offer, which shall in no event exceed ninety (90) days from the later of (i) the date upon which the Administrator made the determination to grant the Stock Purchase Right, or (ii) the date the Notice of Grant of Stock Purchase Rights is delivered to the Executive. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator. The number of Shares subject to grants of Stock Purchase Rights shall not exceed fifteen percent (15%) of the total number of Shares authorized under the Plan.

(b) Repurchase Option. The Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's employment with the Company for any reason (including Disability); provided, however, that such repurchase option shall terminate in the event of the death of the Purchaser. In all other cases, the repurchase option shall lapse at a rate determined by the Administrator; provided, however that, except as otherwise provided in this subsection, no portion of the repurchase option shall lapse before the end of three years from the date of purchase of the Restricted Stock. The purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company.

(c) Rule 16b-3. Stock Purchase Rights granted to Insiders, and Shares purchased by Insiders in connection with Stock Purchase Rights, shall be subject to any restrictions applicable thereto in compliance with Rule 16b-3. An Insider may only purchase Shares pursuant to the grant of a Stock Purchase Right, and may only sell Shares purchased pursuant to the grant of a Stock Purchase Right, during such time or times as are permitted by Rule 16b-3.

(d) Other Provisions. The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. In addition, the provisions of Restricted Stock Purchase Agreements need not be the same with respect to each purchaser.

(e) Rights as a Stockholder. Once the Stock Purchase Right is exercised, the purchaser shall have the rights equivalent to those of a stockholder, and shall be a stockholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 14 of the Plan.

(f) Issuance of Shares. As soon as possible after full payment of the purchase price, the Shares purchased shall be duly issued; provided, however, that the Administrator may require that the purchaser make adequate provision for any Federal and State withholding obligations of the Company as a condition to such purchase.

(g) Shares Available Under the Plan. Exercise of a Stock Purchase Right in any manner shall result in a decrease in the number of Shares that thereafter shall be available for reissuance under the Plan.

(h) Stock Withholding to Satisfy Tax Obligations. The Administrator may, in its discretion, permit a purchaser to satisfy any withholding tax obligation that arises in connection with the vesting of Shares by electing to have the Company withhold from such vested Shares that number of Shares having a Fair Market Value equal to the amount required to be withheld. Elections by purchasers to have Shares withheld for this purpose shall be made in writing in a form acceptable to the Administrator and shall be subject to such restrictions and limitations as the Administrator may specify.

12. Long-Term Performance Awards.

(a) Awards. Long-Term Performance Awards are cash or stock bonus awards that may be granted either independently or along with, in addition to or in tandem with other awards granted under the Plan and/or awards made outside of the Plan. Long-Term Performance Awards shall not require payment by the recipient of any consideration for the Long-Term Performance Award or for the Shares covered by such award. The Administrator shall determine the nature, length and starting date of any performance period (the "Performance Period") for each Long-Term Performance Award and shall determine the performance and/or employment factors to be used in the determination of the value of Long-Term Performance Awards and the extent to which such Long-Term Performance Awards have been earned. Shares issued pursuant to a Long-Term Performance Award may be made subject to various conditions, including vesting or forfeiture provisions. Long-Term Performance Awards may vary from participant to participant and between groups of participants and shall be based upon the achievement of Company, Subsidiary and/or individual performance factors or upon such other criteria as the Administrator may deem appropriate. Performance Periods may overlap and participants may participate simultaneously with respect to Long-Term Performance Awards that are subject to different Performance Periods and different performance factors and criteria. Long-Term Performance Awards shall be confirmed by, and be subject to the terms of, a written Long-Term Performance Award agreement.

(b) Value of Awards. At the beginning of each Performance Period, the Administrator may determine for each Long-Term Performance Award subject to such Performance Period the range of dollar values and/or numbers of Shares to be issued to the participant at the end of the Performance Period if and to the extent that the relevant measures of performance for such Long-Term Performance Award are met. Such dollar values or numbers of Shares may be fixed or may vary in accordance with such performance or other criteria as may be determined by the Administrator.

(c) Adjustment of Awards. Notwithstanding the provisions of Section 16 hereof, the Administrator may, after the grant of Long-Term Performance Awards, adjust the performance factors applicable to such Long-Term Performance Awards to take into account changes in the law or in accounting or tax rules and to make such adjustments as the Administrator deems necessary or appropriate to reflect the inclusion or exclusion of the impact of extraordinary or unusual items, events or circumstances in order to avoid windfalls or hardships.

(d) Termination. Unless otherwise provided in the applicable Long-Term Performance Award agreement, if a participant terminates his or her employment or his or her consultancy during a Performance Period because of death or Disability, the Administrator may in its discretion provide for an earlier payment in settlement of such award, which payment may be in such amount and under such terms and conditions as the Administrator deems appropriate.

Unless otherwise provided in the applicable Long-Term Performance Award agreement, if a participant terminates employment or his or her consultancy during a Performance Period for any reason other than death or Disability, then such a participant shall not be entitled to any payment with respect to the Long-Term Performance Award subject to such Performance Period, unless the Administrator shall otherwise determine in its discretion.

(e) Form of Payment. The earned portion of a Long-Term Performance Award may be paid currently or on a deferred basis (with such interest or earnings equivalent as may be determined by the Administrator). Payment shall be made in the form of cash or whole Shares (including Restricted Stock), or a combination thereof, either in a lump sum payment or in installments, all as the Administrator shall determine.

(f) Reservation of Shares. In the event that the Administrator grants a Long-Term Performance Award that is payable in cash or Common Stock, the Administrator may (but need not) reserve an appropriate number of Shares under the Plan at the time of grant of the Long-Term Performance Award. If and to the extent that the full amount reserved is not actually paid in Common Stock, the Shares representing the portion of the reserve for that Long-Term Performance Award that is not actually issued in satisfaction of such Long-Term Performance Award shall again become available for award under the Plan. If Shares are not reserved by the Administrator at the time of grant, then (i) no Shares shall be deducted from the number of Shares available for grant under the Plan at that time and (ii) at the time of payment of the Long-Term Performance Award, only the number of Shares actually issued to the participant shall be so deducted. If there are not a sufficient number of Shares available under the Plan for issuance to a participant at the time of payment of a Long-Term Performance Award, any shortfall shall be paid by the Company in cash.

(g) Rule 16b-3. Grants of Long-Term Performance Awards to Directors and Officers must comply with the applicable provisions of Rule 16b-3 and such Long-Term Performance Awards shall contain such additional conditions or restrictions, if any, as may be required by Rule 16b-3 to be in the written agreement relating to such Long-Term Performance Awards in order to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

13. <u>Non-Transferability of Options, Stock Purchase Rights and Long-Term Performance Awards</u>. An Option, Stock Purchase Right or Long-Term Performance Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

14. <u>Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale</u>.

(a) <u>Changes in Capitalization</u>. Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Option, Long-Term Performance Award and Stock Purchase Right, and the number of Shares which have been authorized for issuance under the Plan but as to which no Options, Long-Term Performance Awards or Stock Purchase Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, Long-Term Performance Award or Stock Purchase Right, as well as the price per Share covered by each such outstanding Option, Long-Term Performance Award or Stock Purchase Right, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of Shares of stock of any class, or securities convertible into Shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option, Long-Term Performance Award or Stock Purchase Right.

(b) <u>Dissolution or Liquidation</u>. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for an Optionee to have the right to exercise his or her Option, Stock Purchase Right or Long-Term Performance Award until ten (10) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option, Stock Purchase Right or Long-Term Performance Award shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option, Stock Purchase Right or Long-Term Performance Award will terminate immediately prior to the consummation of such proposed action.

(c) <u>Merger or Asset Sale</u>. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option, Stock Purchase Right and Long-Term Performance Award shall be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation, or in the event that the successor corporation refuses to assume or substitute for the Option, Stock Purchase Right or Long-Term Performance Award, the Optionee shall have the right to exercise the Option, Stock Purchase Right or Long-Term Performance Award as to all of the Optioned Stock, including Shares as to which it would not otherwise be exercisable. If an Option, Stock Purchase Right or Long-Term Performance Award is exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee in writing or electronically that the Option, Stock Purchase Right or Long-Term Performance Award shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Option, Stock Purchase Right or Long-Term Performance Award shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option, Stock Purchase Right or Long-Term Performance Award shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option, Stock Purchase Right or Long-Term Performance Award immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets was not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option, Stock Purchase Right or Long-Term Performance Award, for each Share of Optioned Stock subject to the Option, Stock Purchase Right or Long-Term Performance Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

15. Date of Grant. The date of grant of an Option, Stock Purchase Right or Long-Term Performance Award shall be, for all purposes, the date on which the Administrator makes the determination granting such Option, Stock Purchase Right or Long-Term Performance Award, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

16. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company shall obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Rule 16b-3 or with Sections 162(m) or 422 of the Code (or any successor rule or statute or other applicable law, rule or regulation, including the requirements of any exchange or quotation system on which the Common Stock is listed or quoted). Such stockholder approval, if required, shall be obtained in such a manner and to such a degree as is required by the applicable law, rule or regulation.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

17. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option, Stock Purchase Right or Long-Term Performance Award unless the exercise of such Option, Stock Purchase Right or Long-Term Performance Award and the issuance and delivery of such Shares shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, Applicable Laws, and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Option, Stock Purchase Right or Long-Term Performance Award, the Company may require the person exercising such Option, Stock Purchase Right or Long-Term Performance Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

18. Liability of Company.

(a) Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

(b) Grants Exceeding Allotted Shares. If the Optioned Stock covered by an Option, Stock Purchase Right or Long-Term Performance Award exceeds, as of the date of grant, the number of Shares which may be issued under the Plan without additional stockholder approval, such Option, Stock Purchase Right or Long-Term Performance Award shall be void with respect to such excess Optioned Stock, unless stockholder approval of an amendment sufficiently increasing the number of Shares subject to the Plan is timely obtained in accordance with Section 16(b) of the Plan.

19. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

20. Stockholder Approval. Continuance of the Plan shall be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted. Such stockholder approval shall be obtained in the manner and to the degree required under applicable federal and state law.

EXHIBIT 10.8

BUZZSAW.COM, INC.
RESTRICTED STOCK PURCHASE AGREEMENT

This RESTRICTED STOCK PURCHASE AGREEMENT (this "Agreement") is made between _________________("Purchaser") and buzzsaw.com, inc., a Delaware corporation (the "Company"), as of September __, 1999.

In consideration of the mutual covenants and representations herein set forth, the Company and Purchaser hereby agree as follows:

1. <u>Purchase and Sale of Shares</u>. Purchaser hereby purchases from the Company, and the Company hereby issues and sells to Purchaser, an aggregate of __________ shares of Common Stock (as hereinafter defined) (the "Shares"), at a price of $0.10 per share, or an aggregate purchase price of $____________ (the "Aggregate Purchase Price"). The Company shall, promptly after execution of this Agreement, issue a certificate representing the Shares registered in the name of Purchaser.

2. <u>Adjustments</u>. All references to the number of Shares and the purchase price of the Shares in this Agreement shall be appropriately adjusted to reflect any further stock split, stock dividend or other change in the Shares which may be made by the Company after the date of this Agreement.

3. <u>Definitions</u>. As used herein, the following definitions shall apply:

(a) "Board" means the Board of Directors of the Company.

(b) "Code" means the Internal Revenue Code of 1986, as amended.

(c) "Common Stock" means the Common Stock of the Company.

4. <u>Ownership, Voting Rights, Duties</u>. This Agreement shall not affect in any way the ownership, voting rights or other rights or duties of Purchaser, except as specifically provided herein. Purchaser shall enjoy rights as a shareholder, including the right to vote the Shares independent of voting positions held by Autodesk, Inc. or any other shareholder of the Company, until such time as Purchaser disposes of the Shares.

5. <u>Restrictive Legends; Stop-Transfer Orders; Market Standoff</u>.

(a) <u>Legends</u>. Purchaser understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE

OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND OTHER RESTRICTIONS FOR THE BENEFIT OF THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN A RESTRICTED STOCK PURCHASE AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND OTHER RESTRICTIONS ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Purchaser agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Market Standoff. Purchaser hereby agrees that if so requested by the Company or any representative of the underwriters in connection with any registration of the offering of any securities of the Company under the Securities Act, Purchaser shall not sell or otherwise transfer any Shares or other securities of the Company during such period as the Company and the representatives of the underwriters may request (not to exceed 180 days) following the effective date of any registration statement of the Company filed under the Securities Act for an underwritten public offering. Purchaser's obligation shall also be subject to equal and pro rata treatment with any other shareholder of the Company that is released early from such market standoff obligation. The Company may impose stop-transfer instructions with respect to Shares subject to the foregoing restrictions until the end of such market standoff period.

(d) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

6. Representations.

(a) Investment Representation. Purchaser represents to the Company the following:

(i) Purchaser either (1) has a preexisting personal or business relationship with the Company or any of its officers, directors or controlling persons, or (2) by reason of Purchaser's business or financial experience or the business or financial experience of Purchaser's professional advisors who are unaffiliated with and who are not compensated by the Company or any affiliate or selling agent of the Company, directly or indirectly, could be reasonably assumed to have the capacity to protect Purchaser's own interests in connection with the purchase of the Shares.

(ii) Purchaser is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Shares. Purchaser is acquiring these Shares for investment for Purchaser's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(iii) Purchaser acknowledges and understands that the Shares constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein. In this connection, Purchaser understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Purchaser's representation was predicated solely upon a present intention to hold these Shares for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Shares, or for a period of one year or any other fixed period in the future. Purchaser further understands that the Shares must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Purchaser further acknowledges and understands that the Company is under no obligation to register the Shares. Purchaser understands that the certificate evidencing the Shares shall be imprinted with a legend which prohibits the transfer of the Shares unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company, a legend enumerating the restrictions on transfer of the Shares, and any other legend required under applicable state securities laws.

(iv) Purchaser understands that the Shares are restricted securities within the meaning of Rule 144, promulgated under the Securities Act, which limits the sale of Shares in a public market transaction. Purchaser also understands that the exemption from registration under Rule 144 shall not be available, in any event, for at least one (1) year from the date of purchase of and actual payment for the Shares, and even then shall not be available unless (A) a public trading market then exists for the Common Stock, (B) adequate information concerning the Company is then available to the public, and (C) other terms and conditions of Rule 144 are complied with. Purchaser understands that there can be no assurance that the requirements of Rule 144 shall be met, or that the Shares shall ever be eligible for sale.

(v) Purchaser further understands that in the event all of the applicable requirements of Rule 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption shall be required; and that, notwithstanding the fact that Rule 144 is not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 shall have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Purchaser understands that no assurances can be given that any such other registration exemption shall be available in such event.

(b) Tax Representations. Purchaser has reviewed with its own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Purchaser is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Purchaser understands that it (and not the Company) shall be responsible for its own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

7. Additional Actions. The parties shall execute such further instruments and take such further action as may reasonably be necessary to carry out the intent of this Agreement.

8. Notices. All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given, and shall in any event be deemed to be given (a) five (5) days after deposit with the U.S. Postal Service, if delivered by first class mail, postage prepaid, (b) upon delivery, if delivered by hand, or (c) one business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid, and shall be addressed (i) if to Purchaser, at Purchaser's address as set forth beneath Purchaser's signature to this Agreement, or at such other address as Purchaser shall have furnished to the Company in writing, (ii) if to the Company, to buzzsaw.com, inc., at Company's address as set forth beneath Company's signature to this Agreement, or at such other address as the Company shall have furnished to Purchaser, or (iii) if to the Escrow Agent, to the Corporate Secretary of buzzsaw.com, inc. at Company's address as set forth beneath Company's signature to this Agreement, or at such other address as the Escrow Agent shall have furnished to the parties.

9. Assignment. The Company may assign its rights and delegate its duties under this Agreement. If any such assignment or delegation requires consent of the California Department of Corporations, the parties agree to cooperate in requesting such consent. This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer herein set forth, be binding upon Purchaser, Purchaser's heirs, executors, administrators, successors and assigns.

10. Entire Agreement; Amendment. This constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof, and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

11. Arbitration. At the option of either party, any and all disputes or controversies, whether of law or fact, and of any nature whatsoever arising from or respecting this agreement, unless otherwise expressly provided herein, shall be decided by arbitration by the American Arbitration Association in accordance with the rules and regulations of that Association.

(a) The arbitrators shall be selected as follows: In the event the Company and Purchaser agree on one arbitrator, the arbitration shall be conducted by such arbitrator. In the event the Company and Purchaser do not so agree, the Company and Purchaser shall each select one independent, qualified arbitrator and these two arbitrators shall select a third arbitrator. The Company reserves the right to reject any individual arbitrator who shall be employed by or affiliated with a competing organization.

(b) Arbitration shall take place in San Francisco County, California, or any other location mutually agreeable to the parties. At the request of either party, arbitration proceedings shall be conducted in secrecy. In such case all documents, testimony, and records shall be received, heard, and maintained by the arbitrators in secrecy under seal, available for inspection only by the Company and Purchaser and their respective attorneys and their respective experts who shall agree in advance and in writing to receive all such information confidentially and to maintain such information in secrecy until such information shall become generally known. The arbitrator, who shall act by majority vote, shall be able to decree any and all relief of an equitable nature, including but not limited to such relief as a temporary restraining order, a temporary or a permanent injunction, or both, and shall also be able to award damages, with or without an accounting, costs, and reasonable attorneys' fees. The decree or judgment of an award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

(c) Reasonable notice of the time and place of arbitration shall be given to all persons, other than the parties, as shall be required by law, in which case such persons or their authorized representatives shall have the right to attend and participate in all the arbitration hearings to the extent and in such manner as the law shall require.

12. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California as they apply to contracts entered into and wholly to be performed within such state.

13. Advice of Counsel; Board Interpretations. Purchaser has reviewed this Agreement in its entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions hereof. Purchaser hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under this Agreement.

14. Waiver. The failure of either party hereto to enforce any provision or provisions of this Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

"COMPANY"

____

Carl Bass
President and Chief Executive Officer
buzzsaw.com, inc.

"PURCHASER"

____

Name:________________________________

EXHIBIT 21.1

SUBSIDIARIES OF AUTODESK, INC.

The Registrant owns 100% of the outstanding voting securities of the following corporations, as of January 31, 2000, all of which are included in the Registrant's consolidated financial statements:

Name	Jurisdiction of Incorporation
Autodesk (Europe) S.A.	Switzerland
Autodesk AB	Sweden
Autodesk AG	Switzerland
Autodesk de Argentina S.A.	Argentina
Autodesk Asia Pte. Ltd.	Singapore
Autodesk Australia Pty. Ltd.	Australia
Autodesk do Brazil Ltda	Brazil
Autodesk B.V.	Netherlands
Autodesk Canada Inc.	Canada
Autodesk Development Africa (Pty) Ltd.	Republic of South Africa
Autodesk Development B.V.	Netherlands
Autodesk Development Canada Inc.	Canada
Autodesk Development S.a.r.l.	Switzerland
Autodesk (EMEA) S.A.	Switzerland
Autodesk Far East Ltd.	Hong Kong
Autodesk GesmbH	Austria
Autodesk GmbH	Germany
Autodesk India Pte. Ltd.	India
Autodesk International Holding Co.	Delaware
Autodesk International Ltd.	Barbados
Autodesk Ireland Ltd.	Ireland
Autodesk Korea Ltd.	Korea
Autodesk Ltd.	United Kingdom
Autodesk Ltd. Japan	Japan
Autodesk de Mexico S.A. de C.V.	Mexico
Autodesk CIS (ZAO)	Russia-C.I.S.
Autodesk S.A. (Spain)	Spain
Autodesk S.A.	France
Autodesk S.p.A.	Italy
Autodesk Software Lda	Portugal
Autodesk Spol. s.r.o	Czech Republic
Autodesk, Taiwan Ltd.	Taiwan
Discreet Logic Inc.	Canada
Discreet Logic (Brazil) Industria e Comercio Ltda	Brazil
Discreet, Inc.	Delaware
Discreet Logic, Inc.	Delaware

EXHIBIT 23.1

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 33-15675, No. 33-22656, No. 33-39458, No. 33-41265, No. 33-51110, No. 33-54683, No. 33-61015, No. 333-08693, No. 333-15037, No. 333-24469, No. 333-62655, No. 333-74651, No. 333-81207 and No. 333-92539) pertaining to the 1987 Stock Option Plan, 1990 Directors' Option Plan, 1996 Stock Plan, Employee Qualified Stock Purchase Plan, Nonstatutory Stock Option Plan and the 1998 Employee Qualified Stock Purchase Plan of Autodesk, Inc., the Teleos Research 1996 Stock Plan and the Softdesk, Inc. 1992 Stock Option Plan, Softdesk, Inc. 1993 Director Stock Option Plan and Softdesk, Inc. 1993 Equity Incentive Plan, and the Discreet Logic Inc. Amended and Restated 1994 Restricted Stock and Stock Option Plan, Discreet Logic Inc. 1995 Employee Stock Purchase Plan, Discreet Logic, Inc. 1995 Non-Employee Director Stock Option Plan, and Discreet Logic, Inc. 1997 Special Limited Non-Employee Director Stock Plan, of our report dated February 18, 2000, with respect to the consolidated financial statements and schedule of Autodesk, Inc. included in its Annual Report (Form 10-K) for the year ended January 31, 2000.

/s/ ERNST & YOUNG LLP

San Jose, California
April 12, 2000

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1,000

YEAR
JAN-31-2000
FEB-01-1999
JAN-31-2000
108,641
250,290
121,491
10,652
19,264
545,259
165,251
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907,326
299,392
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0
0
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40,485
907,326
820,182
820,182
143,871
672,016
0
3,532
958
23,920
14,112
9,808
0
0
0
9,808
0.16
0.16