

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

FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended January 31, 2005
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 0-14338

AUTODESK, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

111 McInnis Parkway,
San Rafael, California
(Address of principal executive offices)

94-2819853
(I.R.S. employer
Identification No.)

94903
(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
Preferred Share Rights (currently attached to and trading only with Common Stock)
(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 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.

Indicate by check mark whether the Registrant is an accelerated filer (as defined by Rule 12b-2 of the Act). Yes No

As of July 30, 2004, the last business day of the Registrant's most recently completed second fiscal quarter, there were approximately 227.8 million shares of the Registrant's common stock outstanding, and the aggregate market value of such shares held by non-affiliates of the Registrant (based on the closing sale price of such shares on the Nasdaq National Market on July 30, 2004) was approximately \$4.6 billion. Shares of the Registrant's common stock held by each executive officer and director and by each entity that owns 5% or more of the Registrant's 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 March 1, 2005, Registrant had outstanding approximately 228.0 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 23, 2005 are incorporated by reference in Part III of this Form 10-K. The Proxy Statement will be filed within 120 days of the Registrant's fiscal year ended January 31, 2005.

AUTODESK, INC. FORM 10-K

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I</u>	
Item 1. Business	3
Item 2. Properties	10
Item 3. Legal Proceedings	10
Item 4. Submission of Matters to a Vote of Security Holders	11
Executive Officers of the Registrant	11
<u>PART II</u>	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	12
Item 6. Selected Financial Data	13
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	14
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	36
Item 8. Financial Statements and Supplementary Data	38
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	68
Item 9A. Controls and Procedures	68
Item 9B. Other Information	68
<u>PART III</u>	
Item 10. Directors and Executive Officers of the Registrant	69
Item 11. Executive Compensation	69
Item 12. Security Ownership of Certain Beneficial Owners and Management	69
Item 13. Certain Relationships and Related Transactions	69
Item 14. Principal Accountant Fees and Services	69
<u>PART IV</u>	
Item 15. Exhibits and Financial Statement Schedule	69
Signatures	72

FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K contains forward-looking statements that are subject to assumptions, risks and uncertainties, many of which are discussed in this Annual Report, under “Risk Factors Which May Impact Future Operating Results.” Actual results may vary from those projected in the forward-looking statements. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. If our assumptions about the future do not materialize or prove to be incorrect, the results could differ materially from those expressed or implied by such forward-looking statements. Accordingly, you should not place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. A forward-looking statement is any statement that looks to future events, including any statements regarding the markets for our products in the future or the success of our products in these markets, as well as any statements of expectation, plans, strategies and objectives of management for the future and any statement of assumptions underlying any of the foregoing. In some cases, you can identify a forward looking statement by such terms as “may,” “believe,” “could,” “anticipate,” “would,” “might,” “plan,” “expect,” and similar expressions or the negative of these terms or other comparable terminology. We assume no obligation to update these forward-looking statements to reflect events that occur or circumstances that exist after the date on which they were made.

PART I

ITEM 1. BUSINESS

GENERAL

Autodesk is one of the world’s leading design software and services companies, offering customers progressive business solutions through powerful technology products and services. We help customers in the building, manufacturing, infrastructure and digital media sectors increase the value of their digital design data and improve efficiencies across their entire project lifecycle management processes. We provide a broad range of integrated and interoperable design software, Internet services, wireless development platforms and point-of-location applications that empower millions of users. Our software products are sold in over 160 countries, both directly to customers and through a network of resellers and distributors.

Our strategy is to deliver advanced solutions to leverage the digital design data created with Autodesk design tools, so as to improve our customers’ productivity throughout the creation, building, manufacture and management of the customers’ projects. To execute against this strategy, we are focused on delivering strong products on a frequent and predictable release cycle, strengthening our desktop position, migrating our customers to more advanced technologies, expanding in emerging geographies and capturing the lifecycle management market opportunity.

We are organized into two reportable operating segments: the Design Solutions Segment, which accounted for 87% of revenue in fiscal 2005, and the Discreet Segment, our Media and Entertainment Division, which accounted for 13% of revenue in fiscal 2005. A summary of our net revenues, and condensed results of operations for our business segments is found in Note 11, “Segments,” in the Notes to Consolidated Financial Statements.

The Design Solutions Segment derives revenues from the sale of software products and services for professionals and consumers who design, build, manage and own building projects or manufactured goods and from the sale of civil engineering design software and mapping and geographic information systems technology to public and private users. The principal products sold by the Design Solutions Segment include AutoCAD and AutoCAD LT (2D design products), which accounted for 45% of our consolidated net revenues for fiscal 2005, and our 3D design products (Autodesk Inventor products, Autodesk Revit Building products and Autodesk Civil 3D) which accounted for 14% of our consolidated net revenues for fiscal 2005. In addition to software products, the Design Solutions Segment offers a range of services including consulting, support and training.

The Design Solutions Segment consists of the following industry specific business divisions: Manufacturing Solutions Division; Infrastructure Solutions Division; Building Solutions Division; and Platform Technology Division and Other, which includes revenue from Autodesk Collaboration Services and Autodesk Consulting. Autodesk Consulting provides integrated consulting, training and support for customers seeking maximum benefit and performance from our products.

The Discreet Segment develops, integrates, markets, sells and supports film and television compositing systems, High Definition (HD) and Standard Definition (SD) broadcast editorial and finishing systems, Digital Cinema production systems for color grading and film finishing, and animation, visualization and streaming media products. Revenues are derived from the sale of products to post production facilities, film studios, broadcasters and creative professionals for a variety of applications, including feature films, television programs, commercials, music and corporate videos, interactive game production, design visualization, Web design and interactive Web streaming.

[Table of Contents](#)

In addition to the customers served by our operating segments, our Location Services Division offers a technology platform designed to deliver location-based applications to wired, mobile and wireless users. We market our product, LocationLogic, to wireless carriers and network operators around the world.

We were incorporated in California in April 1982 and were reincorporated in Delaware in May 1994. Our principal executive office is located at 111 McInnis Parkway, San Rafael, California 94903. Our telephone number is (415) 507-5000. We maintain a Website at www.autodesk.com. Information on our website is not part of this Annual Report on Form 10-K. Investors can obtain copies of our SEC filings from this site free of charge as well as from the SEC Website at www.sec.gov.

PRODUCTS

Design Solutions Segment

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

Platform Technology Division and Other

The Platform Technology Division and Other accounted for 57% of the Design Solutions Segment revenues and 50% of overall net revenues in fiscal 2005. The division's principal product offerings include:

AutoCAD

AutoCAD software, which accounted for more revenue than any other product, is a customizable and extendable computer aided design (CAD) application for 2D drafting, detailing, design documentation and basic 3D design. AutoCAD provides digital tools that can be used independently and in conjunction with other specific applications in fields ranging from construction, to manufacturing, to process plant design and mapping. Architects, engineers, drafters and design related professionals use AutoCAD to create, manage and share critical design data.

In March 2005, we introduced the newest release of AutoCAD. AutoCAD 2006 enhances productivity through usability improvements to everyday drafting and documentation tools, bringing a new level of efficiency and effectiveness to users' most common tasks. This release follows one year after the launch of AutoCAD 2005, which focused on workflow issues related to managing and sharing complete sets of drawings.

AutoCAD LT

AutoCAD LT software is used for 2D drafting and detailing by design professionals in all industries who require full DWG file format compatibility and document sharing without the need for software customization or 3D functionality. Users can share, with security, all design data with team members who use AutoCAD or Autodesk products built on AutoCAD.

Autodesk Buzzsaw

Autodesk Buzzsaw, offered by Autodesk Collaboration Services, is an online collaboration service that allows users to store, manage and share project documents from any Internet connection. The Autodesk Buzzsaw online work environment integrates a secure project hosting service with CAD-related software, tools and services. Users benefit from the ability to connect with their project team anytime, regardless of organizational or geographical boundaries.

Manufacturing Solutions Division

The Manufacturing Solutions Division accounted for 18% of Design Solutions Segment revenues in fiscal 2005. The division provides the mainstream manufacturing industry with comprehensive design and data management solutions enabling our manufacturing customers to rapidly adopt 3D design, create designs in a simple 2D/3D environment, manage design data for additional business processes, and share design data across the enterprise and with the supply chain. The division's principal product offerings include:

[Table of Contents](#)

Autodesk Inventor Series and Autodesk Inventor Professional

Autodesk Inventor Series and Autodesk Inventor Professional account for a significant portion of the Manufacturing Solution Division's revenues. The Autodesk Inventor Series delivers Autodesk Mechanical Desktop, based on AutoCAD software, and Autodesk Inventor software, in one solution. Autodesk Inventor software is a 3D mechanical design creation tool that provides users a 3D assembly-centric solid modeling system and 2D drawing production system together with adaptive design functionality. Users benefit from on-demand large assembly segment loading, adaptive design, layout and assembly functionality for solving function before form, built-in collaboration and design management tools and AutoCAD file compatibility. Customers who purchase Autodesk Inventor Professional have access to additional specialized capabilities for efficiently creating wire harness and cabling, plus integrated finite element analysis.

AutoCAD Mechanical

AutoCAD Mechanical software offers 2D mechanical design and engineering tools that are seamlessly compatible with all AutoCAD-based applications.

Infrastructure Solutions Division

The Infrastructure Solutions Division accounted for 13% of Design Solutions Segment revenues in fiscal 2005. The division's solutions enable our infrastructure customers to compile, analyze and maintain digital design and mapping information, manage physical infrastructure projects, and securely distribute information to remote locations. The division's principal product offerings include:

Autodesk Map 3D

Autodesk Map 3D is the Autodesk solution for precision mapping and analysis in an integrated geographic information system ("GIS") and CAD environment. It contains the complete AutoCAD toolset to enhance productivity, and also offers specialized functionality for creating, maintaining and producing maps and geospatial data.

Autodesk Land Desktop

Autodesk Land Desktop is our land development design tool for the AutoCAD environment built around a centralized product structure that stores critical data—points, terrain models and alignments—in a central location where they can be shared by team members. Users benefit from tools that create and label survey points, define and edit parcels and roadway alignments, automate drafting procedures, create terrain models and calculate volumes and contours.

Autodesk Civil 3D

Autodesk Civil 3D is the next generation design and drafting software that introduces dynamic, model-based design to the civil engineering industry. It enables customers to build intelligent, flexible models of civil engineering products and speeds the design by automating repetitive and tedious drafting tasks.

Building Solutions Division

The Building Solutions Division accounted for 12% of Design Solutions Segment revenues in fiscal 2005. The division's solutions range from the most advanced technology for building information modeling ("BIM") — a new paradigm for building design, documentation and construction — to the most widely adopted discipline-specific drawing solutions. Supporting information and management needs throughout the building lifecycle, Autodesk building industry solutions enable customers to eliminate inefficiencies in building design, construction and management. The division's principal product offerings include:

Autodesk Architectural Desktop

Designed for architects and built on the familiar AutoCAD platform, Autodesk Architectural Desktop software supports existing 2D ways of working and lets users gradually introduce increasingly powerful industry-specific 3D features to save time and improve coordination. It offers flexibility in implementation, the efficiency of real-world 3D building objects and AutoCAD-based design and documentation productivity for architects.

[Table of Contents](#)

Autodesk Revit Building and Autodesk AutoCAD Revit Series

Purpose-built for BIM, Autodesk Revit Building and Autodesk AutoCAD Revit Series software collects information about the building project and coordinates this information across all other representations of the project so that every drawing sheet, 2D and 3D view and schedule is based on internally consistent, coordinated information from the same underlying building database. Autodesk Revit Building and Autodesk AutoCAD Revit Series software provides architects, design-build teams and other building industry professionals a complete architectural design and documentation system that works the way they think, increases coordination and quality and helps them improve their businesses.

Autodesk Building Systems

Autodesk Building Systems software provides integrated AutoCAD-based systems engineering design and analysis for improved productivity, accuracy and coordination. Users can get instant design feedback from the model to ensure coordination with architectural and structural designs, easily connect to third-party analysis applications with automated exchange of engineering data and reduce errors and design changes in the field by linking construction documents to the design model.

Discreet Segment

Discreet, our Media and Entertainment Division, has solutions which enable our digital media customers to extend digital content across the value chain, increase productivity and creativity, and distribute content across multiple mediums and formats. Discreet's products include animating, compositing, finishing, color grading, media mastering and encoding, and workflow tools used for visual effects and editing. The principal product offerings from the Discreet Segment are discussed below:

3ds max

3ds max is a professional 3D modeling, animation and rendering software package providing advanced tools for character animation, next-generation game development, design visualization and visual effects production. Animators, designers and game developers benefit from the unified, object-oriented platform, customizable real-time interface, multiple-processor support and 3D graphics acceleration capabilities, as well as support for a wide range of plug-ins.

flame

flame, our flagship on-line visual effects system, is a creative solution that allows artists to craft visual effects for feature films, television commercials, music videos and broadcast promos at the highest resolutions from film to HD television. It offers the ability to interactively create, composite and edit highly challenging sequences that merge live action with computer-generated imagery using 3D graphics and mixed resolutions. Post-production facilities and broadcasters integrate flame within dedicated suites and networked environments.

inferno

inferno, our high-end on-line visual effects system, builds on the feature set of flame with film tools and increased image resolution and color control for digital film work, including film specific tools for grain management, wire and scratch removal and color calibration. It is tuned to provide high levels of feedback on large format imagery and is designed specifically for film and HD content.

smoke

smoke is an on-line, non-linear creative editing and finishing solution that enables editors to edit, conform and finish television commercials, broadcast programming and other content. Editors benefit from support for HD and standard definition resolutions, which offers a secure investment for HD mastering, as well as the ability to work in a 3D environment and compatibility with our flame and inferno systems.

Autodesk Subscription Program and Autodesk Upgrade Program

In addition to sales of new software licenses, we offer our customers two ways to migrate to the most recent version of our products. These programs are available for a majority of our Design Solution products as well as Discreet's 3ds max. Under the Autodesk Subscription program, members who own the most recent version of the underlying product participate in a simplified upgrade process, feature-enhancing extensions, downloadable e-Learning courses and optional on-line support. Users benefit from incremental and new releases of the underlying product and extensions over one year and multi-year contract periods. Subscription program revenues are reported separately on our Consolidated Statements of Income as Maintenance revenue.

[Table of Contents](#)

Under the current Autodesk Upgrade Program, a customer who is on a currently supported version of a product, which is generally the prior three versions, can upgrade to the latest release of the product. Typically, the cost to upgrade is based on a multiple of the number of versions the customer is upgrading.

PRODUCT DEVELOPMENT AND INTRODUCTION

We continue to enhance our product offerings and develop new products to meet changing customer demands. Research and development expenditures were \$239.4 million or 19% of fiscal 2005 net revenues, \$209.3 million or 22% of fiscal 2004 net revenues and \$190.3 million or 23% of fiscal 2003 net revenues. Our software is primarily developed internally; however we do use independent contractors to supplement our development efforts. Additionally, we acquire products or technology developed by others by purchasing some or all of the assets or stock of the entity that held ownership rights to the technology. During fiscal 2005, approximately 6% of our total research and development expenditures were attributable to development work performed by a single independent contractor on behalf of our Manufacturing Solutions Division.

The majority of our basic research and product development is performed in the U.S. and Canada while translation and localization of foreign-market versions, as well as some product development, is performed by development teams or contractors in our local markets. We generally translate and localize our products into French, Italian, German, Spanish, Japanese and various Chinese dialects. Portions of product development, including some software development, localization, quality assurance and technical publications, are performed in Europe and Asia, including India, Singapore, China and the United Kingdom. We plan to significantly increase our product development operations in the Asia/Pacific region over the next several years, particularly in China.

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, we maintain an aggressive program of new product development to address demands in the marketplace for our products. We dedicate considerable technical and financial resources to research and development to further enhance our existing products and to create new products and technologies. However, these investments may not result in sufficient revenue generation to justify their costs or our competitors may introduce new products and services that achieve acceptance among our current customers, either of which would likely adversely affect our competitive position.

Our software products are complex and, despite extensive testing and quality control, may contain errors or defects. These defects or errors could result in corrective releases to our software products, damage to our reputation, loss of revenues, an increase in product returns or lack of market acceptance of our products, any of which would likely harm our business.

We actively recruit and hire experienced software developers and license and acquire complementary software technologies and businesses. In addition, we actively collaborate with and support independent software developers who offer products that enhance and complement our products.

Independent firms and contractors perform some of our product development activities. Because talented development personnel are in high demand, these independent firms and contractors may not be able to provide development support to us in the future. In addition, we license some technology from third parties. Use of this licensed technology may be restricted in ways that negatively affect our business. We may not be able to obtain and renew existing license agreements on favorable terms, if at all, and any failure to do so would likely harm our business.

In addition, our business strategy has historically depended in part on our relationships with a network of third-party developers, who develop their own products that expand the functionality of our software. Some third-party developers may elect to support other products or may experience disruption in product development and delivery cycles or financial pressure during periods of economic downturn. These disruptions could negatively impact these third-party developers and, in turn, end users, which could harm our business.

MARKETING AND SALES

We sell our products and services both through authorized distributors and resellers and directly to customers, primarily large corporations. Our customer-related operations are divided into three geographic regions, the Americas, Europe/Middle East/Africa and Asia/Pacific, and are supported by global marketing and sales organizations. These organizations develop and manage overall marketing and sales programs and work closely with a network of domestic and foreign offices.

[Table of Contents](#)

We also work directly with reseller and distributor sales organizations, computer manufacturers, other software developers and peripheral manufacturers in cooperative advertising, promotions and trade-show presentations. We employ mass-marketing techniques such as web casts, seminars, telemarketing, direct mailings and advertising in business and trade journals. We have a worldwide user group organization dedicated to the exchange of information related to the use of our products.

Our ability to effectively distribute our products depends in part upon the financial and business condition of our distributor and reseller networks. Computer software dealers and distributors are typically not highly capitalized and have previously experienced difficulties during times of economic contraction and may do so in the future. While we have processes to ensure that we assess the creditworthiness of dealers and distributors prior to sales to them, if their financial condition were to deteriorate, they might not be able to make repeat purchases. The loss of, or a significant reduction in, business with any one of our major international distributors or large U.S. resellers could harm our business.

We intend to continue to make our products available in foreign languages. We believe that international sales will continue to comprise a significant portion of our consolidated net revenues. Economic weakness in any of the countries where we generate a significant portion of our net revenues would likely have a material adverse effect on our business. A summary of our financial information by geographic location is found in Note 11, "Segments" in the Notes to Consolidated Financial Statements.

CUSTOMER AND RESELLER SUPPORT

We provide technical support and training to customers through a leveraged model, augmented by programs designed to address some specific needs directly. End users rely primarily on their resellers and distributors for technical support; however, we do provide certain direct support for our high-end Discreet Segment hardware systems. We support the resellers and distributors through technical product training, sales training classes, the Internet and direct telephone support. We also provide optional online support directly to end users through our subscription program and support content is also available on the Product Support portion of our Internet site. There are also a number of user group forums in which customers are able to share information.

DEVELOPER PROGRAMS

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

BACKLOG

We typically ship products shortly after receipt of an order, which is common in the software industry. Our backlog is primarily comprised of deferred revenue. Deferred revenue is derived from our subscription program, services and deferred license sales. Backlog also includes current software license product orders which have not yet shipped. The category of current software license product orders which we have not yet shipped consists of orders from customers with approved credit status for currently available license software products and may include both orders with current ship dates and orders with ship dates beyond the current fiscal period. We typically experience temporarily higher levels of this component of backlog for quarters in which we retire a release of AutoCAD, as we did in the fourth quarter of fiscal 2005 and fiscal 2004. Aggregate backlog at January 31, 2005 and January 31, 2004 was approximately \$226.2 million and \$159.2 million, respectively, of which \$32.0 million and \$31.9 million related to current software license product orders which had not yet shipped at the end of each respective fiscal year. In accordance with usual trends, we anticipate a reduction of backlog, related to software license product orders which had not yet shipped, during the first quarter of fiscal 2006. We do not believe that backlog as of any particular date is indicative of future results.

COMPETITION

We compete with a variety of companies in different aspects of our business.

In our Design Solutions Segment, our primary global competitors include Dassault Systemes and its subsidiary SolidWorks Corporation, Parametric Technology Corporation, UGS Corp., Bentley Systems Inc. and Environmental Systems Research Institute, Inc. (ESRI). In our Discreet Segment, our primary competitors include Avid Technology, Alias Systems and Apple Computer.

In addition, in each of our markets, there are numerous regional and specialized software and services companies, with which we compete.

The software industry has limited barriers to entry, and the availability of desktop computers with continually expanding performance capacity at progressively lower prices contributes to the ease of market entry. The design software market is

[Table of Contents](#)

characterized by vigorous competition in each of the vertical markets in which we compete, both by entry of competitors with innovative technologies and by consolidation of companies with complementary products and technologies. In addition, the availability of third-party application software is a competitive factor within all of our markets.

Because of these and other factors, competitive conditions in these industries are likely to continue to intensify in the future. Increased competition could result in price reductions, reduced net revenues and profit margins and loss of market share, any of which could harm our business. Furthermore, some of our competitors have greater financial, technical, sales and marketing and other resources.

We believe that our future results depend largely upon our ability to offer new products and to continue to provide existing product offerings that compete favorably with respect to ease of use, reliability, performance, range of useful features, continuing product enhancements, reputation, price and training.

INTELLECTUAL PROPERTY AND LICENSES

We protect our intellectual property through a combination of patents, copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions. Nonetheless, our intellectual property rights may not be successfully asserted in the future or may be invalidated, circumvented or challenged. In addition, the laws of various foreign countries where our products are distributed do not protect our intellectual property rights to the same extent as U.S. laws. Enforcement of copyrights against alleged infringers can sometimes lead to costly litigation and counterclaims. Our inability to protect our proprietary information could harm our business.

From time to time, we receive claims alleging infringement of a third party's intellectual property rights, including patents. Disputes involving our intellectual property rights or those of another party have in the past and may in the future lead to, among other things, costly litigation or product shipment delays, which could harm our business.

We retain ownership of software we develop. All software is licensed to users and provided in object code pursuant to either shrink-wrap, embedded or on-line licenses, or signed license agreements. These agreements contain restrictions on duplication, disclosure and transfer.

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

While we have recovered some revenues resulting from the unauthorized use of our software products, we are unable to measure the full extent to which piracy of our software products exists. We believe, however, that software piracy is and can be expected to be a persistent problem.

PRODUCTION AND SUPPLIERS

Production of our Design Solutions Segment and certain Discreet Segment 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 us and by licensed subcontractors. Media for our products include CD-ROMs which are available from multiple sources. User manuals for our products and packaging materials are produced to our specifications by outside sources. Production is generally performed in leased facilities operated by us. Some product assembly is also performed by independent third-party contractors. To date, we have not experienced any material difficulties or delays in the production of our software and documentation.

In addition, the Discreet Segment has historically relied on third-party vendors for the supply of hardware components used in its systems. Many of Discreet's software products currently run on workstations manufactured by Silicon Graphics, Inc. ("SGI"). There are significant risks associated with this reliance on SGI and we may be impacted by unforeseen difficulties associated with adapting our products to future SGI products and the timing of the development and release of SGI products. We continue development of Discreet Segment products for use on alternative platforms (e.g. linux) to help mitigate these risks.

EMPLOYEES

As of January 31, 2005, we employed 3,477 people. None of our employees in the United States are represented by a labor union; however, in certain foreign countries, our employees are represented by worker councils. We have never experienced any work

[Table of Contents](#)

stoppages and believe our employee relations are good. Reliance upon employees in other countries entails various risks that possible further government instability or regulation unfavorable to foreign owned businesses could negatively impact our business in the future.

Competition in recruiting personnel in the software industry, especially highly skilled engineers, is intense. We believe our continued growth and future success is highly dependent on our continued ability to attract, retain and motivate highly skilled employees.

BUSINESS COMBINATIONS

Over the past three years, we acquired new technology or supplemented our technology by purchasing businesses focused in specific markets or industries. During this time period, we acquired the following businesses:

<u>Date</u>	<u>Company</u>	<u>Details</u>
June 2004	DESC, Inc.	The assets acquired from DESC give Autodesk initial entry into the disaster response market with purpose-built applications developed around Autodesk MapGuide. The assets acquired were assigned to the Infrastructure Solutions Division of the Design Solutions Segment.
May 2004	Unreal Pictures	The acquisition of Unreal Pictures gives Autodesk complete access to a comprehensive character design software solution and a proven software development team. Autodesk integrated the Unreal Pictures technology (known as Character Studio) into the latest release of our 3ds max product in October 2004. The acquisition has been integrated into the Discreet Segment.
April 2004	MechSoft.com, Inc.	The assets acquired from MechSoft complement Autodesk's solutions with tools that enable users to embed engineering calculations into their designs based on how parts function. Autodesk plans to integrate key components of MechSoft's technology into future versions of Autodesk Inventor Series. The assets acquired were assigned to the Manufacturing Solutions Division of the Design Solutions Segment.
March 2003	VIA Development Corporation	The acquisition of certain assets of VIA Development Corporation provided us with electrical schematics, wire diagram, and controls engineering automation technology. This acquisition has been integrated into our Manufacturing Solutions Division of the Design Solutions Segment.
February 2003	Linus Technologies, Inc.	The acquisition of certain assets of Linus Technologies, Inc. brought us technology that allows a wire harness designer to create 3D prototypes in our Autodesk Inventor Professional product. This acquisition has been integrated into our Manufacturing Solutions Division of the Design Solutions Segment.
December 2002	truEInnovations, Inc.	This acquisition brought us file and data management software that has been integrated into our Autodesk Inventor Series environment. The truEInnovations, Inc. acquisition has been integrated with our Manufacturing Solutions Division of the Design Solutions Segment.
September 2002	CAiCE Software Corporation	This acquisition allowed us to expand our presence in the transportation software market as well as enhance our core civil design industry business. The CAiCE acquisition has been integrated with our Infrastructure Solutions Division of the Design Solutions Segment.
April 2002	Revit Technology Corporation	This acquisition provided us with parametric building information modeling technology and provides us with potential next generation technology. The Revit acquisition has been integrated with our Building Solutions Division of the Design Solutions Segment.

For additional information on each of the acquired businesses described above, see Note 8, "Business Combinations" in the Notes to Consolidated Financial Statements.

AVAILABLE INFORMATION

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our Investor Relations Web site at www.autodesk.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information posted on our Web site is not incorporated into this Annual Report on Form 10-K.

ITEM 2. PROPERTIES

We lease approximately 1,237,000 square feet of office space in 89 locations in the United States and internationally through our foreign subsidiaries. Our executive offices and the principal offices for domestic marketing, sales and development are located in leased office space in San Rafael, California. Our San Rafael facilities consist of approximately 290,000 square feet under leases that have expiration dates ranging from 2005 to 2009. We and our foreign subsidiaries lease additional space in various locations throughout the world for local sales, product development and technical support personnel.

All facilities are in good condition and are operating at capacities averaging 85% occupancy worldwide. We believe that our existing facilities and offices are adequate to meet our requirements for the foreseeable future. See Note 5, "Commitments and Contingencies," in the Notes to the Consolidated Financial Statements for more information about our lease commitments.

ITEM 3. LEGAL PROCEEDINGS

On December 27, 2001, Spatial Corp. ("Spatial") filed suit in Marin County Superior Court against Autodesk and one of our consultants, D-Cubed Ltd., seeking among other things, termination of a development and license agreement between Spatial and Autodesk and an injunction preventing Autodesk from working with contractors under the agreement. On October 2, 2003, a jury found that Autodesk did not breach the agreement. As the prevailing party in the action, the court awarded Autodesk approximately \$2.4 million for reimbursement of attorneys' fees and the costs of trial, which was paid during the second quarter of fiscal 2005. Spatial filed a notice of appeal on December 2, 2003 appealing the decision of the jury. Spatial claims that certain testimony of a witness should not have been considered by the jury and as a result, Spatial asserts that it is entitled to a new trial. Autodesk filed its opposition to Spatial's appeal in August 2004. At the present time, the appeal has not been set for hearing by the appellate court. After reviewing the arguments made in the appeal, we believe the ultimate resolution of this matter will not have a material effect on Autodesk's financial position, results of operations or cash flows. However, it is possible that an unfavorable resolution of this matter could occur and materially affect our future results of operations, cash flows or financial position in a particular period.

On May 13, 2004, Nuvo Services, LLC (“Nuvo”) filed suit in United States District Court, District of Arizona against Autodesk seeking to compel arbitration of Nuvo’s claim that Autodesk breached a contract that allegedly existed between Nuvo and a company acquired by Buzzsaw.com in 2000. In March 2005, the parties entered into a settlement agreement resolving all claims and counterclaims among them. The resolution of this matter will not materially affect our future results of operations, cash flows or financial position.

On September 22, 2004, Plaintiff z4 Technologies, Inc. (“z4”) filed suit against Autodesk and Microsoft Corporation in the United States District Court, Eastern District of Texas, alleging infringement of U.S. Patent No. 6,044,471, entitled “Method and Apparatus for Securing Software to Reduce Unauthorized Use,” and U.S. Patent No. 6,785,825, entitled “Method for Securing Software to Decrease Software Piracy.” z4’s complaint alleges that Autodesk infringes the ‘471 patent and the ‘825 patent by making, using, selling, and offering for sale the claimed matter of these patents without the plaintiff’s authority. z4 seeks unspecified compensatory damages, injunctive relief and fees and costs. We believe the allegations made in the complaint have no merit and intend to vigorously defend against the case. While Autodesk believes the ultimate resolution of this case will not have a material effect on our financial position, results of operations or cash flows, it is possible that an unfavorable resolution of this matter could occur and materially affect our future results of operations, cash flows or financial position in a particular period.

[Table of Contents](#)

In connection with our anti-piracy program, designed to enforce copyright protection of our software and conducted both internally and through the Business Software Alliance (“BSA”), we from time to time undertake litigation against alleged copyright infringers. Such lawsuits may lead to counter claims alleging improper use of litigation or violation of other local law and have recently increased in frequency, especially in Latin American countries. To date, none of such counter claims has resulted in material damages and the Company does not believe that any such pending claims, individually or in the aggregate, will result in a material adverse effect on our future results of operations, cash flows or financial position.

In addition, we are involved in legal proceedings from time to time arising from the normal course of business activities including claims of alleged infringement of intellectual property rights, commercial, employment, piracy prosecution and other matters. In our opinion, resolution of pending matters is not expected to have a material adverse impact on our consolidated results of operations, cash flows or our financial position. However, it is possible that an unfavorable resolution of one or more such proceedings could in the future materially affect our future results of operations, cash flows or financial position in a particular period.

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 2005.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following sets forth certain information as of January 31, 2005 regarding our executive officers:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Carol A. Bartz	56	Chairman of the Board, Chief Executive Officer and President
Carl Bass	47	Chief Operating Officer
George M. Bado	50	Senior Vice President, Worldwide Sales and Consulting
Jan Becker	51	Senior Vice President, Human Resources and Corporate Real Estate
Alfred J. Castino	52	Senior Vice President and Chief Financial Officer
Marcia K. Sterling	61	Senior Vice President, General Counsel and Secretary

Carol A. Bartz joined Autodesk in April 1992 and serves as Chairman of the Board, Chief Executive Officer and President. Ms. Bartz is a director of Cisco Systems, Inc., Network Appliance, Inc. and BEA Systems, Inc. Prior to joining Autodesk, Ms. Bartz held various positions at Sun Microsystems, Inc., including Vice President, Worldwide Field Operations from July 1990 through April 1992.

Carl Bass joined Autodesk in September 1993 and serves as Chief Operating Officer. From February 2002 to June 2004, Mr. Bass served as Senior Executive Vice President, Design Solutions Group. From August 2001 to February 2002, Mr. Bass served as Executive Vice President, Emerging Business and Chief Strategy Officer. From June 1999 to July 2001, he served as President and Chief Executive Officer of Buzzsaw.com, Inc., a spin-off from Autodesk. He has also held other executive positions within Autodesk. Mr. Bass is a director of Serena Software, Inc.

George M. Bado joined Autodesk in October 2002 and serves as Senior Vice President, Worldwide Sales and Consulting. From October 2002 to October 2004 Mr. Bado served as Vice President, DSG Worldwide Sales. Prior to joining Autodesk, Mr. Bado served as a consultant to the Board of Directors of ChipData, Inc., a venture backed start up involved in electronic design verification from May 2002 to October 2002. Prior to this, Mr. Bado was Executive Vice President, Sales and Consulting for Innoveda, Inc., an electronic design automation software company, from July 2001 to April 2002 (Innoveda, Inc. was acquired by Mentor Graphics Corporation in April 2002) and from March 2000 to June 2001 was Executive Vice President, Operations for Centric Software, Inc., a product lifecycle management solutions company. Prior to this, Mr. Bado served as Senior Vice President, World Trade at Mentor Graphics Corporation, a hardware and software design software company, where he worked from September 1988 to November 1999.

Jan Becker joined Autodesk in September 1992 and has served as Senior Vice President, Human Resources and Corporate Real Estate since June 2000 and previously served in other capacities in the Human Resources Department.

Alfred J. Castino joined Autodesk in August 2002 and serves as Senior Vice President and Chief Financial Officer. Prior to joining Autodesk, Mr. Castino was Chief Financial Officer for Virage, Inc., a video and media communication software company from January 2000 to July 2002 and from August 1999 to January 2000 he served as Chief Financial Officer for RightPoint, Inc., an e-marketing company. Prior to this, Mr. Castino served as Vice President of Finance and then Senior Vice President and Chief Financial Officer at PeopleSoft, Inc., an enterprise software company, where he worked from September 1997 to August 1999.

[Table of Contents](#)

Marcia K. Sterling joined Autodesk in October 1995 and serves as Senior Vice President, 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 partner.

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

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our 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. These share prices were adjusted for the two-for-one stock split that was effective for holders of record on December 6, 2004.

	<u>High</u>	<u>Low</u>
Fiscal 2005		
First Quarter	\$17.48	\$12.49
Second Quarter	\$21.37	\$15.55
Third Quarter	\$26.36	\$18.11
Fourth Quarter	\$38.55	\$26.83
	<u>High</u>	<u>Low</u>
Fiscal 2004		
First Quarter	\$ 8.15	\$ 6.52
Second Quarter	\$ 8.37	\$ 6.95
Third Quarter	\$ 9.68	\$ 7.29
Fourth Quarter	\$13.21	\$ 9.63

Dividends

Adjusted for the stock split in December 2004, we paid quarterly dividends of \$0.015 per share in fiscal 2005 and 2004 to Autodesk stockholders. Effective after the dividend for the fourth quarter of fiscal 2005 (to be paid in April 2005), we have discontinued our quarterly cash dividend.

Stockholders

As of January 31, 2005 the number of common stockholders of record was 732. Because many of our shares of common stock are held by brokers or other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by the record holders.

Issuer Purchases of Equity Securities

The purpose of Autodesk's stock repurchase program is to help offset the dilution to earnings per share caused by the issuance of stock under our employee stock plans and to effectively utilize excess cash generated from the business. The number of shares acquired and the timing of the purchases are based on several factors, including the level of our cash balances, general business and market conditions, and other investment opportunities. At January 31, 2005, approximately 32.2 million shares remained available for repurchase under the existing repurchase authorization. See Note 6, "Stockholders' Equity," in the Notes to Consolidated Financial Statements for further discussion.

Table of Contents

The following table provides information about the repurchase of our common stock during the three months ended January 31, 2005:

(Shares in thousands)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
November 1 – November 30	448	\$ 32.29	448	35,937
December 1 - December 31	3,752	35.15	3,752	32,185
January 1 - January 31	—	—	—	—
Total	4,200⁽¹⁾	\$ 34.84	4,200⁽¹⁾	32,185⁽²⁾

⁽¹⁾ Represents shares purchased in open-market transactions under the plan approved by the Board of Directors in December 2003 authorizing the repurchase of 32.0 million shares. This plan, announced in December 2003, does not have a fixed expiration date.

⁽²⁾ Of this amount, 8.2 million shares correspond to remaining shares available for repurchase under the plan approved by the Board of Directors in December 2003 and 24.0 million shares correspond to the plan approved by the Board of Directors in December 2004 authorizing the repurchase of up to an additional 24.0 million shares. This plan, announced in December 2004, does not have a fixed expiration date.

ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with our audited consolidated financial statements and related notes thereto and with Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this Form 10-K. The financial data for the years ended January 31, 2005, 2004 and 2003 are derived from, and are qualified by reference to, the audited consolidated financial statements that are included in this Form 10-K. The financial data for the years ended January 31, 2002 and 2001 are derived from audited consolidated financial statements which are not included in this Form 10-K.

	Fiscal year ended January 31,				
	2005	2004	2003	2002	2001
	(In thousands, except per share data)				
For the Fiscal Year					
Net revenues	\$ 1,233,767	\$ 951,643	\$ 824,945	\$ 947,491	\$ 936,324
Income from operations ⁽¹⁾	234,873	106,237	24,962	98,174	140,014
Net income ⁽¹⁾⁽²⁾⁽³⁾	221,508	120,316	31,904	90,313	93,233
At Year End					
Total Assets	\$ 1,142,204	\$ 1,017,160	\$ 883,650	\$ 902,444	\$ 807,759
Long-term liabilities	16,658	10,595	4,414	2,479	1,208
Common stock data					
Basic net income per share	\$ 0.98	\$ 0.54	\$ 0.14	\$ 0.41	\$ 0.41
Diluted net income per share	0.90	0.52	0.14	0.40	0.40
Dividends paid per share	0.06	0.06	0.06	0.06	0.06

⁽¹⁾ Fiscal 2005, 2004, 2003 and 2002 results were impacted by restructuring and other charges of \$26.7 million, \$3.2 million, \$25.9 million and \$33.6 million, respectively. See Note 9, "Restructuring Reserves" in the Notes to Consolidated Financial Statements for further discussion.

⁽²⁾ Fiscal 2005, 2004 and 2003 results were impacted by tax benefits of \$24.4 million, \$26.7 million and \$3.8 million, respectively. See Note 4, "Income Taxes," in the Notes to Consolidated Financial Statements for further discussion. Fiscal 2002 results were also impacted by a one-time non-cash gain of \$9.5 million related to the dissolution of an affiliate.

⁽³⁾ Fiscal 2002 and 2001 results were impacted by goodwill amortization charges of \$19.9 million and \$24.3 million, respectively. See Note 1, "Business and Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements for further discussion.

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

We begin Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") with our overall strategy and the strategy for our major business units to give the reader an overview of the goals of our business and the direction in which our business and products are moving. This is followed by a discussion of the Critical Accounting Policies that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results. In the next section, beginning on page 21, we discuss our Results of Operations for fiscal 2005 compared to fiscal 2004 and for fiscal 2004 compared to fiscal 2003, beginning with an Overview. We then provide an analysis of changes in our balance sheet and cash flows, and discuss our financial commitments in the sections entitled "Liquidity and Capital Resources," "Contractual Obligations" and "Off-Balance Sheet Arrangements."

The MD&A should be read in conjunction with the other sections of this Annual Report on Form 10-K, including Item 1: "Business," Item 6: "Selected Financial Data," and Item 8: "Financial Statements and Supplementary Data."

The discussion in our MD&A 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. Forward-looking statements consist of, among other things, statements regarding anticipated operating expenses, both in absolute dollars and as a percentage of revenues, future growth opportunities, anticipated future net revenues, revenue mix, costs and expenses, operating margins, allowance for bad debts, level of product returns, planned annual release cycles and short-term and long-term cash requirements, as well as statements involving trend analyses and statements including such words as "we believe" and "plan" and similar expressions. These forward-looking statements are subject to business and economic risks. As such, our actual results could differ materially from those set forth in the forward-looking statements as a result of the factors set forth below, in "Risk Factors Which May Impact Future Operating Results" and in our other reports filed with the Securities and Exchange Commission.

Strategy

Our goal is to be the world's leading design software and services company for the building, manufacturing, infrastructure, media and entertainment, and wireless data services fields. Our focus is to help customers create, manage and share their data and digital assets more effectively and improve efficiencies across the entire lifecycle management processes.

We believe that our ability to make technology available to mainstream markets is one of our competitive advantages. By innovating in existing technology categories, we bring powerful design products to volume markets. Our architecture allows for extensibility and integration. Our products are designed to be easy to learn and use, and to provide customers low cost of deployment, low total cost of ownership and a rapid return on investment.

We have created a large global community of resellers, third party developers and customers, allowing us broad reach into volume markets. Our reseller network is extensive, and provides our customers with global resources for the purchase, support and training of our products in an effective and cost efficient manner. We have a significant number of registered third party developers, creating products that run on top of our products, further extending our reach into volume markets. Our installed base of millions of users has made Autodesk products a worldwide design software standard. Users trained on Autodesk products are broadly available both from universities and the existing work force, reducing the cost of training for our customers.

Our growth strategy derives from these core strengths. We continue to increase the business value of our desktop design tools for our customers in a number of ways. We improve the performance and functionality of existing products with each new release, and we have increased the frequency of our releases. Beyond our base design products, we develop products addressing specific vertical market needs. In addition, we believe that migration from our 2D products to our higher priced 3D products presents a significant growth opportunity. While the rate of migration to 3D varies from industry to industry, adoption of 3D design software should increase the productivity of our customers and result in richer design data. However, this migration also poses various risks to us. In particular, if we do not successfully convert our 2D customer base to our 3D products as expected, and sales of our 2D products decrease without a corresponding conversion of customer seats to 3D products, we would not realize the growth we expect and our business would be adversely affected.

We believe the richer design data created by our 3D products requires better design information management tools, also known as lifecycle management. We believe that for each author of design information, there are five to 10 users of that information downstream. As a result, we are developing and introducing products that will allow downstream users, both within and external to our customer enterprises, to manage and share their designs. Our large installed base provides a unique opportunity to sell additional products to design and engineering departments and to expand our customer base from these design and engineering departments to adjacent departments and into the supply chain.

[Table of Contents](#)

Expanding our geographic coverage is a key element of our growth strategy. We believe that rapidly growing economies, including those of China, India, Eastern Europe and South America, present significant growth opportunities for the Company. In support of our growth efforts in China, we opened our China Application Development Center during fiscal 2004. With a level of understanding of local markets that could not be obtained from remote operations, the Center both develops products for the worldwide market and develops products to specifically address the Chinese market. In addition, we believe that our products will have a competitive advantage as a result of being engineered locally. We believe our ability to conduct research and development at various locations throughout the world allows us to optimize product development and lower costs. However, international development, whether conducted by us or independent developers on our behalf, involves significant costs and challenges, including whether we can adequately protect our intellectual property and derive significant revenue in areas, such as China, where software piracy is a substantial problem.

Another significant part of our growth strategy is based upon improving the installed base business model. A key element of this change is our ability to release major products on at least an annual basis. Strong annual release cycles have a number of benefits. In particular, they permit us to deliver key performance and functionality improvements to the customer on a regular and timely basis. Annual releases also drive annual product retirement programs, thereby reducing the volatility of revenues we have experienced in the past, as both the release of the new version and retirement of the oldest supported version are currently planned to happen annually. Volatility may also be reduced through the Autodesk Subscription Program, as revenue is recognized ratably over the subscription contract period.

We are continually focused on improving productivity and efficiency in all areas of the Company. Doing so will allow us to increase our investment in growth initiatives and improve our profitability. During fiscal 2004, we conducted a rigorous study of our cost structure. Through the services of a major consulting firm, we benchmarked Autodesk metrics against averages of other companies including other leading software companies. As a result of the study, we undertook a restructuring plan that concluded at the end of fiscal 2005, began implementing certain productivity and efficiency initiatives throughout the Company and committed to continuous improvements in our productivity. During fiscal 2005, we increased our operating margin from 11% to 19%, while investing in growth initiatives. Longer term, we intend to continue to balance investments in revenue growth opportunities with our goal of increasing our operating margins.

Autodesk generates significant cash flow. Our uses of cash include share repurchases to offset the dilutive impact of our employee stock plans, mergers and acquisitions, investments in growth initiatives and through the end of fiscal 2005, a \$0.015 per share quarterly dividend. The dividend was discontinued after the dividend for the fourth quarter of fiscal 2005, which will be paid in April 2005. We evaluate merger and acquisition and divestiture opportunities to the extent they support our strategy. Our typical acquisitions are intended to provide adjacency to our current products and services, specific technology or expertise and rapid product integration. Additionally, we continue to invest in growth initiatives including lifecycle management and sales, and market and channel development.

Design Solutions Segment

The Design Solutions Segment consists of the following industry specific divisions: Manufacturing Solutions Division, Infrastructure Solutions Division, Building Solutions Division and Platform Technology Division and Other, which includes our Autodesk Consulting and Autodesk Collaboration Services.

For the Manufacturing Solutions Division, our focus is to enable our customers to rapidly adopt 3D design, create designs in a simple 2D/3D environment, manage design data for additional business processes and share design data across the enterprise with the supply chain. Our primary solution offering is the Autodesk Inventor Series, which delivers Autodesk Mechanical Desktop, based on AutoCAD software, Autodesk Inventor, a 3D mechanical design software product with built in collaboration and design management tools, and Autodesk Vault, an integrated engineering data management solution, that helps design teams organize and reuse designs by consolidating product information and reducing the need to re-create designs from scratch.

For the Infrastructure Solutions Division, our focus is to enable our customers to compile, analyze and maintain digital design information, manage physical infrastructure projects and securely distribute information to remote locations. Our primary offerings are Autodesk Map 3D for precision mapping and geographic information system analysis in the AutoCAD environment, Autodesk Land Desktop, our land development design tool for the AutoCAD environment and Autodesk Civil 3D, our design tool for the civil engineering industry.

[Table of Contents](#)

For the Building Solutions Division, our focus is to enable our customers to create high quality designs and documentation, securely distribute digital design data, accurately estimate project costs, manage project workflow and securely collaborate with project team and downstream users. Our primary offerings are Autodesk Architectural Desktop, based on AutoCAD software, and Autodesk Revit Building. Autodesk AutoCAD Revit Series includes a complete architectural design and documentation platform supporting all phases of design and all the architectural drawings and schedules required for a building project, and AutoCAD in one solution.

For the Platform Technology Division our focus is on providing CAD design tools and technologies that allow our customers in multiple markets to create, manage, and share design data. Our primary offerings are AutoCAD and AutoCAD LT.

To address the emerging lifecycle management opportunities, we have released products in specific vertical markets, including:

- Autodesk DWF Composer — helps to reduce errors, cycle times and costs by keeping the entire design review process digital. DWF Composer also helps facilitate team communication and productivity with tools built specifically for reviewing, marking up, and measuring 2D and 3D designs without the original design creation software. The DWF file format is purpose-built to share complex design information while maintaining its integrity with file sizes that are often 1/10 the size of other file formats. Autodesk also provides a free DWF Viewer for users to view and print 2D and 3D designs published in the DWF format.
- Autodesk Buzzsaw – a project collaboration service that allows users to manage multiple projects and communicate project information among all team members. Autodesk Buzzsaw provides viewing technology, customized views, and reporting features that provide a clear status of the entire project portfolio.
- Autodesk Productstream — automates the release management and change order management allowing members of the extended team to access, review and add supporting data without overwriting the design data itself.
- Autodesk Streamline — a hosted project management messaging service that enables companies to manage design and project data and share it with customers and suppliers anywhere in the world.

Discreet Segment

The Discreet Segment serves the digital media sector. Our strategy is to provide powerful and sophisticated solutions that enable our customers to extend the use of digital content, increase their creative capability, increase their productivity and enable content distribution across multiple media and formats. Our primary offerings include visual effects solutions, editing and color grading solutions, 3D animation for next generation games development, design visualization solutions and media mastering and streaming solutions.

Location Services Division

The Locations Services Division focus is on providing a technology platform designed to deliver location-based applications to wired, mobile and wireless users. Our primary offering is LocationLogic.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amount of assets, liabilities, net revenues, costs and expenses and related disclosures. We regularly re-evaluate our estimates and assumptions. Actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in Note 1, “Business and Summary of Significant Accounting Policies,” in the Notes to Consolidated Financial Statements, the following policies involve a higher degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of operations.

Revenue Recognition. Our accounting policies and practices are in compliance with Statement of Position 97-2, “Software Revenue Recognition,” as amended, and SEC Staff Accounting Bulletin No. 104, “Revenue Recognition.”

[Table of Contents](#)

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collection is probable. However, determining whether and when some of these criteria have been satisfied often involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report.

For multiple element arrangements that include software products, we allocate the sales price among each of the deliverables using the residual method, under which revenue is allocated to undelivered elements based on their vendor-specific objective evidence ("VSOE") of fair value. VSOE is the price charged when that element is sold separately or the price as set by management with the relevant authority. If we do not have VSOE of the undelivered element, we defer revenue recognition on the entire sales arrangement until all elements are delivered. We are required to exercise judgment in determining whether VSOE exists for each undelivered element based on whether our pricing for these elements is sufficiently consistent.

Our assessment of likelihood of collection is also a critical element in determining the timing of revenue recognition.

Our product sales to distributors and resellers are generally recognized at the time title to our product passes to the distributor or reseller, provided all other criteria for revenue recognition are met. This policy is predicated on our ability to estimate sales returns. We are also required to evaluate whether our distributors and resellers have the ability to honor their commitment to make fixed or determinable payments, regardless of whether they collect cash from their customers. If we were to change any of these assumptions or judgments, it could cause a material increase or decrease in the amount of revenue that we report in a particular period.

In addition to product sales, Autodesk recognizes maintenance revenues from our subscription program and hosted service revenues ratably over the contract periods. Customer consulting and training revenues are recognized as the services are performed.

Allowance for Doubtful Accounts. We maintain allowances for bad debts for estimated losses resulting from the inability of our customers to make required payments. Our allowance for doubtful accounts was \$7.2 million and \$9.7 million at January 31, 2005 and 2004, respectively.

Estimated allowances for doubtful accounts are determined based upon historical loss patterns, the number of days that billings are past due and an evaluation of the potential risk of loss associated with specific problem accounts. The use of different estimates or assumptions could produce different allowance balances. While we believe our existing allowance for doubtful accounts is adequate and appropriate, additional reserves may be required should the financial condition of our customers deteriorate or as unusual circumstances arise.

Product Returns Reserves. With the exception of contracts with certain distributors, our sales contracts do not contain specific product-return privileges. However, we permit our distributors and resellers to return product in certain instances, generally when new product releases supercede older versions. Our product returns reserves were \$15.3 million at January 31, 2005 and \$19.0 million at January 31, 2004. Product returns as a percentage of applicable revenues were 4.1% in fiscal 2005, 5.4% in fiscal 2004 and 5.5% in fiscal 2003.

The product returns reserve is based on historical experience of actual product returns, estimated channel inventory levels, the timing of new product introductions, channel sell-in for applicable markets and other factors. During fiscal year 2005, we recorded a reserve for product returns of \$34.6 million, which reduced our revenue.

While we believe our accounting practice for establishing and monitoring product returns reserves is adequate and appropriate, any adverse activity or unusual circumstances could result in an increase in reserve levels in the period in which such determinations are made.

Realizability of Long-Lived Assets. We assess the realizability of our long-lived assets and related intangible assets, other than goodwill, annually during the fourth fiscal quarter, or sooner should events or changes in circumstances indicate the carrying values of such assets may not be recoverable. We consider the following factors important in determining when to perform an impairment review: significant under-performance of a business or product line relative to budget; shifts in business strategies which impact the continued uses of the assets; significant negative industry or economic trends; and the results of past impairment reviews.

In assessing the recoverability of these long-lived assets, we first determine their fair values, which are based on assumptions regarding the estimated future cash flows that could reasonably be generated by these assets. When assessing long-lived assets, we use undiscounted cash flow models which include assumptions regarding projected cash flows. Variances in these assumptions could have a significant impact on our conclusion as to whether an asset is impaired or the amount of the impairment charge. Impairment charges, if any, result in situations where the fair values of these assets are less than their carrying values.

[Table of Contents](#)

In addition to our recoverability assessments, we routinely review the remaining estimated useful lives of our long-lived assets. Any reduction in the useful life assumption will result in increased depreciation and amortization expense in the quarter when such determinations are made, as well as in subsequent quarters.

We will continue to evaluate the values of our long-lived assets in accordance with applicable accounting rules. As changes in business conditions and our assumptions occur, we may be required to record impairment charges.

Goodwill. As required under Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," we no longer amortize goodwill, but test goodwill for impairment annually in the fourth quarter or sooner should events or changes in circumstances indicate potential impairment. As changes in business conditions and our assumptions occur, we may be required to record impairment charges.

Deferred Tax Assets. We currently have \$119.3 million of net deferred tax assets, mostly arising from net operating losses, tax credits, reserves and timing differences for purchased technologies and capitalized software offset by the establishment of U.S. deferred tax liabilities on unremitted earnings from certain foreign subsidiaries. We perform a quarterly assessment of the recoverability of these net deferred tax assets, which is principally dependent upon our achievement of projected future taxable income of approximately \$306.0 million in specific geographies. Our judgments regarding future profitability may change due to future market conditions and other factors. These changes, if any, may require possible material adjustments to these net deferred tax assets, resulting in a reduction in net income in the period when such determinations are made.

Autodesk is a U.S. based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. The Company's effective tax rate is based on expected income, statutory rates and enacted tax rules, including transfer pricing. Significant judgment is required in determining the Company's effective tax rate and in evaluating its tax positions on a worldwide basis. The Company believes its tax positions, including intercompany transfer pricing policies are consistent with the tax laws in the jurisdictions in which it conducts its business. It is possible that these positions may be challenged which may have a significant impact on the Company's effective tax rate.

Restructuring Expenses. During the fourth quarter of fiscal 2004, the Board of Directors approved a restructuring plan involving the elimination of employee positions and the closure of a number of offices worldwide. This plan, which we refer to as the fiscal 2004 restructuring plan, was designed to improve efficiencies across the organization, reduce operating expense levels to help achieve our targeted operating margins and redirect resources to product development, sales development and other critical areas. As a result of these restructuring activities, which we completed by the end of fiscal 2005, and through attrition, we achieved our targeted efficiencies with a lower level of involuntary terminations than originally anticipated; consequently, the total charges under the fiscal 2004 restructuring plan were \$27.5 million, as compared to the \$37.0 million originally estimated.

During fiscal 2005, we recorded net restructuring charges of \$26.7 million of which \$19.8 million related to employee termination costs under the fiscal 2004 restructuring plan, \$3.9 million related to the closure of facilities under the fiscal 2004 restructuring plan and \$3.0 million related to office closures effected during previous years. The office closure costs were based upon the projected rental payments through the remaining terms of the underlying operating leases, offset by projected sublease income. The projected sublease income amounts were calculated by using information provided by third-party real estate brokers as well as management judgments and were based on assumptions for each of the real estate markets where the leased offices were located. If real estate markets worsen and we are not able to sublease the properties as expected, we will record additional expenses in the period when such rental payments are made. This situation occurred during each of fiscal 2005, 2004 and 2003; we therefore recorded additional charges as a result of the inability to sublease abandoned offices. If the real estate markets subsequently improve, and we are able to sublease the properties earlier or at more favorable rates than projected, we will reverse a portion of the underlying restructuring accruals, which will result in increased net income in the period when such sublease becomes effective.

Stock Option Accounting. We do not record compensation expense when stock option grants are awarded to employees at exercise prices equal to the fair market value of Autodesk common stock on the date of grant. We disclose in Note 1, "Business and Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements the expense consistent with the method of Statement of Financial Accounting Standards No. 123, "Accounting for Stock Issued to Employees" ("SFAS 123"). The alternative fair value accounting provided for under SFAS 123 requires use of option valuation models which require the input of highly subjective assumptions, including the expected life of the option and expected future volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. Had we recorded compensation expense from stock option grants, our net income would have been substantially less. Upon adoption of Statement of Financial Accounting Standards No. 123 – revised 2004, "Share-Based Payment," which replaces SFAS 123 and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") in the third quarter of fiscal 2006 (see "Recently Issued Accounting Standards" below), our operating margins and net income will be adversely affected.

Legal Contingencies. As described in Item 3, "Legal Proceedings" and Note 5, "Commitments and Contingencies", in the Notes to Consolidated Financial Statements, we are periodically involved in various legal claims and proceedings. We routinely review the status of each significant matter and assess our potential financial exposure. If the potential loss from any matter is considered probable and the amount can be reasonably estimated, we record a liability for the estimated loss. Because of inherent uncertainties related to these legal matters, we base our loss accruals on the best information available at the time. As additional information becomes available, we reassess our potential liability and may revise our estimates. Such revisions could have a material impact on future quarterly or annual results of operations.

Recently Issued Accounting Standards

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 – revised 2004, “Share-Based Payment,” (“SFAS 123R”) which replaces SFAS 123 and supersedes APB 25. SFAS 123R requires the measurement of all employee share-based payments to employees, including grants of employee stock options, using a fair-value based method and the recording of such expense in our consolidated statements of income. This statement is effective for reporting periods beginning after June 15, 2005. We are required to adopt SFAS 123R starting in the third quarter of fiscal 2006. The pro forma disclosures previously permitted under SFAS 123 will no longer be an alternative to financial statement recognition. See Note 1, “Business and Summary of Significant Accounting Policies,” in the Notes to Consolidated Financial Statements for the pro forma net income (loss) and net income (loss) per share amounts for fiscal 2005, 2004 and 2003, as if we had used a fair-value based method similar to the methods required under SFAS 123R to measure compensation expense for employee stock awards. Although we have not yet determined whether the adoption of SFAS 123R will result in amounts that are similar to the current pro forma disclosures under SFAS 123, we are evaluating the requirements under SFAS 123R and expect the adoption to have a significant adverse impact on our consolidated statements of income and net income per share.

In December 2004, the FASB issued FASB Staff Position No. FSP 109-2, “Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creations Act of 2004 (“FSP 109-2”).” See “Provision for income taxes” under “Results of Operations” on page 27 and Note 4, “Income Taxes,” in the Notes to Consolidated Financial Statements for further description of the effects on the financial statements of FSP 109-2.

In March 2004, the FASB issued Emerging Issues Task Force Issue 03-1 (“EITF 03-1”), “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments”, which provided new guidance for assessing impairment losses on investments. Additionally, EITF 03-1 includes new disclosure requirements for investments that are deemed to be temporarily impaired. In September 2004, the FASB delayed the accounting provisions of EITF 03-1; however the disclosure requirements remain effective for annual periods ending after June 15, 2004. The required disclosures are included in Note 3, “Financial Instruments,” in the Notes to Consolidated Financial Statements. We will evaluate the impact of EITF 03-1 once final guidance is issued.

In March 2005, the SEC issued Staff Accounting Bulletin No. 107 (“SAB 107”), “Share-Based Payment,” which provides interpretive guidance related to the interaction between SFAS 123R and certain SEC rules and regulations, as well as provides the SEC staff’s views regarding the valuation of share-based payment arrangements. Autodesk is currently assessing the impact of SAB 107 on our implementation and adoption of SFAS 123R.

Overview of Fiscal 2005 Results of Operations

<i>(in thousands)</i>	<u>For the year ended January 31, 2005</u>	<u>As a % of Net Revenues</u>	<u>For the year ended January 31, 2004</u>	<u>As a % of Net Revenues</u>
Net Revenues	\$ 1,233,767	100%	\$ 951,643	100%
Cost of revenues	169,443	14%	148,128	16%
Operating expenses excluding restructuring charges	802,751	65%	694,095	73%
Restructuring	26,700	2%	3,183	—
Income from Operations	<u>\$ 234,873</u>	19%	<u>\$ 106,237</u>	11%

For fiscal 2005 our primary goals were to deliver another series of market-leading products and solutions to our customers to drive revenue growth and market share gains, while increasing our profitability to an annual operating margin of 18 to 20% by fiscal 2006. We achieved both goals. Our fiscal 2005 product releases offered continued advancements in design and authoring productivity as well as project lifecycle management capability. Our operating margin for fiscal 2005 was 19%. Excluding the impact of our restructuring charge, which was 2% of net revenues, we exceeded our 18% to 20% target one year ahead of plan. In addition, as a result of planned continued revenue growth and our commitment to improve productivity, we believe we will continue to expand our operating margins in fiscal 2006, excluding the impact of employee stock compensation expense under SFAS 123R.

Our net revenues were 30% higher in fiscal 2005 as compared to fiscal 2004 primarily due to strong new seat, subscription and upgrade revenues, coupled with the positive effects of changes in foreign currencies, principally driven by the strength of the euro. Compared to fiscal 2004, new seat revenues increased 38%, subscription revenues increased 54%, and upgrade revenues increased 12%. Revenue growth was driven more by volume growth than price increases due to the strength of our current product releases, particularly the AutoCAD 2005 family of products and Autodesk Inventor 9 products, and the announcement of our intention to retire the AutoCAD 2000i-based product series during early calendar 2005. Product retirements generally result in customer upgrades to a product series still supported by Autodesk.

As a result of our retirement cycle for the AutoCAD product series, which typically occurs during the fourth quarter of our fiscal year, our fourth quarters have higher than normal levels of product backlog. Product backlog is comprised of deferred revenue and current software license product orders which have not yet shipped. The category of current software license product orders which we have not yet shipped consists of orders from customers with approved credit status for currently available license

[Table of Contents](#)

software products and may include orders with current ship dates and orders with ship dates beyond the current fiscal period. During the first quarter of the next fiscal year, the component of product backlog attributable to product orders that have not yet shipped will decline significantly. Aggregate backlog at January 31, 2005 and January 31, 2004 was approximately \$226.2 million and \$159.2 million, respectively, of which \$32.0 million and \$31.9 million related to current software license product orders which have not yet shipped at the end of each respective fiscal year.

We generate a significant amount of our revenue in the United States, Japan, Germany, United Kingdom, Italy, France, China, Korea, Australia and Canada. The weaker value of the U.S. dollar, relative to foreign currencies, had a positive impact of \$34.8 million on operating results in fiscal 2005 compared to fiscal 2004. Had exchange rates from fiscal 2004 been in effect during fiscal 2005, translated international revenue billed in local currencies would have been \$51.1 million lower and operating expenses would have been \$16.3 million lower. Changes in the value of the U.S. dollar may have a significant impact on net revenues in future periods. To reduce this impact for the current quarter, we utilize foreign currency option collar contracts to reduce the current quarter exchange rate impact on the net revenue of certain anticipated transactions.

Our operating expenses, excluding restructuring, increased \$108.7 million for fiscal 2005 as compared to fiscal 2004, but declined as a percentage of revenue. The increase is due primarily to higher commission and bonus costs, including related benefits and payroll taxes, resulting from our improved financial performance as well as higher marketing costs, offset in part by our efficiency initiatives and a reduction in salary expense due to our restructuring efforts. Our operating margins are very sensitive to changes in revenues, given the relatively fixed nature of most of our operating expenses, which consist primarily of employee-related expenditures, facilities costs and depreciation and amortization expense. During fiscal 2006 we expect operating expenses, ignoring the impact of employee stock compensation expenses, to increase in absolute dollars but decline as a percentage of revenue as we balance investment in our growth opportunities with our focus on increasing profitability.

The required adoption of SFAS 123R in the third quarter of fiscal 2006 will result in increased employee-related expenditures related to the expensing of employee stock option grants and our employee stock purchase plan offering. See Note 1, "Business and Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements for further discussion.

Throughout fiscal 2005, we maintained a strong balance sheet and generated \$373.1 million of cash from our operating activities as compared to \$220.1 million in the previous year. We finished the year with \$532.7 million in cash and marketable securities, a higher deferred revenue balance and a relatively constant days sales outstanding position as compared to the previous year. Approximately 73% of the deferred revenues balance at January 31, 2005 consisted of customer subscription contracts which will be recognized as maintenance revenue ratably over the life of the contracts, which is predominantly one year.

[Table of Contents](#)

Results of Operations

Net Revenues

<i>(in millions)</i>	Increase compared to prior fiscal year			Increase (decrease) compared to prior fiscal year			Fiscal 2003
	Fiscal 2005	\$	percent	Fiscal 2004	\$	percent	
Net Revenues:							
License and Other	\$ 1,057.1	\$ 220.4	26%	\$ 836.7	\$ 87.8	12%	\$ 748.9
Maintenance	176.7	61.8	54%	114.9	38.9	51%	76.0
	<u>\$ 1,233.8</u>	<u>\$ 282.2</u>	<u>30%</u>	<u>\$ 951.6</u>	<u>\$ 126.7</u>	<u>15%</u>	<u>\$ 824.9</u>
Net Revenues by Geographic Area:							
Americas	\$ 510.9	\$ 101.3	25%	\$ 409.6	\$ 35.4	9%	\$ 374.2
Europe, Middle East and Africa	443.7	106.5	32%	337.2	73.8	28%	263.4
Asia Pacific	279.2	74.4	36%	204.8	17.5	9%	187.3
	<u>\$ 1,233.8</u>	<u>\$ 282.2</u>	<u>30%</u>	<u>\$ 951.6</u>	<u>\$ 126.7</u>	<u>15%</u>	<u>\$ 824.9</u>
Net Revenues by Operating Segment:							
Design Solutions	\$ 1,077.3	\$ 259.2	32%	\$ 818.1	\$ 114.6	16%	\$ 703.5
Discreet	154.1	21.0	16%	133.1	13.7	11%	119.4
Other	2.4	2.0	*%	0.4	(1.6)	(80)%	2.0
	<u>\$ 1,233.8</u>	<u>\$ 282.2</u>	<u>30%</u>	<u>\$ 951.6</u>	<u>\$ 126.7</u>	<u>15%</u>	<u>\$ 824.9</u>
Net Design Solutions Revenues:							
Manufacturing Solutions Division	\$ 199.5	\$ 60.0	43%	\$ 139.5	\$ 20.7	17%	\$ 118.8
Infrastructure Solutions Division	138.3	23.5	20%	114.8	13.5	13%	101.3
Building Solutions Division	124.3	44.0	55%	80.3	6.8	9%	73.5
Platform Technology Division and Other	615.2	131.7	27%	483.5	73.6	18%	409.9
	<u>\$ 1,077.3</u>	<u>\$ 259.2</u>	<u>32%</u>	<u>\$ 818.1</u>	<u>\$ 114.6</u>	<u>16%</u>	<u>\$ 703.5</u>

* Percentage is not meaningful

Fiscal 2005 Net Revenues Compared to Fiscal 2004 Net Revenues

Net revenues increased to \$1,233.8 million in fiscal 2005 from \$951.6 million in fiscal 2004. Net revenues increased in all three of our geographic areas, due primarily to strong subscription, new seat and upgrade revenues, coupled with the positive effects of changes in foreign currencies.

During the first part of fiscal 2004, customers in the industries we serve, particularly manufacturing, commercial construction and media and entertainment, were impacted by economic pressures in their own businesses, resulting in a difficult customer purchasing environment. However, by the end of fiscal 2004 and through fiscal 2005, we saw a lessening of these economic pressures.

License and other revenues for fiscal 2005 were \$1,057.1 million as compared to \$836.7 million in fiscal 2004. The increase was primarily due to increased new seat and upgrade revenues across all major products as a result of our new product releases and the announced retirement of the AutoCAD 2000i-based product series for early calendar 2005. Product retirements generally result in customer upgrades to a product series still supported by Autodesk. In addition, changes in foreign currencies had a positive impact on revenue. We expect significant upgrade revenues during fiscal 2006 as a result of new product releases across our divisions and the announcement of the January 2006 retirement of the AutoCAD 2002-based product series. The remaining installed base of the AutoCAD 2002 release at January 31, 2005 is significantly larger in size compared to the remaining installed base of the AutoCAD 2000i release at that same time last year. However, we expect upgrade revenue in future fiscal years to decline as more end-user customers migrate to our subscription program. Revenue from the sales of our services, training and support are immaterial for all periods presented.

Maintenance revenues, consisting of revenues derived from the subscription program, were \$176.7 million for fiscal 2005 as compared to \$114.9 million for fiscal 2004. As a percentage of total net revenues, maintenance revenues were 14% and 12% for fiscal 2005 and fiscal 2004, respectively. Our subscription program, available to most customers worldwide, continues to attract

Table of Contents

new and renewal customers providing them with a cost effective and predictable budgetary option to obtain the productivity benefits of our newest releases and planned annual product release cycle and enhancements, such as Web support direct from Autodesk and e-learning. We expect maintenance revenues to continue to increase as a percentage of total net revenues.

Net revenues in the Americas increased 25% to \$510.9 million in fiscal 2005 as compared to \$409.6 million in fiscal 2004, largely due to strong new seat, upgrade and subscription revenue. Most of the first half of fiscal 2004 was impacted by the difficult selling environment experienced in the industries we serve. However, the later half of fiscal 2004 had strong upgrade and subscription revenues which carried into fiscal 2005.

Net revenues in the Europe, Middle East and Africa ("EMEA") region increased 32% to \$443.7 million in fiscal 2005 from \$337.2 million in fiscal 2004 due primarily to strong new seat, upgrade and subscription sales, as well as favorable exchange rates. Ignoring the effects of changes in foreign currencies during fiscal 2005, net revenues for EMEA increased approximately 20% in fiscal 2005 as compared to fiscal 2004.

Net revenues in Asia/Pacific increased 36% to \$279.2 million in fiscal 2005 from \$204.8 million in fiscal 2004. The increase in net revenues was due primarily to strong new seat, subscription and upgrade revenues as well as favorable exchange rates. Revenues for fiscal 2004 were adversely affected by the impact on our sales operations of concerns regarding severe acute respiratory syndrome ("SARS") primarily during the second quarter of fiscal 2004. Ignoring the effects of changes in foreign currencies during fiscal 2005, net revenues for Asia/Pacific increased approximately 31% as compared to fiscal 2004.

For fiscal 2005, net revenues for the Design Solutions Segment were \$1,077.3 million as compared to \$818.1 million in fiscal 2004. The increase in net revenues in fiscal 2005 for the Design Solutions Segment was due primarily to strong new seat, upgrade and subscription revenues and favorable exchange rates. Revenue from upgrades and subscriptions combined accounted for 38% of Design Solutions Segment revenues for fiscal 2005 and 41% of Design Solutions Segment revenue for fiscal 2004. Maintenance revenue accounted for 16% of Design Solutions Segment revenue for fiscal 2005 and 14% of Design Solutions Segment Revenues for fiscal 2004. Although we have been shifting our focus to more vertically-oriented product lines, sales of AutoCAD, AutoCAD upgrades and AutoCAD LT continue to comprise a significant portion of our net revenues. Such sales, which are reflected in the net revenues for the Platform Technology Division and Other, accounted for 45% of our consolidated net revenues for both fiscal 2005 and 2004. Net revenues for our 3D products increased approximately 69% for fiscal 2005 as compared to fiscal 2004. A critical component of our growth strategy is to convert our 2D customer base, including customers of AutoCAD and related vertical industry products, to our higher priced 3D products such as the Autodesk Inventor products, Autodesk Revit Building products and Autodesk Civil 3D. However, should sales of 2D products decrease without a corresponding conversion of the customer seats to 3D products, our results of operations will be adversely affected.

Net revenues for the Discreet Segment increased 16% to \$154.1 million in fiscal 2005 from \$133.1 million in fiscal 2004 primarily due to growth in new seat and subscription revenues of our 3ds max animation software, an entire product line refresh of our editing and effects systems during fiscal 2005 and favorable exchange rates. Net revenues from our advanced systems products were \$110.4 million as compared to \$91.9 million in fiscal 2004.

International sales accounted for 65% of our net revenues in fiscal 2005 as compared to 63% in the prior fiscal year. Ignoring the effects of changes in foreign currencies during fiscal 2005, international sales would have remained consistent at 63% of net revenues. We believe that international sales will continue to comprise a significant portion of net revenues. Economic weakness in any of the countries which contribute a significant portion of our net revenues would have a material adverse effect on our business.

Fiscal 2004 Net Revenues Compared to Fiscal 2003 Net Revenues

Net revenues increased to \$951.6 million in fiscal 2004 from \$824.9 million in fiscal 2003. Net revenues increased in all three geographic areas, due primarily to strong upgrade and subscription revenues coupled with the positive effects of changes in foreign currencies.

In fiscal 2003 and part of fiscal 2004, customers in the industries we serve, particularly manufacturing, commercial construction and media and entertainment, were impacted by economic pressures in their own businesses, resulting in a difficult customer purchasing environment. During the last half of fiscal 2004, we saw a lessening of these economic pressures across the industries that constitute our customer base, particularly in the manufacturing and media and entertainment sectors.

[Table of Contents](#)

License and other revenues for fiscal 2004 were \$836.7 million as compared to \$748.9 million in fiscal 2003. The increase was primarily due to increased upgrade revenues across all major products as a result of our new product releases and the announced retirement of the AutoCAD 2000-based product series for January 2004, as well as the positive impact of changes in foreign currencies.

Maintenance revenues, consisting of revenues derived from our subscription program, increased to \$114.9 million for fiscal 2004 as compared to \$76.0 million in fiscal 2003 as our subscription program continued to attract new customers. As a percentage of total net revenues, maintenance revenues were 12% and 9% for fiscal 2004 and fiscal 2003, respectively.

Net revenues in the Americas increased 9% to \$409.6 million in fiscal 2004 as compared to \$374.2 million in fiscal 2003. Despite the difficult selling environment experienced during most of the first half of fiscal 2004, the overall increase was primarily due to strong upgrade and subscription revenue during the third and fourth quarters of fiscal 2004.

Net revenues in the EMEA region increased 28% to \$337.2 million in fiscal 2004 from \$263.4 million in fiscal 2003 due primarily to strong upgrade and subscription sales and favorable exchange rates. Ignoring the effects of changes in foreign currencies during the year, net revenues for EMEA increased approximately 10% as compared to fiscal 2003.

Net revenues in Asia/Pacific increased 9% to \$204.8 million in fiscal 2004 from \$187.3 million in fiscal 2003. The increase in net revenues was due primarily to strong upgrade and subscription sales offset in part by the impact of severe acute respiratory syndrome ("SARS"), especially in the Greater China region, during the second quarter of fiscal 2004. Ignoring the effects of changes in foreign currencies during the year, net revenues for Asia/Pacific increased approximately 4% as compared to fiscal 2003.

For fiscal 2004, net revenues for the Design Solutions Segment were \$818.1 million as compared to \$703.5 million in fiscal 2003. Aggregate net revenues from sales of AutoCAD and AutoCAD LT products increased to \$432.2 million in fiscal 2004 from \$357.0 million in fiscal 2003. The increase in net revenues in fiscal 2004 for both the Design Solutions Segment and combined AutoCAD and AutoCAD LT products was due primarily to strong upgrade and subscription sales coupled with favorable exchange rates. Revenue from new seat licenses accounted for 50% of Design Solutions Segment fiscal 2004 revenues as compared to 65% for fiscal 2003 and upgrade revenue accounted for 27% of fiscal 2004 as compared to 15% for fiscal 2003. Maintenance revenue accounted for 14% of total Design Solutions Segment revenue for fiscal 2004 as compared to 11% in fiscal 2003. During fiscal 2004 and 2003, respectively, sales of AutoCAD, AutoCAD upgrades and AutoCAD LT continue to comprise a significant portion of our net revenues. Such sales, which are reflected in the net revenues for the Platform Technology Division and Other, accounted for 45% and 43% of our consolidated net revenues for fiscal 2004 and 2003, respectively. Net revenues for our 3D products increased approximately 10% for fiscal 2004 as compared to fiscal 2003.

Net revenues for the Discreet Segment increased to \$133.1 million in fiscal 2004 from \$119.4 million in fiscal 2003. This increase was due primarily to demand for new versions of our advanced systems products during early fiscal 2004, increased demand related to the release of a new generation of workstations by Silicon Graphics, Inc. ("SGI") late in the third quarter of fiscal 2004 and increased revenue from the most recent version of our 3ds max product released at the end of the third fiscal quarter of fiscal 2004. Our advanced system products are generally sold as integrated solutions on workstations from SGI. Net revenues from our advanced systems products were \$91.9 million during fiscal 2004 as compared to \$80.1 million in fiscal 2003.

The weaker value of the U.S. dollar, relative to foreign currencies, had a positive impact on net revenues in fiscal 2004. Had exchange rates from fiscal 2003 been in effect in fiscal 2004, translated international revenue billed in local currencies would have been \$57.8 million lower.

International sales accounted for approximately 63% of our net revenues in fiscal 2004 as compared to 61% in the prior fiscal year. Ignoring the effects of changes in foreign currencies during fiscal 2004, international sales would have remained consistent at 61% of net revenues.

[Table of Contents](#)

Cost of Revenues

<i>(in millions)</i>	Increase compared to prior fiscal year			Increase (decrease) compared to prior fiscal year			Fiscal 2003
	Fiscal 2005	\$	percent	Fiscal 2004	\$	percent	
Cost of revenues:							
License and other	\$ 152.4	\$19.7	15%	\$ 132.7	\$(3.0)	(2)%	\$ 135.7
Maintenance	17.0	1.6	10%	15.4	5.3	52%	10.1
	<u>\$ 169.4</u>	<u>\$21.3</u>	<u>14%</u>	<u>\$ 148.1</u>	<u>\$ 2.3</u>	<u>2%</u>	<u>\$ 145.8</u>
As a percentage of net revenues	14%			16%			18%

Cost of license and other revenues includes direct material and overhead charges, royalties, amortization of purchased technology and capitalized software, hosting costs and the labor cost of fulfilling service contracts. Direct material and overhead charges include the cost of hardware sold (mainly workstations manufactured by SGI for the Discreet Segment), costs associated with transferring our software to electronic media, printing of user manuals and packaging materials and shipping and handling costs.

Cost of license and other revenues increased 15% or \$19.7 million during fiscal 2005, as compared to fiscal 2004, due primarily to increased volume and changes in product mix and slightly higher royalty expenses for licensed technology embedded in our products. Cost of license and other revenues decreased 2% or \$3.0 million during fiscal 2004, as compared to fiscal 2003, due primarily to changes in product mix.

Cost of maintenance revenues includes direct costs of our subscription program, amortization of capitalized software and overhead charges. Cost of maintenance revenues increased 10% during fiscal 2005, or \$1.6 million as compared to fiscal 2004 due primarily to incremental direct program costs incurred as part of the expansion of the subscription program. Cost of maintenance revenues increased 52% during fiscal 2004, or \$5.3 million as compared to fiscal 2003 primarily due to higher amortization of capitalized software related to underlying support systems and incremental direct program costs incurred as part of the expansion of the subscription program.

In the future, cost of revenues as a percentage of net revenues is likely to continue to be impacted by the volume and mix of product sales, changing consulting and hosted service costs, software amortization costs, royalty rates for licensed technology embedded in our products, new customer support offerings and the geographic distribution of sales. In addition, we expect the impact of expensing employee stock-based compensation as required under SFAS 123R to further increase cost of sales in future periods.

Marketing and Sales Expenses

<i>(in millions)</i>	Increase compared to prior fiscal year			Increase compared to prior fiscal year			Fiscal 2003
	Fiscal 2005	\$	percent	Fiscal 2004	\$	percent	
Marketing and sales	\$ 461.9	\$68.7	17%	\$ 393.2	\$35.5	10%	\$ 357.7
As a percentage of net revenues	37%			41%			43%

Marketing and sales expenses include salaries, dealer and sales commissions, bonus, travel and facility costs for our marketing, sales, order processing, dealer training and support personnel and overhead charges. These expenses also include costs of programs aimed at increasing revenues, such as advertising, trade shows and expositions, and various sales and promotional programs designed for specific sales channels and end users.

The increase of \$68.7 million between fiscal years 2005 and 2004 was due primarily to approximately \$40.2 million of increased commission, bonus and other incentive compensation expenses related to the increased sales volume, approximately \$23.3 million of higher advertising, branding and promotion costs as well as costs related to a customer information and customer support software project, offset in part by restructuring-related cost savings.

[Table of Contents](#)

The increase of \$35.5 million between fiscal years 2004 and 2003 was due primarily to increased commission, bonus and other incentive compensation expenses of \$21.3 million related to the increased sales volume as well as higher marketing costs related to new product introductions.

We expect to continue to invest in marketing and sales of our products to develop market opportunities and to promote our competitive position and as a result expect marketing and sales expenses to continue to be significant, both in absolute dollars and as a percentage of net revenues. In addition, we expect the impact of expensing employee stock-based compensation as required under SFAS 123R to further increase sales and marketing expenses in future periods.

Research and Development Expenses

<i>(in millions)</i>	Increase compared to prior fiscal year			Increase compared to prior fiscal year			Fiscal 2003
	Fiscal 2005	\$	percent	Fiscal 2004	\$	percent	
Research and development	\$ 239.4	\$30.1	14%	\$ 209.3	\$19.0	10%	\$ 190.3
As a percentage of net revenues	19%			22%			23%

Research and development expenses consist primarily of salaries, benefits, and bonuses for software engineers, contract development fees, purchased in-process technology, depreciation of computer equipment used in software development and overhead charges.

The increase of \$30.1 million in research and development expenses between fiscal years 2005 and 2004 was due primarily to efforts to invest additional resources, made available through restructuring-related savings, in certain growth initiatives. Employee-related costs increased approximately \$14.0 million in fiscal 2005 as compared to prior year, of which approximately \$10.9 million related to higher bonus accruals and benefits based on financial performance. In addition, we incurred \$1.4 million related to localization of new product releases and approximately \$11.1 million for purchased in-process technology for our Manufacturing Solutions Division, of which \$9.2 million related to technology purchased from one independent software developer. The in-process technology is intended for future releases of various products that have not yet reached technological feasibility and have no alternative future use.

The increase of \$19.0 million between fiscal years 2004 and 2003 was due to higher bonus accruals based on the year's financial performance, higher costs associated with localizing our products for different markets worldwide and incremental development costs resulting from our acquisitions of Linus Technologies and Via Development Corporation during the first quarter of fiscal 2004.

We expect that research and development spending will continue to be significant in future periods as we continue to invest in product development and continue to acquire new technology and as a result of expensing employee stock-based compensation as required under SFAS 123R.

General and Administrative Expenses

<i>(in millions)</i>	Increase compared to prior fiscal year			Increase compared to prior fiscal year			Fiscal 2003
	Fiscal 2005	\$	Percent	Fiscal 2004	\$	percent	
General and administrative	\$ 101.4	\$9.9	11%	\$ 91.5	\$11.1	14%	\$ 80.4
As a percentage of net revenues	8%			10%			10%

General and administrative expenses include our finance, human resources, legal costs and overhead charges.

The increase of \$9.9 million between fiscal years 2005 and 2004 was due primarily to approximately \$7.8 million of higher bonus accruals and benefits based on financial performance, \$2.4 million of stock compensation expense incurred in connection with the change in employment status of a senior executive officer, offset in part by a reduction in IT-related expenses and headcount reductions due to restructuring efforts. In addition, general and administrative expenses for fiscal 2004 included the effects of a \$2.5 million reversal of a litigation accrual related to the Spatial matter (see Note 5, "Commitments and Contingencies," in the Notes to Consolidated Financial Statements for further discussion). During fiscal 2005, we incurred significant incremental costs related to our assessment of internal control over financial reporting as required by the Sarbanes-Oxley

[Table of Contents](#)

Act of 2002 (“SOX”) for fiscal 2005. We estimate that we incurred approximately \$6.0 million during fiscal 2005 and approximately \$0.4 million in fiscal 2004 which include external consulting and auditing fees and internal employee costs. We expect that general and administrative expense, as a percentage of net revenues, will continue to be significant in future periods due to on-going costs related to SOX compliance.

The increase of \$11.1 million between fiscal years 2004 and 2003 was due primarily to higher bonus accruals based on the year’s financial performance offset in part by the reversal of the Spatial legal accrual established in fiscal 2003.

In future periods, we expect general and administrative expenses to increase, in absolute dollars, as a result of the impact of expensing employee stock-based compensation as required under SFAS 123R.

Restructuring Charges

<i>(in millions)</i>	Increase compared to prior fiscal year		Decrease compared to prior fiscal year		Fiscal 2003		
	Fiscal 2005		Fiscal 2004				
	\$	percent	\$	percent			
Restructuring	\$ 26.7	\$23.5	734%	\$ 3.2	\$(22.7)	(88)%	\$ 25.9

During the fourth quarter of fiscal 2004, the Board of Directors approved a restructuring plan involving the elimination of employee positions and the closure of a number of offices worldwide originally having a total expected cost of \$37.0 million. This plan, which we refer to as the fiscal 2004 restructuring plan, was designed to improve efficiencies across the organization, reduce operating expense levels to help achieve our targeted operating margins and redirect resources to product development, sales development and other critical areas. As a result of the restructuring activities completed during the fourth quarter of fiscal 2004 and throughout fiscal 2005 and through attrition, we achieved our targeted efficiencies with a lower level of involuntary terminations than originally anticipated; consequently, the total charges under the fiscal 2004 restructuring plan, completed by the end of fiscal 2005, were \$27.5 million, rather than the \$37.0 million estimate noted above. Of the \$27.5 million, approximately \$23.4 million related to involuntary employee termination costs and approximately \$4.0 million related to office closure costs. As a result of the fiscal 2004 restructuring plan, we expect to realize pretax savings of approximately \$9.3 million per quarter, resulting in an annual savings of approximately \$37.0 million to be reflected across each on-going cost and expense line item in the consolidated statements of income. However, a portion of these savings are being used to fund various growth initiatives in-line with our corporate strategy; consequently, not all of these savings will directly reduce operating expenses but have helped contain cost increases across each expense category described above.

During fiscal 2005 we recorded net restructuring charges of \$26.7 million, of which \$23.7 million related to the fiscal 2004 restructuring plan. Of this amount, \$19.8 million related to employee termination costs for 316 employees worldwide (186 in the United States and 130 outside the United States) and \$3.9 million related to the closure of facilities. Also, we recorded net restructuring charges of approximately \$3.0 million related to the fiscal 2002 restructuring plan for additional office closure costs originally established under the fiscal 2002 restructuring plan. Since the office closures in fiscal 2002, there has been a significant downturn in the commercial real estate market, particularly in areas of the United Kingdom where some of the offices are located. As such, Autodesk is unable to either buy-out the remaining lease obligations at favorable amounts or sub-lease the space at amounts previously estimated.

During fiscal 2004, Autodesk recognized net restructuring charges of \$3.2 million, of which \$3.8 million related to the fiscal 2004 restructuring plan, \$1.1 million related to additional office closure costs under the fiscal 2002 restructuring plan and reversals of the accrual for changes in estimates of \$1.7 million related to underlying liabilities originally established under the fiscal 2002 and fiscal 2003 restructuring plans. Of the \$3.8 million related to the fiscal 2004 plan, \$3.6 million related to employee termination costs for 86 employees worldwide (71 in the United States and 15 outside the United States) and \$0.2 million related to office closure costs. Office closure costs included losses on operating leases and the write-off of leasehold improvements and equipment. Employee termination costs consisted of one-time termination benefits including severance benefits, medical benefits and outplacement costs. With respect to the \$1.7 million of reversals, the underlying liabilities, primarily related to employee termination costs outside the United States, were ultimately settled for less than originally estimated.

During the third quarter of fiscal 2003 the Board of Directors approved the fiscal 2003 restructuring plan which resulted in the termination of 394 employees worldwide (184 in the United States and 210 outside the United States) and the closure of several additional international and domestic offices. This plan was designed to help further reduce operating expense levels as well as redirect resources to product development and other critical areas.

During fiscal 2003, Autodesk recognized net restructuring charges of \$25.9 million, of which \$18.3 million related to the fiscal 2003 restructuring plan, and \$10.7 million related to additional costs associated with the fiscal 2002 restructuring plan, offset by a

Table of Contents

credit of \$2.1 million resulting from accrual reversals and a credit of \$1.0 million related to the reversal of the remaining restructuring charges related to the fiscal 2000 restructuring program. Of the \$18.3 million related to the fiscal 2003 restructuring plan, \$16.5 million related to employee termination costs and \$1.8 million related to office closures. Of the \$10.7 million associated with the fiscal 2002 restructuring plan, \$1.2 million related to the further consolidation of certain European offices and the remaining \$9.5 million resulted from changes to estimated accrued liabilities related to vacated facilities. During fiscal year 2003, we also reversed \$2.1 million of accruals related to restructuring reserves established in fiscal 2002. The facility-related accruals were settled for less than originally estimated.

For additional information regarding the restructuring and other charges recorded over the past three fiscal years, see Note 9, "Restructuring Reserves", in the Notes to Consolidated Financial Statements.

Interest and Other Income

The following table sets forth the components of interest and other income, net (in millions):

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Interest and investment income, net	\$ 7.2	\$10.4	\$ 9.4
Foreign-based stamp taxes	(2.8)	—	—
Gains on foreign currency transactions	0.8	3.3	1.7
Write-downs of cost method investments	—	(0.6)	(3.4)
Legal proceeding settlement	2.4	—	—
Net realized gains on sales of marketable securities	0.5	1.6	2.1
Other income	3.4	2.3	3.7
	<u>\$11.5</u>	<u>\$17.0</u>	<u>\$13.5</u>

The investment income portion of the Interest and investment income, net line item fluctuates based on average cash and marketable securities balances, average maturities and interest rates.

During the second quarter of fiscal 2005, we determined that certain money market fund investments were subject to \$2.8 million of Swiss Transfer Stamp Taxes from the third quarter of fiscal 2001 through the second quarter of fiscal 2005. We determined that the impact of this adjustment was not material to previously reported periods.

Legal proceedings settlement includes \$2.4 million received during the second quarter of fiscal 2005 as part of a court settlement related to legal proceedings with Spatial Corp. During October 2003, Spatial was ordered to reimburse Autodesk for attorneys' fees and trial costs.

Interest income for fiscal 2004 includes \$4.2 million related to a one time tax benefit realized during the second quarter of fiscal 2004 resulting from the favorable resolution with the IRS of an industry-wide issue regarding Foreign Sales Corporations.

Provision for income taxes

Absent the impact of the one-time income tax benefits of \$15.5 million relating to the Dividends Received Deduction Legislation ("DRD Legislation") and \$8.9 million relating to income tax audit closures, our effective income tax rate was 20% in fiscal 2005, 24% in fiscal 2004 (absent the impact of the non-recurring tax benefit from the resolution of the Foreign Sales Corporation ("FSC") issue and the closure of other tax audits) and 27% in fiscal 2003 (absent the impact of the non-recurring tax benefit from the IRS audit resolution for fiscal 1997-1999). The effective tax rate for fiscal 2005 is lower than the fiscal 2004 and 2003 tax rates primarily due to the new DRD Legislation and our belief that current year foreign earnings will be taxed at a rate lower than previously projected. The effective tax rate for fiscal 2005 is less than the federal statutory rate of 35% due to the extraterritorial income exclusion ("ETI"), research credits, tax-exempt interest, and the tax benefits from low-taxed foreign earnings and the DRD Legislation. The effective tax rate for fiscal 2004 was less than the federal statutory rate of 35% due to the ETI, research credits and tax-exempt interest.

Our future effective tax rate may be materially impacted by the amount of benefits associated with our foreign earnings, which are taxed at rates different from the federal statutory rate, ETI, research credits, tax-exempt interest, DRD election and changes in the tax law which include, but not limited to, provisions such as the deduction for Domestic Production Activities.

During fiscal 2005, Autodesk recognized a one-time income tax benefit of \$15.5 million relating to the new tax legislation surrounding the Dividends Received Deduction Legislation. This DRD Legislation, which was signed into law during the third quarter of fiscal 2005 as part of the American Jobs Creation Act of 2004, allows for the repatriation of certain foreign dividends at a rate lower than the 35% federal statutory rate. Because Autodesk believes that it will be able to repatriate foreign earnings under this DRD Legislation, the deferred tax liability which was previously accrued on prior year foreign earnings was reduced, which resulted in a \$15.5 million one-time income tax benefit. This one-time income tax benefit relates to the difference between the taxes previously provided on the earnings of a foreign subsidiary at the federal statutory tax rate and the lower rate afforded under the new DRD Legislation. Also during fiscal 2005, the Company accrued \$19.0 million of U.S. and foreign deferred taxes relating to current year foreign earnings which the Company intends to repatriate in fiscal 2006 under this DRD Legislation. The net tax expense represents the Company's intention to repatriate approximately \$248.0 million of foreign earnings accumulated through fiscal 2005 under this DRD Legislation.

Also, as a result of the Company's resolution and closure of its Internal Revenue Service ("IRS") audit for fiscal 2001 as well as the closure of certain state and foreign tax years, and the lapse of the statute of limitations with respect to certain federal, state, and foreign tax years, Autodesk recognized a current income tax benefit of approximately \$8.9 million during fiscal 2005, which reduced accrued income taxes.

[Table of Contents](#)

During fiscal 2005, following certain business changes, Autodesk completed an internal reorganization of the ownership of Autodesk Canada. As a result of the reorganization, Autodesk believes that it will be able to claim U.S. tax deductions for the remaining unamortized portion of the purchase price from the March 1999 acquisition of Discreet (now Autodesk Canada). The amount of the potential deferred tax asset arising from this reorganization is approximately \$96.2 million, reflecting future U.S. tax amortization deductions of goodwill and other intangible assets. Autodesk determined that, at the present time, it is not probable that these tax benefits will be realized and accordingly has not yet recognized these benefits. Instead, the tax benefits arising from this reorganization will be recognized if and when the tax treatment is verified with tax authorities or such other factors occur that would permit a probable confidence level to be achieved.

During fiscal 2004, we recognized an income tax benefit of \$19.7 million due to a favorable resolution of an industry-wide matter surrounding our FSC for the fiscal years ended 1993 through 1998. In connection with the refund of these tax payments previously made, the Company received payment and recognized interest income of \$4.2 million during fiscal 2004.

Also during the fourth quarter of fiscal 2004, we recognized a non-recurring income tax benefit of \$7.0 million resulting from the resolution of an IRS audit for the fiscal year ended 2000.

Liquidity and Capital Resources

Our primary source of cash is receipts from revenue. The primary uses of cash are employee-related (compensation and related benefits), general operating expenses (marketing, facilities and overhead) and cost of revenues. In addition, we receive cash proceeds from the exercise of employee stock options and the purchase of employee stock purchase plan shares and use cash to repurchase outstanding Autodesk shares under our share repurchase program.

[Table of Contents](#)

At January 31, 2005, our principal sources of liquidity were cash and marketable securities totaling \$532.7 million and net accounts receivable of \$196.8 million. During fiscal 2005, we generated \$373.1 million of cash from operating activities as compared to \$220.1 million in fiscal 2004. Working capital sources of cash included increases in accrued compensation of \$51.3 million related to bonus and other incentive compensation accruals as well as a \$51.4 million increase in current deferred revenues reflecting higher subscription sales. Working capital uses of cash included an increase of \$30.0 million in accounts receivable primarily due to higher revenue. Our days sales outstanding improved to 50 days at January 31, 2005 compared to 51 days at the end of fiscal 2004. In addition, cash from operations benefited from the significant movements in our deferred taxes resulting from the DRD Legislation and future tax benefits associated with employee stock option exercises.

During fiscal 2005, we generated \$175.6 million of cash from investing activities compared to net cash used of \$59.0 million during fiscal 2004. The net generation of cash from investing activities during fiscal 2005 was due to significantly higher net sales of available-for-sale marketable securities offset in part by slightly higher capital and other expenditures related to business combinations and a customer information and customer support software implementation, as compared to fiscal 2004. This implementation is expected to provide us with improved operational efficiencies worldwide, enable strategic decision making and drive customer satisfaction and future sales. The total charges incurred in fiscal 2005 were \$24.7 million, of which \$20.5 million were capitalized. The total charges in fiscal 2004 were \$7.6 million, of which \$4.6 million were capitalized. We implemented the customer information and customer support software in certain geographies in March 2005 and expect to incur \$5.6 million in fiscal 2006 to complete the implementation worldwide. A larger portion of our internal-use software application development costs, including those described above, were required to be capitalized under generally accepted accounting principles during fiscal 2005 which resulted in a reduction of our IT-related project expenses. Certain marketable securities were liquidated to fund our repurchase of 25.9 million shares of our common stock, as discussed below.

We used \$317.7 million in net cash for financing activities during fiscal 2005, compared to \$76.5 million during fiscal 2004. The major financing uses of cash in both periods were for the repurchase of our common stock and the payment of dividends. During fiscal 2005, we repurchased 25.9 million shares for \$546.4 million and during fiscal 2004 we repurchased 18.1 million shares for \$178.5 million. At January 31, 2005, approximately 32.2 million shares remained available for repurchase under the existing repurchase authorization of the Board of Directors. We expect to continue our stock repurchase programs. Dividend payments were \$13.6 million in fiscal 2005 and \$13.4 million in fiscal 2004. As announced in December 2004, we discontinued the payment of cash dividends after the dividend for the fourth quarter of fiscal 2005, which will be paid in April 2005. Proceeds from the issuance of common stock under our stock option and stock purchase plans continue to be a principal source of cash from financing activities and amounted to \$242.2 million in fiscal 2005 and \$115.4 million in fiscal 2004.

During fiscal 2004, we had a U.S. line of credit available that permitted unsecured short-term borrowings of up to \$40.0 million. This credit facility expired in February 2004. We did not renew this facility as we believe our existing cash, cash equivalents, marketable securities and cash generated from operations will be sufficient to satisfy our currently anticipated short-term and long-term cash requirements. Long-term cash requirements, other than normal operating expenses, are anticipated for the development of new software products and incremental product offerings resulting from the enhancement of existing products; financing anticipated growth; the share repurchase program; the acquisition of businesses, software products, or technologies complementary to our business; and capital expenditures, including the purchase and implementation of internal-use software applications.

At January 31, 2005 approximately 10% of our consolidated cash, cash equivalents and marketable securities were held with financial institutions in the United States; the remaining balances are held with financial institutions outside the United States. As a result of the passage of the Dividends Received Deduction Legislation in October 2004, we intend to repatriate up to \$500 million of accumulated foreign earnings from our foreign operations to the U.S. during fiscal 2006, where we can more effectively manage our cash and invest in our business. For further discussion of the Dividends Received Deduction Legislation, see Note 4, "Income Taxes", in the Notes to Consolidated Financial Statements. In addition, \$14.3 million of our marketable securities at January 31, 2005 are reserved for deferred compensation.

Our international operations are subject to currency fluctuations. To minimize the impact of these fluctuations, we use foreign currency option contracts to hedge our exposure on anticipated transactions and forward contracts to hedge our exposure on firm commitments, primarily certain receivables and payables denominated in foreign currencies. Our foreign currency instruments, by policy, have maturities of less than three months and settle before the end of each quarterly period. The principal currencies hedged during fiscal 2005 were the euro, Swiss franc, Canadian dollar, British pound and Japanese yen. We monitor our foreign exchange exposures to ensure the overall effectiveness of our foreign currency hedge positions.

[Table of Contents](#)

Contractual Obligations

The following table summarizes our significant financial contractual obligations at January 31, 2005 and the effect such obligations are expected to have on our liquidity and cash flows in future periods. This table excludes amounts already recorded on our balance sheet as current liabilities at January 31, 2005.

(in millions)	Payments due by period				
	Total	FY 2006	FY 2007-2008	FY 2009-2010	Thereafter
Operating lease obligations	\$109.4	\$ 31.8	\$ 37.1	\$ 17.9	\$ 22.6
Purchase obligations	21.7	15.7	6.0	—	—
Total⁽¹⁾	\$131.1	\$ 47.5	\$ 43.1	\$ 17.9	\$ 22.6

⁽¹⁾ Total does not include contractual obligations recorded on the balance sheet or certain purchase obligations as discussed below.

For the purposes of this table, contractual obligations for purchase of goods or services are defined as agreements that are enforceable and legally binding on Autodesk and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Purchase orders or contracts for the purchase of supplies, services and other goods and services are not included in the table above. We are not able to determine the aggregate amount of such purchase orders that represent contractual obligations, as purchase orders may represent authorizations to purchase rather than binding agreements. Our purchase orders are based on our current procurement or development needs and are fulfilled by our vendors within short time horizons. We do not have significant agreements for the purchase of supplies, services or other goods specifying minimum quantities or set prices that exceed our expected requirements for three months. We also enter into contracts for outsourced services; however in most instances, the obligations under these contracts were not significant and the contracts contain clauses allowing for cancellation without significant penalty. In addition, we have certain software royalty commitments associated with the shipment and licensing of certain products. Royalty expense is generally based on the number of units shipped or a percentage of the underlying revenue. Royalty expense, included in cost of license and other revenues, was \$9.2 million, \$8.6 million and \$7.6 million in fiscal 2005, 2004 and 2003, respectively.

Principal commitments at January 31, 2005, consisted of obligations under operating leases for facilities and computer equipment, IT infrastructure costs, marketing costs, contractual development costs and certain capital expenditures related to the purchase and implementation of customer information and support management software and services.

The expected timing of payment of the obligations discussed above is estimated based on current information. Timing of payments and actual amounts paid may be different depending on the time of receipt of goods or services or changes to agreed-upon amounts for some obligations.

We provide indemnifications of varying scopes and certain guarantees, including limited product warranties. Historically, costs related to these warranties and indemnifications have not been significant, but because potential future costs are highly variable, we are unable to estimate the maximum potential impact of these guarantees on our future results of operations.

Off-Balance Sheet Arrangements

Other than operating leases, we do not engage in off-balance sheet financing arrangements or have any variable-interest entities. As of January 31, 2005 we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

Stock Compensation

Autodesk maintains two active stock option plans for the purpose of granting stock options to employees and members of Autodesk's Board of Directors: the 1996 Stock Plan (available only to employees) and the 2000 Directors' Option Plan (available only to non-employee directors). Additionally, there are six expired or terminated plans with options outstanding, including the Nonstatutory Stock Option Plan (available only to non-executive employees and consultants) which was terminated by the Board of Directors in December 2004. In March 2005, the Board of Directors approved a new stock plan, the 2006 Stock Plan, which effectively replaces the 1996 Stock Plan on February 1, 2006, subject to approval by the stockholders of the Company.

In addition to its stock option plans, the Company's employees are also eligible to participate in Autodesk's 1998 Employee Qualified Stock Purchase Plan.

[Table of Contents](#)

Our stock option program is broad-based and designed to promote long-term retention. Essentially all of our employees participate. Approximately 84% of the options we granted during fiscal 2005 were awarded to employees other than our CEO and the four other most highly compensated officers. Options granted under our equity plans vest over periods ranging from one to five years and expire within ten years of the date of grant. The exercise price of the stock options is equal to the closing price of our Common Stock on the Nasdaq National Market on the grant date.

All stock option grants to executive officers are made by the Compensation and Human Resources Committee of the Board of Directors. All members of the Compensation and Human Resources Committee are independent directors, as defined by the listing standards of the Nasdaq National Market. See the "Report of the Compensation and Human Resources Committee of the Board of Directors" in our most recently filed Proxy Statement for further information concerning Autodesk's policies and procedures regarding the use of stock options. Grants to our non-employee directors are non-discretionary and are pre-determined by the terms of the 2000 Directors' Option Plan.

Risk Factors Which May Impact Future Operating Results

We operate in a rapidly changing environment that involves a number of risks, many of which are beyond our control. The following discussion highlights some of these risks and the possible impact of these factors on future results of operations. If any of the following risks actually occur, our business, financial condition or results of operations may be adversely impacted, causing the trading price of our common stock to decline.

Because we derive a substantial portion of our net revenues from a limited number of products, if these products are not successful, our net revenues will be adversely affected.

We derive a substantial portion of our net revenues from sales of AutoCAD software, including products based on AutoCAD that serve specific vertical markets, upgrades to those products and products that are interoperable with AutoCAD. As such, any factor adversely affecting sales of these products, including the product release cycle, market acceptance, product performance and reliability, reputation, price competition, economic and market conditions and the availability of third-party applications, would likely harm our operating results.

In the Discreet Segment, our customers' buying patterns are heavily influenced by advertising and entertainment industry cycles, which have resulted in and could have a negative impact on our future operating results. In addition, Discreet's Advanced Systems products rely primarily on workstations manufactured by Silicon Graphics, Inc. ("SGI"). Failure of SGI to deliver products or product upgrades in a timely manner would likely result in an adverse effect upon our financial results for a given period.

Our operating results fluctuate within each quarter and from quarter to quarter making our future revenues and operating results difficult to predict.

Our quarterly operating results have fluctuated in the past and are likely to do so in the future. These fluctuations could cause our stock price to change significantly or experience declines. Some of the factors that could cause our operating results to fluctuate include the timing of the introduction of new products by us or our competitors, slowing of momentum in upgrade or maintenance revenue, the adoption of the new accounting pronouncement, SFAS 123R, that will require us to record compensation expense for shares issued under our stock plans beginning in the third quarter of fiscal 2006 with a material impact on our results of operations, failure to achieve anticipated levels of customer acceptance of key new applications, unexpected costs or changes in marketing or other operating expenses, changes in product pricing or product mix, platform changes, delays in product releases, failure to convert our 2D customer base to 3D products, distribution channel management, changes in sales compensation practices, the timing of large systems sales, failure to effectively implement our copyright legalization programs, especially in developing countries, and general economic or political conditions, particularly in countries where we derive a significant portion of our net revenues.

We have also experienced fluctuations in operating results in interim periods in certain geographic regions due to seasonality or regional economic conditions. In particular, our operating results in Europe during the third quarter are usually affected by a slow summer period, and the Asia/Pacific operations typically experience seasonal slowing in the third and fourth quarters.

Our operating expenses are based in part on our 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 our profitability. Failure to continue to increase operating margins through rigorous cost controls would negatively affect future profitability. Further, gross margins may be adversely affected if our sales of AutoCAD LT, upgrades and advanced systems products, which historically have had lower margins, grow at a faster rate than sales of our higher-margin products.

[Table of Contents](#)

While we believe we currently have adequate internal control over financial reporting, we are required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (“Section 404”), beginning with the Annual Report on Form 10-K for the fiscal year ended January 31, 2005, we are required to furnish a report by our management on our internal control over financial reporting. Such report contains, among other matters, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. Such report must also contain a statement that our auditors have issued an attestation report on management’s assessment of such internal controls.

While we have determined in our Management Report on Internal Control over Financial Reporting included in this Annual Report on Form 10-K, that our internal control over financial reporting is effective as of January 31, 2005, we must continue to monitor and assess our internal control over financial reporting. If our management identifies one or more material weaknesses in our internal control over financial reporting and such weakness remains uncorrected at fiscal year end, we will be unable to assert such internal control is effective at fiscal year end. If we are unable to assert that our internal control over financial reporting is effective at fiscal year end (or if our auditors are unable to attest that our management’s report is fairly stated or they are unable to express an opinion on the effectiveness of our internal controls), we could lose investor confidence in the accuracy and completeness of our financial reports, which would likely have an adverse effect on our business and stock price.

Existing and increased competition may reduce our net revenues and profits.

The software industry has limited barriers to entry, and the availability of desktop computers with continually expanding performance at progressively lower prices contributes to the ease of market entry. The markets in which we compete are characterized by vigorous competition, both by entry of competitors with innovative technologies and by consolidation of companies with complementary products and technologies. In addition, some of our competitors have greater financial, technical, sales and marketing and other resources. Furthermore, a reduction in the number and availability of compatible third-party applications may adversely affect the sale of our products. Because of these and other factors, competitive conditions in the industry are likely to intensify in the future. Increased competition could result in continued price reductions, reduced net revenues and profit margins and loss of market share, any of which would likely harm our business.

We believe that our future results depend largely upon our ability to offer products that compete favorably with respect to reliability, performance, ease of use, range of useful features, continuing product enhancements, reputation and price.

Net revenues or earnings shortfalls or the volatility of the market generally may cause the market price of our stock to decline.

The market price for our common stock has experienced significant fluctuations and may continue to fluctuate significantly. The market price for our common stock may be affected by a number of factors, including the following: net revenues or earnings shortfalls, unexpected deviations in results of key performance metrics, and changes in estimates or recommendations by securities analysts; the announcement of new products or product enhancements by us or our competitors; quarterly variations in our or our competitors’ results of operations; developments in our industry; one-time events such as acquisitions, divestitures and litigation; and general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

In addition, stock prices for many companies in the technology sector have experienced wide fluctuations that have often been unrelated to the operating performance of such companies. Historically, after periods of volatility in the market price of a company’s securities, a company becomes more susceptible to securities class action litigation. This type of litigation is often expensive and diverts management’s attention and resources.

Our efforts to develop and introduce new products and service offerings expose us to risks such as limited customer acceptance, costs related to product defects and large expenditures that may not result in additional net revenues.

Rapid technological change, as well as changes in customer requirements and preferences, characterize the software industry. We are devoting significant resources to the development of technologies, like our lifecycle management initiatives, and service offerings to address demands in the marketplace for increased connectivity and use of digital data created by computer-aided design software. As a result, we are transitioning to new business models, requiring a considerable investment of technical and financial resources. Such investments may not result in sufficient revenue generation to justify their costs, or competitors may introduce new products and services that achieve acceptance among our current customers, adversely affecting our competitive position. In particular, a critical component of our growth strategy is to convert our 2D customer base, including customers of AutoCAD, AutoCAD LT, and related vertical industry products, to our 3D products such as Autodesk Inventor Series or Autodesk Revit.

[Table of Contents](#)

However, should sales of AutoCAD, AutoCAD upgrades and AutoCAD LT products decrease without a corresponding conversion of customer seats to 3D products, our results of operations will be adversely affected.

Additionally, the software products we offer are complex, and despite extensive testing and quality control, may contain errors or defects. These defects or errors could result in the need for corrective releases to our software products, damage to our reputation, loss of revenues, an increase in product returns or lack of market acceptance of our products, any of which would likely harm our business.

We rely on third party technologies and if we are unable to use or integrate these technologies, our product and service development may be delayed.

We rely on certain software that we license from third parties, including software that is integrated with internally developed software and used in our 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 would likely harm our business.

In addition, for certain of our products and services, we rely on third party hardware and services, like the workstations supplied by SGI. Financial difficulties, product line changes, or even failure of these third parties, like SGI, may impact our ability to deliver such products and services and, as a result, may adversely impact our business.

Disruptions with licensing relationships and third party developers could adversely impact our business.

We license certain key technologies from third parties. Licenses may be restricted in the term or the use of such technology in ways that negatively affect our business. Similarly, we may not be able to obtain or renew license agreements for key technology on favorable terms, if at all, and any failure to do so could harm our business.

Our business strategy has historically depended in part on our relationships with third-party developers, who provide products that expand the functionality of our design software. Some developers may elect to support other products or may experience disruption in product development and delivery cycles or financial pressure during periods of economic downturn. In particular markets, this disruption would likely negatively impact these third-party developers and end users, which could harm our business.

As a result of our strategy of partnering with other companies for product development our product delivery schedules could be adversely affected if we experience difficulties with our product development partners.

We partner with certain independent firms and contractors to perform some of our product development activities. We believe our partnering strategy allows us to, among other things, achieve efficiencies in developing new products and maintaining and enhancing existing product offerings.

Accordingly, our partnering strategy creates a dependency on such independent developers. Independent developers, including those who currently develop products for us in the United States and throughout the world, may not be able or willing to provide development support to us in the future. In addition, use of development resources through consulting relationships, particularly in non-US jurisdictions with developing legal systems, may be adversely impacted by, and expose us to risks relating to, evolving employment, export and intellectual property laws. These risks could, among other things, expose our intellectual property to misappropriation and result in disruptions to product delivery schedules.

Our international operations expose us to significant regulatory, intellectual property, collections, exchange fluctuations, taxation and other risks, which could adversely impact our future net revenues and increase our net expenses.

We anticipate that international operations will continue to account for a significant portion of our consolidated net revenues and will provide significant support to our overall development efforts. Risks inherent in our international operations include the following: unexpected changes in regulatory practices and tariffs, difficulties in staffing and managing foreign sales and development operations, longer collection cycles for accounts receivable, potential changes in tax laws, tax arrangements with foreign governments and laws regarding the management of data, greater difficulty in protecting intellectual property, possible future limitations upon foreign owned business, and the impact of fluctuating exchange rates between the U.S. dollar and foreign currencies in markets where we do business.

Our international results will also continue to be impacted by economic and political conditions in foreign markets generally or in specific large foreign markets. These factors may adversely impact our future international operations and consequently our business as a whole.

[Table of Contents](#)

Our risk management strategy uses derivative financial instruments in the form of foreign currency forward and option contracts, for the purpose of hedging foreign currency market exposures, during each quarter, which exist as a part of our ongoing business operations. These instruments provide us some protection against currency exposures for only the current quarter. Significant fluctuations in exchange rates between the U.S. dollar and foreign currency markets may adversely impact our future net revenues.

General economic conditions may affect our net revenues and harm our business.

As our business has grown, we have become increasingly subject to the risks arising from adverse changes in domestic and global economic and political conditions. If economic growth in the United States and other countries' economies is slowed, many customers may delay or reduce technology purchases. This could result in reductions in sales of our products, longer sales cycles, slower adoption of new technologies and increased price competition. In addition, weakness in the end-user market could negatively affect the cash flow of our distributors and resellers who could, in turn, delay paying their obligations to us, which would increase our credit risk exposure. Any of these events would likely harm our business, results of operations and financial condition.

Our business could suffer as a result of risks associated with strategic acquisitions, divestitures and investments.

We periodically acquire or invest in businesses, software products and technologies that are complementary to our business through strategic alliances, equity investments and the like. For example, in April 2004 we acquired certain assets of MechSoft.com, in May 2004 we acquired Unreal Pictures and in June 2004 we acquired certain assets of DESC Inc. 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, as well as business divestitures, may involve significant transaction-related costs. We may not be successful in overcoming such risks, and such investments, acquisitions and divestitures may negatively impact our business. In addition, such investments and acquisitions have in the past and may in the future contribute to potential fluctuations in quarterly results of operations. The fluctuations could arise from transaction-related costs and charges associated with eliminating redundant expenses or write-offs of impaired assets recorded in connection with acquisitions. These costs or charges could negatively impact results of operations for a given period or cause quarter to quarter variability in our operating results.

If we do not maintain our relationships with the members of our distribution channel, or achieve anticipated levels of sell-through, our ability to generate net revenues will be adversely affected.

We sell our software products both directly to customers and through a network of distributors and resellers. Our ability to effectively distribute our products depends in part upon the financial and business condition of our reseller network. Computer software dealers and distributors are typically not highly capitalized and have previously experienced difficulties during times of economic contraction and may do so in the future. While we have processes to ensure that we assess the creditworthiness of dealers and distributors prior to our sales to them, if their financial condition were to deteriorate, they might not be able to make repeat purchases. In addition, the changing distribution models resulting from increased focus on direct sales to strategic accounts or from two-tiered distribution may impact our reseller network in the future. We rely significantly upon major distributors and resellers in both the U.S. and international regions, including Tech Data Corporation, who accounted for 12% of fiscal 2005 consolidated net revenue. The loss of or a significant reduction in business with those distributors or resellers or the failure to achieve anticipated levels of sell-through with any one of our major international distributors or large resellers could harm our business. In particular, if one or more of such resellers should be unable to meet their obligations with respect to accounts payable to us, we could be forced to write off such accounts, which could have a material adverse effect on our results of operations in a given period.

Product returns could exceed our estimates and harm our net revenues.

With the exception of contracts with some distributors, our sales contracts do not contain specific product-return privileges. However, we permit our distributors and resellers to return products in certain instances. For example, we generally allow our distributors and resellers to return older versions of products which have been superseded by new product releases. We anticipate that product returns will continue to be impacted by product update cycles, new product releases such as AutoCAD 2005 and software quality.

We establish reserves for stock balancing and product rotation. These reserves are based on historical experience, estimated channel inventory levels and the timing of new product introductions and other factors. While we maintain strict measures to monitor these reserves, actual product returns may exceed our reserve estimates, and such differences could harm our business.

If we are not able to adequately protect our proprietary rights, our business could be harmed.

We rely on a combination of patents, copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect our proprietary rights. Despite such efforts to protect our proprietary rights, unauthorized parties from time to

[Table of Contents](#)

time have copied aspects of our software products or have obtained and used information that we regard as proprietary. Policing unauthorized use of our software products is time-consuming and costly. While we have recovered some revenues resulting from the unauthorized use of our software products, we are unable to measure the extent to which piracy of our software products exists, and software piracy can be expected to be a persistent problem. Furthermore, our means of protecting our proprietary rights may not be adequate, and our competitors may independently develop similar technology.

We may face intellectual property infringement claims that could be costly to defend and result in our loss of significant rights.

As more and more software patents are granted worldwide, as the number of products and competitors in our industry segments grows and as the functionality of products in different industry segments overlap, we expect that software product developers will be increasingly subject to infringement claims. Infringement, invalidity claims or misappropriation claims may be asserted against us, and any such assertions could harm our business. Litigation often becomes more likely in times of economic downturn. Additionally, certain patent holders have become more aggressive in threatening litigation in attempts to obtain fees for licensing the right to use patents. Any such claims or threats, whether with or without merit, could be time-consuming to defend, result in costly litigation and diversion of resources, or could cause product shipment delays or require us 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 our business.

Changes in existing financial accounting standards or practices or taxation rules or practices may adversely affect our results of operations.

Changes in existing accounting or taxation rules or practices, new accounting pronouncements or taxation rules, or varying interpretations of current accounting pronouncements or taxation practice could have a significant adverse effect on our results of operations or the manner in which we conduct our business. Further, such changes could potentially affect our reporting of transactions completed before such changes are effective. For example, we currently are not required to record stock-based compensation charges to earnings in connection with stock option grants to our employees. However, the FASB issued SFAS 123R which will require us to record stock-based compensation charges to earnings for employee stock option grants commencing in the third quarter of fiscal 2006. Such charges will negatively impact our earnings.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign currency exchange risk

Our revenues, earnings and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Our risk management strategy utilizes foreign currency forward and option contracts to manage our foreign currency exposures that exist as part of our ongoing business operations, but such contracts do not extend beyond the current quarter. Contracts are primarily denominated in euro, Swiss Franc, Canadian dollar, British pounds and Japanese yen. We do not enter into any foreign exchange derivative instruments for trading or speculative purposes.

A sensitivity analysis, performed on our hedging portfolio as of January 31, 2005, indicated that a hypothetical 10% appreciation of the U.S. dollar from its value at January 31, 2005 would increase the fair value of our forward exchange and option contracts by \$8.0 million. Conversely, a hypothetical 10% depreciation of the dollar from its value at January 31, 2005 would decrease the fair value of our forward exchange and option contracts by \$6.2 million. These results are similar to the results of the sensitivity analysis performed on our hedging portfolio as of January 31, 2004, which indicated that a hypothetical 10% appreciation of the U.S. dollar from its value at January 31, 2004 would have increased the fair value of our forward exchange and option contracts by \$6.1 million and a hypothetical 10% depreciation of the dollar from its value at January 31, 2004 would have decreased the fair value of our forward exchange and option contracts by \$4.1 million. We do not anticipate any material adverse impact to our consolidated financial position, results of operations or cash flows as a result of these foreign currency forward and option contracts.

Interest rate sensitivity

At January 31, 2005, we had an investment portfolio of \$15.0 million consisting of short term mutual fund balances which are not subject to interest rate fluctuations. These short-term mutual fund balances consist primarily of amounts held in a rabbi trust under deferred compensation arrangements. At January 31, 2004, we had an investment portfolio of fixed income securities, including those classified as security deposits, of \$247.3 million. These securities were subject to interest rate fluctuations.

A sensitivity analysis was performed on our investment portfolio as of January 31, 2004. This sensitivity analysis was based on a modeling technique that measures the hypothetical market value changes that would result from a parallel shift in the yield curve of

[Table of Contents](#)

plus 50, plus 100 or plus 150 basis points occurring in either six months or 12 months. For the six-month time horizon the market value changes for a 50, 100, or 150 basis point increase were reductions of \$1.6 million, \$3.1 million and \$4.6 million, respectively. For the 12-month time horizon the market value changes for a 50, 100 or 150 basis point increase were reductions of \$1.3 million, \$2.7 million and \$4.0 million, respectively.

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

Investments in privately-held businesses

We have an investment portfolio that includes minority equity investments in several privately-held technology companies, many of which are in the development stage. We account for these minority equity investments using the cost method of accounting because our ownership interests are less than 20% and we do not have the ability to exert significant influence on the investees. At January 31, 2004, the remaining net book value of these investments was reduced to zero. Write downs of our investments in privately-held businesses totaled \$0.6 million in fiscal 2004 and \$3.4 million in fiscal 2003.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

AUTODESK, INC.

CONSOLIDATED STATEMENTS OF INCOME

	Fiscal year ended January 31,		
	2005	2004	2003
	(in thousands, except per share data)		
Net revenues:			
License and other	\$1,057,108	\$836,737	\$748,944
Maintenance	176,659	114,906	76,001
Total net revenues	1,233,767	951,643	824,945
Costs and expenses:			
Cost of license and other revenues	152,446	132,727	135,687
Cost of maintenance revenues	16,997	15,401	10,123
Marketing and sales	461,932	393,234	357,667
Research and development	239,404	209,349	190,252
General and administrative	101,415	91,512	80,367
Restructuring	26,700	3,183	25,887
Total costs and expenses	998,894	845,406	799,983
Income from operations	234,873	106,237	24,962
Interest and other income, net	11,455	16,959	13,504
Income before income taxes	246,328	123,196	38,466
Provision for income taxes	(24,820)	(2,880)	(6,562)
Net income	\$ 221,508	\$ 120,316	\$ 31,904
Basic net income per share	\$ 0.98	\$ 0.54	\$ 0.14
Diluted net income per share	\$ 0.90	\$ 0.52	\$ 0.14
Shares used in computing basic net income per share	227,036	222,993	226,070
Shares used in computing diluted net income per share	246,977	231,304	229,550

See accompanying Notes to Consolidated Financial Statements.

AUTODESK, INC.
CONSOLIDATED BALANCE SHEETS

	January 31, 2005	January 31, 2004
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 517,654	\$ 282,249
Marketable securities	15,038	81,275
Accounts receivable, net	196,827	166,816
Inventories	12,545	17,365
Deferred income taxes	14,250	25,410
Prepaid expenses and other current assets	25,483	24,137
	<u>781,797</u>	<u>597,252</u>
Marketable securities	—	165,976
Computer equipment, software, furniture and leasehold improvements, at cost:		
Computer equipment, software and furniture	191,656	206,319
Leasehold improvements	32,586	34,526
Less accumulated depreciation	(154,676)	(174,371)
	<u>69,566</u>	<u>66,474</u>
Net computer equipment, software, furniture and leasehold improvements	69,566	66,474
Purchased technologies and capitalized software, net	9,319	19,378
Goodwill	166,628	160,094
Deferred income taxes, net	105,061	—
Other assets	9,833	7,986
	<u>\$1,142,204</u>	<u>\$1,017,160</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 46,234	\$ 52,307
Accrued compensation	144,145	92,830
Accrued income taxes	41,549	50,695
Deferred revenues	178,701	127,276
Other accrued liabilities	66,839	61,814
	<u>477,468</u>	<u>384,922</u>
Total current liabilities	477,468	384,922
Deferred income taxes, net	—	7,849
Deferred revenues	15,528	—
Other liabilities	1,130	2,746
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 2,000 shares authorized; none issued or outstanding at January 31, 2005 and 2004	—	—
Common stock and additional paid-in capital, \$0.01 par value; 400,000 shares authorized; 227,611 shares outstanding at January 31, 2005 and 223,440 shares outstanding at January 31, 2004	625,225	473,673
Accumulated other comprehensive loss	(2,843)	(4,754)
Deferred compensation	(269)	(451)
Retained earnings	25,965	153,175
	<u>648,078</u>	<u>621,643</u>
Total stockholders' equity	648,078	621,643
	<u>\$1,142,204</u>	<u>\$1,017,160</u>

See accompanying Notes to Consolidated Financial Statements.

AUTODESK, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal year ended January 31,		
	2005	2004	2003
	(in thousands)		
Operating activities			
Net income	\$ 221,508	\$ 120,316	\$ 31,904
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	51,949	50,292	48,844
Stock-based compensation expense	3,909	1,775	2,753
Write-downs of cost-method investments	—	596	3,436
Net loss on fixed asset disposals	556	—	940
Tax benefits from employee stock plans	116,856	—	—
Restructuring related charges, net	9,212	3,183	25,887
Changes in operating assets and liabilities, net of business combinations:			
Accounts receivable	(30,011)	(34,013)	8,202
Inventories	4,820	(5,081)	5,715
Deferred income taxes	(101,727)	9,684	38,990
Prepaid expenses and other current assets	(1,346)	4,465	7,657
Accounts payable and accrued liabilities	39,599	23,938	(63,623)
Deferred revenues	66,953	34,035	27,050
Accrued income taxes	(9,146)	10,893	(52,120)
Net cash provided by operating activities	373,132	220,083	85,635
Investing activities			
Purchases of available-for-sale marketable securities	(259,615)	(421,540)	(837,560)
Sales and maturities of available-for-sale marketable securities	490,289	397,501	960,565
Business combinations, net of cash acquired	(11,750)	(5,150)	(145,231)
Capital and other expenditures	(40,835)	(25,852)	(36,103)
Purchases of software technologies and capitalization of software development costs	(1,565)	(4,230)	(3,656)
Other investing activities	(884)	279	(3,033)
Net cash provided by (used in) investing activities	175,640	(58,992)	(65,018)
Financing activities			
Proceeds from issuance of common stock, net of issuance costs	242,225	115,401	74,687
Repurchases of common stock	(546,408)	(178,463)	(64,817)
Dividends paid	(13,566)	(13,408)	(13,566)
Repayments on borrowings	—	—	(210)
Net cash used in financing activities	(317,749)	(76,470)	(3,906)
Effect of exchange rate changes on cash and cash equivalents	4,382	11,251	11,979
Net increase in cash and cash equivalents	235,405	95,872	28,690
Cash and cash equivalents at beginning of year	282,249	186,377	157,687
Cash and cash equivalents at end of year	\$ 517,654	\$ 282,249	\$ 186,377

See accompanying Notes to Consolidated Financial Statements.

AUTODESK, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common stock and additional paid-in capital		Comprehensive income	Accumulated other comprehensive income (loss)	Deferred compensation	Retained earnings	Total stockholders' equity
	Shares	Amount					
Balances, January 31, 2002	222,574	\$ 458,135		(in thousands) \$ (19,972)	\$ (713)	\$ 91,864	\$ 529,314
Common shares issued under stock option and stock purchase plans	10,768	74,687					74,687
Options assumed in connection with an acquisition		5,353			(4,556)		797
Compensation expense related to stock options		(599)			3,084		2,485
Comprehensive income:							
Net income			\$ 31,904			31,904	31,904
Other comprehensive income, net of tax:							
Change in unrealized gains on available-for-sale securities, net of reclassification adjustments			753				
Foreign currency translation adjustment			7,651				
Other comprehensive income			8,404	8,404			8,404
Comprehensive income			\$ 40,308				
Dividends paid						(13,566)	(13,566)
Repurchase and retirement of common shares	(8,814)	(57,702)				(7,115)	(64,817)
Balances, January 31, 2003	224,528	479,874		(11,568)	(2,185)	103,087	569,208
Common shares issued under stock option and stock purchase plans	17,034	115,401					115,401
Compensation expense related to stock options		41			1,734		1,775
Comprehensive income:							
Net income			\$ 120,316			120,316	120,316
Other comprehensive income, net of tax:							
Change in unrealized gains on available-for-sale securities			(1,460)				
Foreign currency translation adjustment			8,274				
Other comprehensive income			6,814	6,814			6,814
Comprehensive income			\$ 127,130				
Dividends paid						(13,408)	(13,408)
Repurchase and retirement of common shares	(18,122)	(121,643)				(56,820)	(178,463)
Balances, January 31, 2004	223,440	473,673		(4,754)	(451)	153,175	621,643
Common shares issued under stock option and stock purchase plans	30,088	242,349			(124)		242,225
Compensation expense related to stock options		3,603			306		3,909
Tax benefits from employee stock plans		116,856					116,856
Comprehensive income:							
Net income			\$ 221,508			221,508	221,508
Other comprehensive income, net of tax:							
Change in unrealized gains on available-for-sale securities			(1,539)				
Foreign currency translation adjustment			3,450				
Other comprehensive income			1,911	1,911			1,911
Comprehensive income			\$ 223,419				
Dividends paid						(13,566)	(13,566)
Repurchase and retirement of common shares	(25,917)	(211,256)				(335,152)	(546,408)
Balances, January 31, 2005	227,611	\$ 625,225		\$ (2,843)	\$ (269)	\$ 25,965	\$ 648,078

See accompanying Notes to Consolidated Financial Statements.

AUTODESK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2005

Note 1. Business and Summary of Significant Accounting Policies

Business

Autodesk, Inc. (“Autodesk” or “the Company”) is one of the world’s leading design software and digital content companies, offering customers progressive business solutions through powerful technology products and services. The Company helps customers in the building, manufacturing, infrastructure, digital media, and wireless data services fields increase the value of their digital design data and improve efficiencies across their entire project lifecycle management processes. Autodesk provides a broad range of integrated and interoperable design software, Internet services, wireless development platforms and point-of-location applications that empower millions of users. Autodesk software products are sold in over 160 countries, both directly to customers and through a network of resellers and distributors.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Autodesk and its wholly and majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

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. On a regular basis, management evaluates these estimates and assumptions. Actual results may differ materially from these estimates.

Examples of significant estimates and assumptions made by management involve the establishment of provisions for bad debts, product returns, the determination of the fair value of stock awards to employees for purposes of the pro forma disclosures within this Note 1 under “Employee Stock Compensation” and Note 7, “Employee and Director Benefit Plans”, realizability of deferred tax assets and long-lived assets, goodwill valuation, legal settlement reserves and the adequacy of office closure and employee termination-related restructuring accruals.

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 recorded as other comprehensive income.

Gains and losses realized from foreign currency transactions, those transactions denominated in currencies other than the subsidiary’s functional currency, are included in interest and other income.

Forward Foreign Exchange Contracts (“Forwards”) and Option Contracts (“Options”)

Autodesk hedges a portion of its European, Asian and Canadian currency exposures in certain receivables and payables as well as certain anticipated cash flows denominated in foreign currencies using forwards and options. These foreign currency instruments by policy have maturities of less than three months.

In accordance with the provisions of Statement of Financial Accounting Standards No. 133 “Accounting for Derivative Instruments and Hedging Activities” (“SFAS 133”), Autodesk recognizes all derivative instruments on the balance sheet at fair value. Gains and losses resulting from changes in fair value are accounted for depending upon the use of the derivative and whether it is designated and qualifies for hedge accounting under SFAS 133.

The costs of forwards are amortized on a straight-line basis over the life of the contract to interest and other income, while option premiums are expensed within the quarter because of the short-term life of the options.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 classifies 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 or maturity.

Investments in Privately-held Businesses

Autodesk has several minority investments in privately-held technology companies, many of which are in the development stage. These investments are accounted for using the cost method of accounting because Autodesk's ownership interest in the investees is less than 20% and Autodesk does not have the ability to exercise significant influence on the investees. The value of these investments is included in other assets in the accompanying consolidated balance sheets. Autodesk monitors these investments for impairment and makes appropriate reductions in carrying values when declines in their fair value are determined to be other-than-temporary.

During fiscal 2004, the carrying value of these investments was reduced to zero.

Accounts Receivable, Net

Accounts receivable, net consisted of the following as of January 31:

	2005	2004
	(In thousands)	
Trade accounts receivable	\$224,062	\$201,251
Less: Allowance for doubtful accounts	(7,153)	(9,654)
Less: Product returns, price adjustment and other reserves	(20,082)	(24,781)
	<u>\$196,827</u>	<u>\$166,816</u>

Allowances for uncollectible trade receivables are based upon historical loss patterns, the number of days that billings are past due and an evaluation of the potential risk of loss associated with problem accounts.

The product returns and price adjustment reserves are based on historical experience of actual product returns and price adjustment rates, estimated channel inventory levels, the timing of new product introductions, channel sell-in for applicable markets and other factors.

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. Approximately 10% and 54% of our consolidated cash, cash equivalents and marketable securities were held with financial institutions in the United States at January 31, 2005 and 2004, respectively. Autodesk intends to utilize the repatriation provision of the American Jobs Creation Act of 2004 (see Note 4, "Income Taxes," for further discussion).

Autodesk's accounts receivable are derived from sales to a large number of direct customers, 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. Tech Data Corporation, including their affiliates, accounted for 15% and 13% of gross accounts receivable at January 31, 2005 and 2004, respectively.

AUTODESK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Inventories

Inventories consisted of the following as of January 31:

	2005	2004
	(in thousands)	
Raw materials and finished goods	\$ 8,256	\$13,875
Demonstration inventory, net	4,289	3,490
	\$12,545	\$17,365

Inventories are stated at the lower of standard cost (determined on the first-in, first-out method) or market. Autodesk evaluates quantities on hand and estimated excess and obsolete inventory levels in determining lower of cost or market.

Computer Equipment, Software, Furniture and Leasehold Improvements

Computer equipment, software and furniture are depreciated using the straight-line method 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 \$36.2 million in fiscal 2005, \$34.3 million in fiscal 2004 and \$31.6 million in fiscal 2003.

Costs incurred for computer software developed or obtained for internal use are capitalized for application development activities and immediately expensed for preliminary project activities and post-implementation activities.

Purchased Technologies and Capitalized Software

Costs incurred in the initial design phase of the development of software to be sold or licensed 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 using the ratio of current gross revenues for a product to the total of current and anticipated future gross revenues for that product, but not less than on a straight-line basis over the estimated economic life of the product, which range from 12 months to seven years. Amortization expense, which is included as a component of cost of revenues, was \$15.7 million in fiscal 2005, \$15.5 million in fiscal 2004 and \$16.9 million in fiscal 2003.

Purchased technologies, capitalized software and the related accumulated amortization at January 31 were as follows (in thousands):

	2005	2004
Purchased technologies	\$ 137,108	\$ 133,041
Capitalized software	21,780	20,875
	158,888	153,916
Less: Accumulated amortization	(149,569)	(134,538)
Purchased technologies and capitalized software, net	\$ 9,319	\$ 19,378

The weighted-average amortization period for purchased technologies and capitalized software acquired during fiscal 2005 was 2.8 years.

Expected future amortization expense for purchased technologies and capitalized software for each of the fiscal years ended through January 31, 2009 is as follows (in thousands):

Year ending January 31,	
2006	\$5,203
2007	2,259
2008	1,175
2009	682
Total	\$9,319

Goodwill

On February 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets". Therefore, Autodesk no longer amortizes goodwill but instead tests it for impairment annually in the fourth quarter or more often if and when circumstances indicate that goodwill may not be recoverable. There was no impairment of goodwill during the year ended January 31, 2005.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The changes in the carrying amount of goodwill during the two years ended January 31, 2005 are as follows (in thousands):

	Design Solutions	Discreet	Total
Balance as of January 31, 2003	\$ 149,539	\$6,406	\$ 155,945
Linus acquisition goodwill	978	—	978
VIA acquisition goodwill	3,450	—	3,450
Other	(279)	—	(279)
Balance as of January 31, 2004	153,688	6,406	160,094
MechSoft acquisition goodwill	3,903	—	3,903
Unreal Pictures acquisition goodwill	—	1,159	1,159
DESC acquisition goodwill	1,720	—	1,720
Other	(248)	—	(248)
Balance as of January 31, 2005	\$ 159,063	\$7,565	\$ 166,628

Other includes the effects of changes in foreign currencies and adjustments to goodwill resulting from changes in deferred tax liabilities established in connection with a stock compensation plan assumed in a business combination.

Impairment of Long-Lived Assets

Annually or sooner, as circumstances dictate, Autodesk assesses the recoverability of its long-lived 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. There was no impairment of long-lived assets during the year ended January 31, 2005.

During fiscal 2004 Autodesk identified an impairment related to certain intangible assets acquired in relation to the acquisition of the software division of Media 100, Inc. ("Media 100") attributed to the Discreet Segment. Autodesk wrote down the remaining net book value of these intangibles by \$1.8 million to an amount equal to the fair value of the Media 100-based products. This charge was recorded in cost of license and other revenues for the Discreet Segment of Autodesk.

In addition to the recoverability assessments, Autodesk routinely reviews the remaining estimated useful lives of its long-lived assets. Any reduction in the useful life assumption will result in increased depreciation and amortization expense in the quarter when such determinations are made, as well as in subsequent quarters.

Deferred Tax Assets

Deferred tax assets arise primarily from net operating losses, tax credits, reserves and timing differences for purchased technologies and capitalized software offset by the establishment of U.S. deferred tax liabilities on unremitted earnings from certain foreign subsidiaries. They are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. Valuation allowances are established when necessary to reduce the deferred tax assets to the amount expected to be realized.

Employee Stock Compensation

Autodesk accounts for employee stock options using the intrinsic value method of accounting in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), as permitted by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). As such, no compensation expense is recognized in Autodesk's consolidated statements of income, 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.

Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" ("SFAS 148") amends the disclosure requirements of SFAS 123 to require more prominent disclosures in both the annual and interim financial statements regarding the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

The following table illustrates the effect on net income and net income per share if Autodesk had applied the fair value recognition provisions of SFAS 123, as amended by SFAS 148, to stock-based employee compensation. For purposes of computing pro forma net income, the estimated fair value of options is amortized to expense on a straight-line basis over the options' vesting period.

AUTODESK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Fiscal year ended January 31,		
	2005	2004	2003
	(In thousands, except per share amounts)		
Net income – as reported	\$ 221,508	\$ 120,316	\$ 31,904
Add: Stock-based employee compensation cost, net of related tax effects, included in the determination of net income as reported	3,127	1,243	1,917
Deduct: Total stock-based employee compensation cost determined under the fair value based method for all awards, net of related tax effects	(61,576)	(48,746)	(52,626)
Pro forma net income (loss)	<u>\$ 163,059</u>	<u>\$ 72,813</u>	<u>\$ (18,805)</u>
Net income (loss) per share:			
Basic – as reported	\$ 0.98	\$ 0.54	\$ 0.14
Basic – pro forma	<u>\$ 0.72</u>	<u>\$ 0.33</u>	<u>\$ (0.08)</u>
Diluted – as reported	\$ 0.90	\$ 0.52	\$ 0.14
Diluted – pro forma	<u>\$ 0.67</u>	<u>\$ 0.32</u>	<u>\$ (0.08)</u>

The weighted average estimated fair value of stock options granted was \$7.96 per share during fiscal 2005, \$4.04 during fiscal 2004 and \$3.91 during fiscal 2003. These were estimated using the Black-Scholes option-pricing model, based on the following assumptions:

	2005	2004	2003
Volatility	0.51	0.56	0.60
Weighted-average estimated life	4.3 years	5 years	5 years
Weighted-average risk-free interest rate	3.6%	3.2%	3.0%
Dividend yield	0.3%	0.7%	0.8%

The weighted average estimated fair value of shares granted under the employee qualified stock purchase plan was \$9.35 per share during fiscal 2005, \$3.26 during fiscal 2004 and \$2.86 during fiscal 2003. These were estimated using the Black-Scholes option-pricing model, based on the following assumptions:

	2005	2004	2003
Volatility	0.43	0.47	0.54
Weighted-average estimated life	1.25 years	1.25 years	1.25 years
Weighted-average risk-free interest rate	2.2%	1.3%	1.7%
Dividend yield	0.3%	0.6%	0.8%

During the fourth quarter of fiscal 2005, Autodesk modified its approach and updated certain assumptions with respect to determining the estimated fair value of shares granted under the employee qualified stock purchase plan to account for modifications to employee withholdings and the two-year offering period of the plan. As a result of these changes, pro forma net income for fiscal 2004 was reduced by \$3.4 million and pro forma net loss for fiscal 2003 was increased by \$3.7 million.

Revenue Recognition

Autodesk recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable, and collectibility is probable. Autodesk's revenue recognition policies are 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, and SEC Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements."

Autodesk recognizes revenue as follows: Product sales, which include software licenses and any related hardware and peripherals, are recognized at the time of shipment to our distributors, resellers and direct customers, providing all other criteria for recognition of revenue have been met. In addition to product sales, Autodesk recognizes maintenance revenues from our subscription program and hosted service revenues ratably over the contract periods. Customer consulting and training revenues are recognized as the services are performed. In arrangements that include multiple software products and/or services, the Company allocates the total

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

arrangement fee among each of the deliverables using the residual method, under which revenue is allocated to undelivered elements based on vendor-specific objective evidence (“VSOE”) of fair value of such undelivered elements and the residual amounts of revenue are allocated to delivered elements. VSOE is the price charged when that element is sold separately or the price as set by management with the relevant authority.

For reporting purposes, Autodesk reports revenue generated from the subscription program separately as maintenance revenue on the Consolidated Statements of Income. Revenue from all other sales types including product, consulting, training, hardware support, and hosting services, are reported as License and Other Revenue on the Consolidated Statements of Income. Revenue from the sales of our training, support and hosting services are immaterial for all periods presented.

With the exception of contracts with certain distributors, sales contracts do not contain specific product-return privileges. However, Autodesk permits its distributors and resellers to return product in certain instances, such as during periods of product transition and during update cycles. In addition, for certain distributors in Europe, we offer incremental discounts, or price adjustments, ranging from 1% to 4% for certain qualifying sales.

Autodesk establishes reserves for product return and price adjustments. These reserves are based on historical experience of actual product returns and price adjustment rates, estimated channel inventory levels, the timing of new product introductions, channel sell-in for applicable markets and other factors. These reserves are recorded as a direct reduction of revenue and accounts receivable at the time the related revenue is recognized.

Shipping and Handling Costs

Shipping and handling costs are included in cost of revenues for all periods presented.

Advertising Expenses

Advertising costs are expensed as incurred. Total advertising expenses incurred were \$14.8 million in fiscal 2005, \$11.7 million in fiscal 2004 and \$9.8 million in fiscal 2003.

Net Income Per Share

Basic net income per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income per share is computed using the combination of the dilutive effect of stock options and the weighted average number of common shares outstanding. Autodesk has no potentially dilutive securities other than stock options.

Recently Issued Accounting Standards

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 – revised 2004, “Share-Based Payment,” (“SFAS 123R”) which replaces Statement of Financial Accounting Standards No. 123 (“SFAS 123”) and supersedes APB Opinion No. 25, “Accounting for Stock Issued to Employees.” SFAS 123R requires the measurement of all employee share-based payments to employees, including grants of employee stock options, using a fair-value based method and the recording of such expense in our consolidated statements of income. This statement is effective for reporting periods beginning after June 15, 2005. We are required to adopt SFAS 123R starting in the third quarter of fiscal 2006. The pro forma disclosures previously permitted under SFAS 123 will no longer be an alternative to financial statement recognition. See “Employee Stock Compensation” within this Note 1 for the pro forma net income (loss) and net income (loss) per share amounts for fiscal 2005, 2004 and 2003, as if we had used a fair-value based method similar to the methods required under SFAS 123R to measure compensation expense for employee stock awards. Although we have not yet determined whether the adoption of SFAS 123R will result in amounts that are similar to the current pro forma disclosures under SFAS 123, we are evaluating the requirements under SFAS 123R and expect the adoption to have a significant adverse impact on our consolidated statements of income and net income per share.

In December 2004, the FASB issued FASB Staff Position No. FSP 109-2, “Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creations Act of 2004 (“FSP 109-2”).” See Note 4, “Income Taxes,” for further description of the effects on the financial statements of FSP 109-2.

In March 2004, the FASB issued Emerging Issues Task Force Issue 03-1 (“EITF 03-1”), “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments”, which provided new guidance for assessing impairment losses on investments. Additionally, EITF 03-1 includes new disclosure requirements for investments that are deemed to be temporarily

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

impaired. In September 2004, the FASB delayed the accounting provisions of EITF 03-1; however the disclosure requirements remain effective for annual periods ending after June 15, 2004. The required disclosures are included in Note 3, "Financial Instruments." We will evaluate the impact of EITF 03-1 once final guidance is issued.

In March 2005, the SEC issued Staff Accounting Bulletin No. 107 ("SAB 107"), "Share-Based Payment," which provides interpretive guidance related to the interaction between SFAS 123R and certain SEC rules and regulations, as well as provides the SEC staff's views regarding the valuation of share-based payment arrangements. Autodesk is currently assessing the impact of SAB 107 on our implementation and adoption of SFAS 123R.

Stock Splits

On November 16, 2004, the Company's Board of Directors authorized a two-for-one stock split in the form of a stock dividend, payable to stockholders of record as of December 6, 2004.

On March 14, 2002, the Company's Board of Directors authorized a two-for-one stock split in the form of a stock dividend, payable to stockholders of record as of April 4, 2002.

All references in the consolidated financial statements and notes thereto with respect to the number of shares, per share amounts and market prices of Autodesk's common stock have been restated to reflect the effect of these stock splits.

Reclassifications

Certain reclassifications have been made to the fiscal 2004 and 2003 balances to conform to the 2005 presentation. Autodesk previously reported amortization of purchased intangibles together with amortization of goodwill separately on our Consolidated Statements of Income. Given Autodesk no longer amortizes goodwill, and total amortization of purchased intangibles is not individually significant, Autodesk has included amortization of purchased intangibles in general and administrative expenses on our Consolidated Statements of Income. Amortization of purchased intangibles was \$0.6 million, \$0.5 million, and \$0.3 million during fiscal 2005, 2004, and 2003, respectively.

Note 2. Net Income Per Share

A reconciliation of the numerators and denominators used in the basic and diluted net income per share amounts follows:

	Year ended January 31,		
	2005	2004	2003
	(In thousands)		
Numerator:			
Numerator for basic and diluted net income per share—net income	\$221,508	\$120,316	\$ 31,904
Denominator:			
Denominator for basic net income per share—weighted average shares	227,036	222,993	226,070
Effect of dilutive common stock options	19,941	8,311	3,480
Denominator for diluted net income per share	246,977	231,304	229,550

The computation of diluted net income per share does not include 0.3 million options for fiscal 2005, 16.4 million options for fiscal 2004 and 37.4 million options for fiscal 2003. 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 not 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:

	January 31, 2005		January 31, 2004	
	Cost	Fair value	Cost	Fair value
	(In thousands)			
Cash and cash equivalents	\$ 517,654	\$ 517,654	\$ 282,249	\$ 282,249
Marketable securities	15,038	15,038	244,729	247,251
Foreign currency option contracts	203	203	181	181

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Autodesk uses derivative instruments to manage its earnings and cash flow exposures to fluctuations in foreign currency exchange rates. Under its risk management strategy, Autodesk uses foreign currency forward and option contracts to manage its exposures of underlying assets, liabilities and other obligations, which exist as part of the ongoing business operations. These foreign currency instruments by policy have maturities of less than three months. Generally, Autodesk's practice is to hedge a majority of its short-term foreign exchange transaction exposures. Contracts are primarily denominated in euros, Swiss francs, Canadian dollars, British pounds and Japanese yen. Autodesk does not enter into any foreign exchange derivative instruments for trading or speculative purposes.

Forwards

Autodesk's forward contracts, which are not designated as hedging instruments under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS 133"), have average maturities of less than three months. The forwards are used to reduce the exchange rate risk associated primarily with receivables and payables. Forward contracts are marked-to-market at the end of each reporting 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 \$36.2 million at January 31, 2005 and \$26.0 million at January 31, 2004. 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.

Options

In addition to the forward contracts, Autodesk utilizes foreign currency option collar contracts to reduce the exchange rate impact on the net revenue of certain anticipated transactions. These option contracts, which are designated and documented as cash flow hedges and qualify for hedge accounting treatment under SFAS 133, have maturities of less than three months. For cash flow hedges, derivative gains and losses included in comprehensive income are reclassified into earnings at the time the forecasted revenue is recognized or the option expires. The cost of these foreign currency option collars are recorded as other current assets and other accrued liabilities on our consolidated balance sheets.

The notional amounts of foreign currency option contracts were \$52.4 million at January 31, 2005 and \$42.0 million at January 31, 2004 and the critical terms were generally the same as those of the underlying exposure. Gains, if any, from the effective portion of the option contracts, as determinable under SFAS 133, are recognized as net revenues, while the ineffective portion of the option contract is recorded in interest and other income, net. There were \$0.5 million net settlement losses recorded as net revenues during fiscal 2005 and no net settlement gains or losses during fiscal 2004 recorded as net revenues. Amounts associated with the cost of the options totaling \$0.8 million during fiscal 2005 and \$0.8 million during fiscal 2004 were recorded in interest and other income, net.

AUTODESK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Marketable Securities

Marketable securities include the following available-for-sale securities at January 31, 2005 and 2004:

	January 31, 2005			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(In thousands)			
Short-term Mutual Funds	\$ 15,038	\$ —	\$ —	\$ 15,038
	<u>81,143</u>	<u>132</u>	<u>—</u>	<u>81,275</u>
	January 31, 2004			
	(In thousands)			
Short-term:				
Municipal Bonds	\$ 69,894	\$ 132	\$ —	\$ 70,026
Mutual Funds	11,249	—	—	11,249
	<u>81,143</u>	<u>132</u>	<u>—</u>	<u>81,275</u>
Long-term:				
Municipal Bonds	163,586	2,390	—	165,976
	<u>\$244,729</u>	<u>\$ 2,522</u>	<u>\$ —</u>	<u>\$247,251</u>

The short-term mutual fund balances include \$14.3 million and \$11.3 million of amounts held in a rabbi trust under deferred compensation arrangements as of January 31, 2005 and January 31, 2004, respectively. None of the Company's investments were in an unrealized loss position at January 31, 2005 or January 31, 2004.

Gross gains realized on the sale of available-for-sale securities were \$1.4 million in fiscal 2005, \$1.9 million in fiscal 2004 and \$2.3 million in fiscal 2003. Gross losses realized on the sale of available-for-sale securities were \$0.9 million in fiscal 2005, \$0.3 million in fiscal 2004 and \$0.2 million in fiscal 2003. The cost of securities sold is based on the specific identification method. Proceeds from the sale of marketable securities were \$301.6 million in fiscal 2005, \$202.6 million in fiscal 2004, and \$145.9 million in fiscal 2003.

Note 4. Income Taxes

The provision for income taxes consists of the following:

	Fiscal year ended January 31,		
	2005	2004	2003
	(In thousands)		
Federal:			
Current	\$ 2,930	\$(20,354)	\$(38,377)
Deferred	(3,073)	16,856	42,660
State:			
Current	8,445	819	(1,532)
Deferred	(2,742)	(4,121)	(561)
Foreign:			
Current	12,422	11,536	7,112
Deferred	6,838	(1,856)	(2,740)
	<u>\$24,820</u>	<u>\$ 2,880</u>	<u>\$ 6,562</u>

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The tax benefit recognized associated with dispositions from employee stock plans was \$116.9 million in fiscal 2005 and was zero in both fiscal 2004 and 2003. Foreign pretax income was \$183.5 million in fiscal 2005, \$126.7 million in fiscal 2004, and \$59.5 million in fiscal 2003.

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

	Fiscal year ended January 31,		
	2005	2004	2003
	(In thousands)		
Income tax provision at statutory rate	\$ 86,215	\$ 43,119	\$13,463
Foreign income taxed at rates different from the U.S. statutory rate	(30,643)	—	(1,861)
State income taxes, net of the federal benefit	2,121	(2,279)	(1,361)
Tax-exempt interest	(1,476)	(1,846)	(2,551)
Research and development tax credit benefit	(2,961)	(3,968)	(2,668)
Net income tax benefit from resolution of the Foreign Sales Corporation issue	—	(19,674)	—
Net income tax benefit from closure of income tax audits	(8,905)	(7,013)	(3,824)
Net income tax benefit from DRD Legislation on prior year foreign earnings	(15,540)	—	—
Additional taxes provided on prior year foreign earnings	—	—	6,884
Extraterritorial income exclusion	(6,158)	(4,575)	(1,632)
Officer compensation in excess of \$1.0 million	1,316	248	(25)
Other	851	(1,132)	137
	<u>\$ 24,820</u>	<u>\$ 2,880</u>	<u>\$ 6,562</u>

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	January 31,	
	2005	2004
	(In thousands)	
Purchased technology and capitalized software	\$ 28,687	\$ 27,648
Reserves for product returns and bad debts	5,856	7,805
Tax loss carryforwards	103,843	57,969
Accrued compensation and benefits	11,564	7,568
Fixed assets	11,022	8,931
Research and development credit carryforwards	25,518	15,635
Foreign tax credit carryforwards	16,834	11,463
Capitalized R&D expenditures	10,396	2,240
Other accruals not currently deductible for tax	7,966	12,974
Other	4,129	1,408
	<u>225,815</u>	<u>153,641</u>
Total deferred tax assets	225,815	153,641
Less: valuation allowance	(2,380)	(23,734)
	<u>223,435</u>	<u>129,907</u>
Net deferred tax assets	223,435	129,907
	<u>(104,124)</u>	<u>(112,346)</u>
Unremitted earnings of foreign subsidiaries	(104,124)	(112,346)
	<u>(104,124)</u>	<u>(112,346)</u>
Total deferred tax liability	(104,124)	(112,346)
	<u>\$ 119,311</u>	<u>\$ 17,561</u>
Net deferred tax assets	\$ 119,311	\$ 17,561

The valuation allowance decreased by \$21.4 million in fiscal 2005 and increased by \$11.9 million in fiscal 2004 and \$7.6 million in fiscal 2003. During fiscal 2005, Autodesk re-assessed the realizability of certain deferred tax assets related to stock option deductions that had not been previously recognized. As a result of recent U.S. operating results, as well as U.S. jurisdictional forecasts of pretax operating results, we believe these deferred tax assets are realizable based on the "more likely than not" standard required for recognition. Accordingly, during fiscal 2005, the Company reduced the valuation allowance relating to tax benefits of stock option deductions by \$21.1 million and credited additional paid in capital by an equal and offsetting amount. As of January 31, 2005, Autodesk no longer records a valuation allowance relating to tax benefits of stock option deductions. Approximately \$21.1 million of the valuation allowance at January 31, 2004 and \$9.0 million at January 31, 2003 related to tax benefits of stock option deductions.

No provision has been made for federal income taxes on unremitted earnings of certain of Autodesk's foreign subsidiaries (cumulatively \$143.0 million at January 31, 2005) because Autodesk plans to reinvest such earnings for the foreseeable future. At January 31, 2005, the unrecognized deferred tax liability for these earnings was approximately \$49.0 million.

Realization of the Company's net deferred tax assets of \$119.3 million is dependent upon the Company generating approximately \$306.0 million of future taxable income in appropriate tax jurisdictions to obtain benefit from the reversal of temporary differences, net operating loss carryforwards and tax credits. The amount of deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income are reduced.

Cash payments (refunds) for income taxes were approximately \$16.5 million in fiscal 2005, (\$19.3) million in fiscal 2004, and \$19.3 million in fiscal 2003.

During fiscal 2005, the increase in net operating loss carryforwards related primarily to stock option deductions, which have been offset against additional paid in capital. Autodesk has \$291.3 million of cumulative federal tax loss carryforwards and \$47.8 million of cumulative state tax loss carryforwards, which may be available to reduce future income tax liabilities in certain jurisdictions. The federal tax loss carryforwards will expire beginning January 31, 2008 through January 31, 2026. The state tax loss carryforwards will expire beginning January 31, 2006 through January 31, 2016. Autodesk has recorded a valuation allowance against some deferred tax assets including the tax benefit of certain tax loss carryforwards of acquired companies due to the uncertainty of their realizability.

Autodesk has \$18.8 million of cumulative federal research tax credit carryforwards and \$6.7 million of cumulative state research tax credit carryforwards, which may be available to reduce future income tax liabilities in the U.S. and California. The federal credit carryforward will expire beginning January 31, 2019 through January 31, 2026. The state credit carryforward may reduce future California income tax liabilities indefinitely.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Autodesk also has \$16.8 million of cumulative foreign tax credit carryforwards, which may be available to reduce future U.S. tax liabilities. The federal credit will expire beginning January 31, 2014 through January 31, 2016.

As a result of certain employment actions and capital investments undertaken by Autodesk, income earned in certain countries is subject to reduced tax rates and in some cases is wholly exempt from taxes for years through fiscal 2009. The income tax benefits attributable to the tax status of these subsidiaries are estimated to be \$18.0 million (\$0.08 per basic net income per share) in fiscal 2005, less than \$0.1 million in fiscal 2004 and \$0.4 million in fiscal 2003. The amounts for fiscal 2005 include consideration of incremental tax benefits received from the recent DRD Legislation.

During fiscal 2005, the American Jobs Creation Act of 2004 was signed into law which allows for the repatriation of foreign dividends at a rate lower than the 35% federal statutory rate through a one-time election ("DRD Legislation"). Because Autodesk believes that it will be able to repatriate foreign earnings under this DRD Legislation, the deferred tax liability which was previously accrued on prior year foreign earnings was reduced, which resulted in a \$15.5 million one-time income tax benefit during fiscal 2005. This one-time income tax benefit relates to the difference between the taxes previously provided on the earnings of a foreign subsidiary at the federal statutory tax rate and the lower rate afforded under the new DRD Legislation. As a result, the deferred tax liability previously accrued on these earnings was reduced, which increased the Company's total net deferred tax asset balance. Also during fiscal 2005, the Company accrued \$19.0 million of U.S. and foreign deferred taxes relating to current year foreign earnings which the Company intends to repatriate in fiscal 2006 under this DRD Legislation. The net tax expense represents the Company's intention to repatriate approximately \$248 million of foreign earnings accumulated through fiscal 2005 under this DRD Legislation.

As a result of the Company's resolution and closure of its Internal Revenue Service ("IRS") audit for fiscal 2001 as well as the closure of certain state and foreign tax years, and the lapse of the statute of limitations with respect to certain federal, state, and foreign tax years, Autodesk recognized a current income tax benefit of approximately \$8.9 million during fiscal 2005, which reduced accrued income taxes.

Also during fiscal 2005, following certain business changes, Autodesk completed an internal reorganization of the ownership of Autodesk Canada. As a result of the reorganization, Autodesk believes that it will be able to claim U.S. tax deductions for the remaining unamortized portion of the purchase price from the March 1999 acquisition of Discreet (now Autodesk Canada). The amount of the potential deferred tax asset arising from this reorganization is approximately \$96.2 million, reflecting future U.S. tax amortization deductions of goodwill and other intangible assets. Autodesk determined that, at the present time, it is not probable that these tax benefits will be realized and accordingly has not yet recognized these benefits. Instead, the tax benefits arising from this reorganization will be recognized if and when the tax treatment is verified with tax authorities or such other factors occur that would permit a probable confidence level to be achieved.

During the fiscal year 2004, the Company recognized an income tax benefit of \$19.7 million due to a favorable resolution of an industry-wide matter surrounding the Company's Foreign Sales Corporation for the fiscal years ended 1993 through 1998. In connection with the refund of these tax payments previously made, the Company received payment and recognized interest income of \$4.2 million during fiscal 2004.

During the fourth quarter of fiscal 2004, the statute of limitations lapsed with respect to the fiscal year ended 2000. As a result of the Company's resolution of its IRS audit and closure for that year, the Company recognized an income tax benefit of approximately \$7.0 million for items dealing primarily with various international tax matters and research and development tax credits.

In fiscal 2003, the Company resolved its IRS audit for the fiscal years ended 1997-1999, and the statute of limitations lapsed with respect to these years in the fourth quarter of fiscal 2003. The closure of these years resulted in a current income tax benefit of approximately \$61.7 million which related primarily to various international tax matters and research and development tax credits. Also in the fourth quarter, the Company provided an additional \$57.9 million in U.S. deferred income taxes on previously permanently reinvested foreign earnings to reflect a potential repatriation of such foreign earnings to meet expected U.S. cash needs, including the Company's current stock repurchase program. The impact of these events was a net income tax benefit of \$3.8 million.

Note 5. Commitments and Contingencies*Leases*

Autodesk leases office space and computer 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 (in millions):

2006	\$ 31.8
2007	23.6
2008	13.5
2009	9.6
2010	8.3
Thereafter	22.6
	<hr/>
	109.4
Less: Sublease income	(10.0)
	<hr/>
	\$ 99.4

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Of these amounts, approximately \$11.3 million has been included in our restructuring accruals at January 31, 2005. Rent expense was \$34.2 million in fiscal 2005, \$33.5 million in fiscal 2004 and \$41.1 million in fiscal 2003.

Royalties

Autodesk has certain royalty commitments associated with the shipment and licensing of certain products. Royalty expense is generally based on a dollar amount per unit shipped or a percentage of the underlying revenue. Royalty expense, which was recorded under our cost of license and other revenues on our Consolidated Statements of Income, was approximately \$9.2 million, \$8.6 million and \$7.6 million in fiscal 2005, 2004 and 2003, respectively.

Guarantees and Indemnifications

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

In connection with the sale or license to third parties of assets or businesses, Autodesk has entered into customary indemnity agreements related to the assets or businesses sold or licensed. Historically, costs related to these indemnities or guarantees have not been significant, but because potential future costs are highly variable, Autodesk is unable to estimate the maximum potential impact of these indemnities or guarantees on its future results of operations.

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

Legal Proceedings

On December 27, 2001, Spatial Corp. ("Spatial") filed suit in Marin County Superior Court against Autodesk and one of our consultants, D-Cubed Ltd., seeking among other things, termination of a development and license agreement between Spatial and Autodesk and an injunction preventing Autodesk from working with contractors under the agreement. On October 2, 2003, a jury found that Autodesk did not breach the agreement. As the prevailing party in the action, the court awarded Autodesk approximately \$2.4 million for reimbursement of attorneys' fees and the costs of trial, which was paid during the second quarter of fiscal 2005 and recorded as other income. Spatial filed a notice of appeal on December 2, 2003 appealing the decision of the jury. Spatial claims that certain testimony of a witness should not have been considered by the jury and as a result, Spatial asserts that it is entitled to a new trial. Autodesk filed its opposition to Spatial's appeal in August 2004. At the present time, the appeal has not been set for hearing by the appellate court. After reviewing the arguments made in the appeal, we believe the ultimate resolution of this matter will not have a material effect on Autodesk's financial position, results of operations or cash flows. However, it is possible that an unfavorable resolution of this matter could occur and materially affect our future results of operations, cash flows or financial position in a particular period.

On May 13, 2004, Nuvo Services, LLC ("Nuvo") filed suit in United States District Court, District of Arizona against Autodesk seeking to compel arbitration of Nuvo's claim that Autodesk breached a contract that allegedly existed between Nuvo and a company acquired by Buzzsaw.com in 2000. In March 2005, the parties entered into a settlement agreement resolving all claims and counterclaims among them. The resolution of this matter will not materially affect our future results of operations, cash flows or financial position.

On September 22, 2004, Plaintiff z4 Technologies, Inc. ("z4") filed suit against Autodesk and Microsoft Corporation in the United States District Court, Eastern District of Texas, alleging infringement of U.S. Patent No. 6,044,471, entitled "Method and Apparatus for Securing Software to Reduce Unauthorized Use," and U.S. Patent No. 6,785,825, entitled "Method for Securing Software to Decrease Software Piracy." z4's complaint alleges that Autodesk infringes the '471 patent and the '825 patent by making,

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

using, selling, and offering for sale the claimed matter of these patents without the plaintiff's authority. z4 seeks unspecified compensatory damages, injunctive relief and fees and costs. We believe the allegations made in the complaint have no merit and intend to vigorously defend against the case. While Autodesk believes the ultimate resolution of this case will not have a material effect on our financial position, results of operations or cash flows, it is possible that an unfavorable resolution of this matter could occur and materially affect our future results of operations, cash flows or financial position in a particular period.

In connection with our anti-piracy program, designed to enforce copyright protection of our software and conducted both internally and through the Business Software Alliance ("BSA"), from time to time we undertake litigation against alleged copyright infringers. Such lawsuits may lead to counter claims alleging improper use of litigation or violation of other local law and have recently increased in frequency, especially in Latin American countries. To date, none of such counter claims has resulted in material damages and the Company does not believe that any such pending claims, individually or in the aggregate, will result in a material adverse effect on our future results of operations, cash flows or financial position.

In addition, we are involved in legal proceedings from time to time arising from the normal course of business activities including claims of alleged infringement of intellectual property rights, commercial, employment, piracy prosecution and other matters. In our opinion, resolution of pending matters is not expected to have a material adverse impact on our consolidated results of operations, cash flows or our financial position. However, it is possible that an unfavorable resolution of one or more such proceedings could in the future materially affect our future results of operations, cash flows or financial position in a particular period.

Note 6. Stockholders' Equity

Preferred Stock

Under Autodesk's Certificate of Incorporation, 2.0 million shares of preferred stock are authorized. At January 31, 2005, 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.

In December 1995, the Board of Directors approved a Preferred Shares Rights Agreement (the "Rights Agreement"). The Rights Agreement is intended to protect stockholders' rights in the event of an unsolicited takeover attempt. It is not intended to prevent a takeover of the Company on terms that are favorable and fair to all stockholders and will not interfere with a merger approved by the Board of Directors. Each right entitles stockholders to buy $\frac{1}{1000}$ of a share of preferred stock at an exercise price of \$100, subject to further adjustment. The rights will become exercisable for half-priced common stock if a person or group acquires or announces a tender offer or exchange offer to acquire 15% or more of the Company's common stock. The rights will expire no later than December 14, 2005.

Common Stock

In March 2005, the Board of Directors approved an amendment to the Company's Certificate of Incorporation to increase the authorized common stock of the Company from 400.0 million shares to 750.0 million shares. This amendment is subject to approval by the stockholders of the Company.

Common Stock Repurchase Programs

Autodesk repurchased and retired 25.9 million shares in fiscal 2005 at an average repurchase price of \$21.08 per share, 18.1 million shares in fiscal 2004 at an average repurchase price of \$9.85 per share and 8.8 million shares in fiscal 2003 at an average repurchase price of \$7.36 per share. The purpose of the stock repurchase program is to help offset the dilution to earnings per share caused by the issuance of stock under Autodesk's employee stock plans and to effectively utilize excess cash generated from the business.

Between November 1999 and December 2004, the Board of Directors approved plans to repurchase up to 144.0 million shares of our common stock. Of these 144.0 million shares, 111.8 million shares were repurchased and retired as of January 31, 2005. 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.

In fiscal 2005, 2004 and 2003, Autodesk repurchased its common stock through open market purchases.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Dividends

During fiscal 2005, 2004 and 2003 Autodesk paid annual cash dividends of \$0.06 per share at a rate of \$0.015 each quarter, reducing retained earnings by \$13.6 million, \$13.4 million, and \$13.6 million, respectively. As announced in December 2004, Autodesk discontinued the payment of cash dividends after the dividend payable for the fourth quarter of fiscal 2005, to be paid in April 2005.

Note 7. Employee and Director Benefit Plans

Stock Option Plans

Autodesk maintains two active stock option plans for the purpose of granting stock options to employees and members of Autodesk's Board of Directors: the 1996 Stock Plan (available only to employees) and the 2000 Directors' Option Plan (available only to non-employee directors). Additionally, there are six expired or terminated plans with options outstanding, including the Nonstatutory Stock Option Plan (available only to non-executive employees and consultants) which was terminated by the Board of Directors (the "Board") in December 2004. Autodesk does not have a practice of awarding stock options to consultants.

Autodesk's continued growth and success is dependent upon its ability to attract and retain highly skilled employees. Competition for these employees in the marketplace, especially in the technology industries, has historically been intense. As such, Autodesk uses stock option awards as one means of attracting and retaining highly skilled employees.

The 1996 Stock Plan (the "1996 Plan"), which was approved by stockholders, allows for options to be granted to employees, including officers. This plan allows for the number of shares available for future issuance to be automatically increased on the first trading day of each fiscal year by an amount equal to the lesser of 20.0 million shares or 3.5% of the total of (1) outstanding shares plus (2) any shares repurchased by Autodesk during the prior fiscal year. In March 2005 the Board amended the 1996 Plan to eliminate, effective immediately, this evergreen feature. The Board also approved an amendment to the 1996 Plan to decrease the number of shares reserved for issuance under such plan by an additional 10.0 million shares.

Also in March 2005, the Board adopted Autodesk's 2006 Stock Plan (the "2006 Plan") and reserved 25.0 million shares of the Autodesk's common stock for issuance under such plan. The 2006 Plan permits the grant of options, restricted stock, restricted stock units, performance shares, performance units, stock appreciation rights and deferred stock units to employees (including officers), consultants and directors of Autodesk. The 2006 Plan, subject to stockholder approval, will replace the 1996 Plan and become effective on February 1, 2006.

The 2000 Directors' Option Plan, which was approved by the stockholders, allows for an automatic annual grant of options to members of Autodesk's outside Board of Directors. At January 31, 2005, 0.3 million shares were available for future issuance.

Options granted under the above mentioned plans vest over periods ranging from one to five years and generally expire within ten years from the date of grant. The exercise price of the stock options is equal to the fair market value of the stock on the grant date.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of stock option activity is as follows:

	Number of shares	Weighted average price per share
	(Shares in thousands)	
Options outstanding at January 31, 2002	58,329	\$ 8.25
Granted	14,711	7.71
Options assumed in acquisitions	510	0.76
Exercised	(6,857)	7.21
Canceled	(7,803)	8.82
Options outstanding at January 31, 2003	58,890	\$ 8.10
Granted	12,921	8.73
Exercised	(12,850)	7.24
Canceled	(6,025)	8.57
Options outstanding at January 31, 2004	52,936	\$ 8.40
Granted	11,550	17.52
Exercised	(25,445)	8.46
Canceled	(2,635)	9.46
Options outstanding at January 31, 2005	36,406	\$ 11.17
Options exercisable at January 31, 2005	12,637	8.14
Options available for grant at January 31, 2005 ⁽¹⁾	9,406	

⁽¹⁾ This amount reflects the reduction to shares available for future issuance approved by the Board of Directors in March 2005.

The following table summarizes information about options outstanding and exercisable at January 31, 2005:

	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:					
\$ 0.20 – 7.39	3,826	\$ 6.31	7,318	6.7	\$ 6.44
\$ 7.42 – 8.25	3,725	7.83	7,313	7.0	7.71
\$ 8.27 – 11.00	4,424	9.35	8,095	7.0	9.55
\$ 11.06 – 16.42	646	12.12	7,795	7.5	13.57
\$ 17.36 – 34.30	16	18.62	5,885	9.4	20.43
	12,637	\$ 8.14	36,406	7.4	\$ 11.17

These options will expire if not exercised at specific dates ranging through January 2015.

A total of 56.7 million shares of Autodesk's common stock have been reserved for future issuance under existing stock option and stock purchase programs. This amount reflects the reduction to shares available for future issuance approved by the Board of Directors in March 2005.

1998 Employee Qualified Stock Purchase Plan

Under Autodesk's employee qualified stock purchase plan, which was approved by stockholders in 1998, eligible employees may purchase shares of Autodesk's common stock at their discretion using up to 15% of their compensation subject to certain limitations, at not less than 85% of fair market value as defined in the plan agreement. At January 31, 2005, a total of 10.9 million shares were available for future issuance. This amount will automatically be increased on the first trading day of each fiscal year by an amount equal to the lesser of 10.0 million shares or 2.0% of the total of (1) outstanding shares plus (2) any shares repurchased by Autodesk during the prior fiscal year. Autodesk issued 4.6 million shares at an average price of \$5.73 per share in fiscal 2005, 4.2 million shares at an average price of \$5.48 per share in fiscal 2004, and 4.0 million shares at an average price of \$5.77 in fiscal 2003. The provisions of this plan expire during 2018.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Equity Compensation Plan Information

The following table summarizes the number of outstanding options granted to employees and directors, as well as the number of securities remaining available for future issuance under these plans as of January 31, 2005 (number of securities in thousands).

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders ⁽¹⁾	30,394	\$ 11.53	20,341 ⁽²⁾
Equity compensation plans not approved by security holders ⁽³⁾	6,012	\$ 9.37	—
Total	36,406	\$ 11.17	20,341

⁽¹⁾ Included in these amounts are 0.1 million securities available to be issued upon exercise of outstanding options with a weighted-average exercise price of \$7.73 related to equity compensation plans assumed in connection with previous business mergers and acquisitions.

⁽²⁾ This amount reflects the reduction of shares available for future issuance approved by the Board of Directors in March 2005 and 10.9 million securities available for future issuance under Autodesk's 1998 Employee Qualified Stock Purchase Plan.

⁽³⁾ Amounts correspond to Autodesk's Nonstatutory Stock Option Plan, which was terminated by the Board of Directors in December 2004.

Pretax Savings Plan

Autodesk has a 401(k) plan that covers nearly all U.S. employees. Eligible employees may contribute up to 50% of their pretax salary, subject to limitations mandated by the Internal Revenue Service; in fiscal 2004 and 2003 employees were limited to contributions up to 20% of their pretax salary. Autodesk makes voluntary cash contributions and matches a portion of employee contributions in cash. Autodesk's contributions were \$6.0 million in fiscal 2005, \$6.2 million in fiscal 2004 and \$6.3 million in fiscal 2003. Autodesk does not allow participants to invest in Autodesk common stock through the 401(k) plan.

Other Plans

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 were \$4.7 million in fiscal 2005, \$4.4 million in fiscal 2004 and \$4.2 million in fiscal 2003.

In addition, Autodesk offers a non-qualified deferred compensation plan to certain key employees whereby they may defer a portion (or all) of their annual compensation until retirement or a different date specified by the employee in accordance with terms of the plan.

Note 8. Business Combinations

The following acquisitions were accounted for under Statement of Financial Accounting Standards No. 141, "Business Combinations ("SFAS 141"). Accordingly, the results of operations of each acquisition are included in the accompanying Consolidated Statements of Income since the acquisition date, and the related assets and liabilities were recorded based upon their relative fair values at the date of acquisition. Pro forma results of operations have not been presented for any of the acquisitions because the effects of these acquisitions were not significant to Autodesk on either an individual or an aggregate basis.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

MechSoft.com, Inc. ("MechSoft")

In April 2004, Autodesk acquired certain assets of MechSoft for approximately \$6.5 million in cash. This acquisition provides technology that complements Autodesk's manufacturing solutions with tools that enable users to embed engineering calculations into their designs based on how parts function.

Management's allocation of the purchase consideration, which is based on valuations of acquired assets performed by a third party, is as follows (in thousands):

Developed technologies (3 year useful life)	\$ 1,900
Other assets	697
Goodwill	3,903
	<hr/>
	\$ 6,500
	<hr/>

The \$3.9 million of goodwill, which is deductible for tax purposes, was assigned to the Manufacturing Solutions Division of the Design Solutions Segment. The goodwill was attributed to the premium paid for a reduced time to market and competitive advantage with respect to future growth of our 3D-based products.

CAiCE Software Corporation ("CAiCE")

In September 2002, Autodesk acquired certain assets and liabilities of CAiCE for \$10.0 million in cash. This acquisition allowed Autodesk to expand its presence in the transportation software market as well as enhance Autodesk's core civil design industry business by addressing the needs of both the public and private sector engineering community.

Management's allocation of the purchase consideration, which was based on valuations of acquired assets and liabilities performed by a third party, is as follows (in thousands):

Developed technologies (3 year useful life)	\$ 2,370
Other assets, net	88
Goodwill	7,546
	<hr/>
	\$ 10,004
	<hr/>

The \$7.5 million of goodwill, which is deductible for tax purposes, was assigned to the Infrastructure Solutions Division of Autodesk's Design Solutions Segment. The goodwill was attributed to the premium paid for emerging civil design technology and the opportunity for enhanced revenue growth in strategic transportation markets.

Revit Technology Corporation ("Revit")

In April 2002, Autodesk acquired the outstanding stock of Revit for a \$133.0 million cash payment to Revit shareholders, the assumption of unvested Revit stock options of \$5.4 million, direct transaction costs of \$0.5 million and net assumed liabilities of \$0.6 million for total purchase consideration of \$139.5 million. The acquisition provided Autodesk with parametric building information modeling technology that allows customers to create a building design as a completely integrated system.

Management's allocation of the purchase consideration, which was based on valuations of acquired assets performed by a third party, is as follows (in thousands):

Fixed assets	\$ 921
Developed technologies (3 year useful life)	21,200
Deferred stock-based compensation	4,847
Deferred tax asset	5,298
Goodwill	107,234
	<hr/>
	\$ 139,500
	<hr/>

The \$107.2 million of goodwill, which is not deductible for tax purposes, was assigned to the Building Solutions Division of Autodesk's Design Solutions Segment. The goodwill was attributed to the premium paid for potential next generation technology and the opportunity for enhanced revenue growth through the development and sale of integrated model based design applications for downstream use of modeling data.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of the acquisition, Autodesk granted Revit employees 0.5 million options in connection with the assumption of their outstanding unvested options. The fair value of these options of \$5.4 million was added to the purchase consideration. At January 31, 2005, the intrinsic value of the stock options, which relate to future services, totaled \$0.3 million and is included in deferred compensation within stockholders' equity.

During the fourth quarter of fiscal 2003, an adjustment to the purchase price of \$15.4 million was recorded in order to establish a deferred tax asset. Accordingly, goodwill was reduced by \$15.4 million.

Note 9. Restructuring Reserves

The following table sets forth the restructuring activities for the fiscal years ended January 31, 2003, 2004 and 2005 (in thousands). The balance at January 31, 2005 is included in other accrued liabilities on our Consolidated Balance Sheet.

	Office Closure Costs	Employee Termination Costs	Total
Balance at January 31, 2002	\$ 18,044	\$ 4,508	\$ 22,552
Additions related to 2002 plan	10,693	—	10,693
Additions related to 2003 plan	1,796	16,451	18,247
Charges utilized ⁽¹⁾	(15,074)	(12,707)	(27,781)
Reversals	(2,053)	—	(2,053)
Balance at January 31, 2003	13,406	8,252	21,658
Additions related to 2002 plan	1,098	—	1,098
Additions related to 2004 plan	149	3,610	3,759
Charges utilized ⁽¹⁾	(6,220)	(9,218)	(15,438)
Reversals	(197)	(1,477)	(1,674)
Balance at January 31, 2004	8,236	1,167	9,403
Additions related to 2002 plan	3,124	—	3,124
Additions related to 2004 plan	3,897	19,816	23,713
Charges utilized ⁽¹⁾	(6,416)	(16,616)	(23,032)
Reversals	(137)	—	(137)
Balance at January 31, 2005	\$ 8,704	\$ 4,367	\$ 13,071

⁽¹⁾ Charges utilized include \$1.2 million, \$0.1 million, and \$1.3 million of non-cash charges during fiscal 2005, 2004 and 2003, respectively. Autodesk expects to pay the employee termination costs within one year, and the office closure costs over a period ranging from one to five years.

During the fourth quarter of fiscal 2004, the Board of Directors approved a restructuring plan that involved the elimination of approximately 600 positions and the closure of a number of offices worldwide with an estimated charge of \$37.0 million. This plan, which we refer to as the fiscal 2004 restructuring plan, was designed to improve efficiencies across the organization, reduce operating expense levels to help achieve our targeted operating margins and redirect resources to product development, sales development and other critical areas. As a result of the restructuring activities completed during the fourth quarter of fiscal 2004 and throughout fiscal 2005 and through attrition, we achieved our targeted efficiencies with a lower level of involuntary terminations than originally anticipated (402 worldwide); consequently, the total charges under the fiscal 2004 restructuring plan were \$27.5 million, rather than the \$37.0 million estimate noted above. Of the \$27.5 million, \$23.4 million was attributable to one-time termination benefits including severance benefits, medical benefits and outplacement costs. In addition, approximately \$4.0 million of the restructuring charges were attributable to office closure costs, which included losses on operating leases and the write-off of leasehold improvements and equipment. The fiscal 2004 restructuring plan was completed by the end of fiscal 2005.

During fiscal 2005, we recorded net restructuring charges of \$26.7 million, of which \$23.7 million related to the fiscal 2004 restructuring plan. Of this amount, \$19.8 million related to employee termination costs for 316 employees worldwide (186 in the United States and 130 outside the United States) and \$3.9 million related to the closure of facilities. Also, we recorded net restructuring charges of approximately \$3.0 million related to the fiscal 2002 restructuring plan for additional office closure costs originally established under the fiscal 2002 restructuring plan. Since the office closures in fiscal 2002, there has been a significant downturn in the commercial real estate market, particularly in areas of the United Kingdom where some of the offices are located. As such, Autodesk is unable to either buy-out the remaining lease obligations at favorable amounts or sub-lease the space at amounts previously estimated.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During fiscal 2004, Autodesk recognized net restructuring charges of \$3.2 million, of which \$3.8 million related to the fiscal 2004 restructuring plan, \$1.1 million related to additional office closure costs under the fiscal 2002 restructuring plan and reversals of the accrual for changes in estimates of \$1.7 million related to underlying liabilities originally established under the fiscal 2002 and fiscal 2003 restructuring plans. Of the \$3.8 million related to the fiscal 2004 plan, \$3.6 million related to employee termination costs for 86 employees worldwide (71 in the United States and 15 outside the United States) and \$0.2 million related to office closure costs. Office closure costs included losses on operating leases and the write-off of leasehold improvements and equipment. Employee termination costs consisted of one-time termination benefits including severance benefits, medical benefits and outplacement costs. With respect to the \$1.7 million of reversals, the underlying liabilities, primarily related to employee termination costs outside the United States, were ultimately settled for less than originally estimated.

During the third quarter of fiscal 2003 the Board of Directors approved the fiscal 2003 restructuring plan which resulted in the termination of 394 employees worldwide (184 in the United States and 210 outside the United States) and the closure of several additional international and domestic offices. This plan was designed to help further reduce operating expense levels as well as redirect resources to product development and other critical areas.

During fiscal 2003, Autodesk recognized net restructuring charges of \$25.9 million, of which \$18.3 million related to the fiscal 2003 restructuring plan, \$10.7 million related to additional costs associated with the fiscal 2002 restructuring plan, offset by a credit of \$2.1 million resulting from accrual reversals and a credit of \$1.0 million related to the reversal of the remaining restructuring charges related to the fiscal 2000 restructuring program. Of the \$18.3 million related to the fiscal 2003 restructuring plan, \$16.5 million related to employee termination costs and \$1.8 million related to office closures. Of the \$10.7 million associated with the fiscal 2002 restructuring plan, \$1.2 million related to the further consolidation of certain European offices and the remaining \$9.5 million resulted from changes to estimated accrued liabilities related to vacated facilities. During fiscal year 2003, we also reversed \$2.1 million of accruals related to restructuring reserves established in fiscal 2002. The facility-related accruals were settled for less than originally estimated.

An analysis of the fiscal 2004 restructuring plan activities during fiscal 2005, by reportable segment, is included in Note 11, "Segments."

Note 10. Interest and Other Income

Interest and other income, net consists of the following:

	2005	2004	2003
	(In thousands)		
Interest and investment income, net	\$ 7,232	\$10,377	\$ 9,466
Foreign-based stamp taxes	(2,832)	—	—
Gains on foreign currency transactions	773	3,255	1,727
Write-downs of cost method investments	—	(596)	(3,436)
Legal proceeding settlement	2,380	—	—
Net realized gains on sales of marketable securities	528	1,644	2,069
Other income	3,374	2,279	3,678
	<u>\$11,455</u>	<u>\$16,959</u>	<u>\$13,504</u>

Note 11. Segments

Autodesk's operating results are aggregated into two reportable segments: the Design Solutions Segment and the Discreet Segment. The Location Services Division, which is not included in either reportable segment, is reflected as Other. During the first quarter of fiscal 2005 and again in the third quarter of fiscal 2005, Autodesk modified its segment disclosure to align the segment disclosure with the method by which Autodesk's business is currently being managed and evaluated. Prior period numbers have been restated to reflect the current segment alignment.

The Design Solutions Segment derives revenues from the sale of design software products and services for professionals or consumers who design, build, manage and own building projects or manufactured goods and from the sale of mapping and geographic information systems technology to public and private users. The Design Solutions Segment consists primarily of the following business divisions: Manufacturing Solutions Division, Infrastructure Solutions Division, Building Solutions Division and the Platform Technology Division and Other, which includes Autodesk Consulting. Sales of AutoCAD and AutoCAD LT (2D design products) in the aggregate accounted for 45%, 45% and 43% of consolidated net revenues in fiscal 2005, 2004 and 2003, respectively. Sales of 3D design products (Autodesk Inventor products, Autodesk Revit Building products and Autodesk Civil 3D) in aggregate accounted for 14% of consolidated net revenues in fiscal 2005 and 11% of consolidated net revenues in both fiscal 2004 and 2003.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Discreet Segment, our Media and Entertainment Division, 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, game production, web design and interactive web streaming.

Both segments primarily distribute their respective products through authorized dealers and distributors, and, to a lesser extent, 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, "Business and Summary of Significant Accounting Policies". 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, except for certain assets such as goodwill. Information concerning the operations of Autodesk's reportable segments is as follows:

	Fiscal year ended January 31,		
	2005	2004	2003
	(In thousands)		
Net revenues:			
Design Solutions	\$1,077,263	\$ 818,148	\$ 703,529
Discreet	154,057	133,127	119,382
Other	2,447	368	2,034
	<u>\$1,233,767</u>	<u>\$ 951,643</u>	<u>\$ 824,945</u>
Income (loss) from operations:			
Design Solutions	\$ 495,208	\$ 348,949	\$ 268,141
Discreet	21,383	(62)	(21,451)
Unallocated amounts ⁽¹⁾	(281,718)	(242,650)	(221,728)
	<u>\$ 234,873</u>	<u>\$ 106,237</u>	<u>\$ 24,962</u>
Depreciation and amortization:			
Design Solutions	\$ 24,512	\$ 22,804	\$ 23,890
Discreet	3,325	6,196	7,364
Unallocated amounts	24,112	21,292	17,590
	<u>\$ 51,949</u>	<u>\$ 50,292</u>	<u>\$ 48,844</u>

⁽¹⁾ Unallocated amounts are attributed primarily to corporate expenses and other costs and expenses that are managed outside the reportable segments. Unallocated amounts in fiscal 2005, 2004 and 2003 also include \$26.7 million, \$3.2 million and \$25.9 million resulting from restructuring activity, respectively.

While Autodesk does not allocate restructuring charges to each segment, the following table sets forth the fiscal 2004 restructuring plan activities that relate to each reportable segment during fiscal 2005 (in thousands). The balance at January 31, 2005 is included in other accrued liabilities on our Consolidated Balance Sheets.

	Design Solutions Segment		Discreet Segment		Unallocated		Total
	Office Closure Costs	Employee Termination Costs	Office Closure Costs	Employee Termination Costs	Office Closure Costs	Employee Termination Costs	
Balance at January 31, 2004	\$ 149	\$ 294	\$ —	\$ 333	\$ —	\$ 484	\$ 1,260
Additions	1,857	8,568	1,073	4,773	967	6,475	23,713
Charges utilized	(1,064)	(7,365)	(270)	(4,572)	(692)	(4,679)	(18,642)
Balance at January 31, 2005	<u>\$ 942</u>	<u>\$ 1,497</u>	<u>\$ 803</u>	<u>\$ 534</u>	<u>\$ 275</u>	<u>\$ 2,280</u>	<u>\$ 6,331</u>

Since inception of the fiscal 2004 restructuring plan, the Design Solutions Segment and the Discreet Segment recorded restructuring charges totaling \$11.5 million and \$7.0 million, respectively.

AUTODESK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Net revenues attributable to the major divisions within the Design Solutions Segment are as follows:

	Fiscal year ended January 31,		
	2005	2004	2003
	(In thousands)		
Net revenues:			
Manufacturing Solutions Division	\$ 199,525	\$ 139,485	\$ 118,840
Infrastructure Solutions Division	138,358	114,756	101,323
Building Solutions Division	124,240	80,311	73,504
Platform Technology Division and Other	615,140	483,596	409,862
	<u>\$ 1,077,263</u>	<u>\$ 818,148</u>	<u>\$ 703,529</u>

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

	Fiscal year ended January 31,		
	2005	2004	2003
	(In thousands)		
Net revenues:			
U.S. customers	\$ 434,489	\$ 348,717	\$ 321,676
Other Americas	76,421	60,915	52,530
Total Americas	<u>510,910</u>	<u>409,632</u>	<u>374,206</u>
Europe, Middle East and Africa	<u>443,658</u>	<u>337,241</u>	<u>263,414</u>
Japan	138,362	99,034	86,355
Other Asia/Pacific	140,837	105,736	100,970
Total Asia/Pacific	<u>279,199</u>	<u>204,770</u>	<u>187,325</u>
Total net revenues	<u>\$ 1,233,767</u>	<u>\$ 951,643</u>	<u>\$ 824,945</u>

	January 31,	
	2005	2004
	(In thousands)	
Long-lived assets: ⁽¹⁾		
U.S. operations	\$ 305,605	\$ 252,051
Other Americas	4,957	4,986
Total Americas	<u>310,562</u>	<u>257,037</u>
Neuchâtel, Switzerland ⁽²⁾	19,024	317,474
Other Europe, Middle East and Africa	229,837	230,768
Total Europe, Middle East and Africa	<u>248,861</u>	<u>548,242</u>
Asia/Pacific	<u>8,717</u>	<u>8,353</u>
Consolidating eliminations	(312,794)	(559,701)
Total long-lived assets	<u>\$ 255,346</u>	<u>\$ 253,931</u>

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

⁽²⁾ During fiscal 2005, an Investment in Discreet (now Autodesk Canada) held by Neuchâtel, Switzerland, was eliminated as a result of an internal reorganization (See Note 4, "Income Taxes," for further discussion). In previous periods, this investment eliminated upon consolidation.

In fiscal 2005 and 2004, sales to Tech Data Corporation, a distributor for both reportable segments, accounted for 12% and 11% of Autodesk's consolidated net revenues, respectively. No single customer accounted for more than 10% of consolidated net revenues in fiscal 2003.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Comprehensive Income

The changes in the components of other comprehensive income, net of taxes, were as follows:

	January 31,		
	2005	2004	2003
	(In thousands)		
Net income	\$221,508	\$120,316	\$31,904
Net unrealized gains on available-for-sale securities:			
Change in net unrealized gains on available-for-sale securities, net of tax benefit (charge) of \$777 in 2005, \$292 in 2004 and \$(1,288) in 2003	(1,217)	(457)	2,016
Less: net unrealized gains reclassified into earnings, net of tax charge of \$206 in 2005, \$641 in 2004 and \$806 in 2003	322	1,003	1,263
Change in net unrealized gains	(1,539)	(1,460)	753
Net change in cumulative foreign currency translation adjustment	3,450	8,274	7,651
Comprehensive income	\$223,419	\$127,130	\$40,308

The components of accumulated other comprehensive loss, net of taxes, were as follows:

	January 31,	
	2005	2004
	(In thousands)	
Net unrealized gains on available-for-sale securities	\$ —	\$ 1,539
Foreign currency translation adjustments	(2,843)	(6,293)
Accumulated other comprehensive loss	\$(2,843)	\$(4,754)

Note 13. Quarterly Financial Information (Unaudited)

Summarized quarterly financial information for fiscal 2005 and 2004 is as follows:

	1st quarter	2nd quarter	3rd quarter	4th quarter	Fiscal year
	(In thousands, except per share data)				
Fiscal 2005					
Net revenues	\$ 297,876	\$ 279,578	\$ 300,158	\$ 356,155	\$ 1,233,767
Gross margin	256,004	239,362	256,764	312,194	1,064,324
Income from operations	53,521	49,344	53,858	78,150	234,873
Net income	42,505	39,165	74,070	65,768	221,508
Basic net income per share	0.19	0.17	0.33	0.29	0.98
Diluted net income per share	0.18	0.16	0.30	0.26	0.90
Fiscal 2004					
Net revenues	\$ 210,766	\$ 211,705	\$ 233,862	\$ 295,310	\$ 951,643
Gross margin	172,524	175,659	197,253	258,079	803,515
Income from operations	6,607	13,941	27,940	57,749	106,237
Net income	7,508	32,602	22,606	57,600	120,316
Basic net income per share	0.03	0.15	0.10	0.26	0.54
Diluted net income per share	0.03	0.14	0.10	0.24	0.52

Results for the first, second, third and fourth quarters of fiscal 2005 include restructuring charges of \$8.3 million, \$3.7 million, \$2.9 million and \$11.8 million, respectively, which related to corporate restructuring activities. In addition, results for the third quarter of fiscal 2005 include non-recurring tax benefits of \$28.7 million, of which \$15.5 million related to the impact of the DRD Legislation on prior fiscal years earnings and \$4.3 million related to a cumulative catch-up adjustment for the effective tax rate impact of the DRD Legislation on the current fiscal year.

Results for the second quarter of fiscal 2004 include a non-recurring tax benefit of \$19.7 million. Results for the fourth quarter of fiscal 2004 include a non-recurring tax benefit of \$7.0 million and restructuring charges of \$3.2 million, which related to corporate restructuring activities.

AUTODESK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 14. Subsequent Events (Unaudited)

During February 2005, Autodesk entered into an agreement to acquire the assets of Compass Systems GmbH (“Compass”), a European-based developer of the Compass family of data management solutions, for approximately \$16.5 million. The acquisition is intended to allow Autodesk to more quickly expand its data management solution and deliver on its plans to provide a comprehensive data management solution for small- and medium-size manufacturers. Compass was owned 50.1% by Mensch und Machine, one of Autodesk’s largest resellers.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Autodesk, Inc.

We have audited the accompanying consolidated balance sheets of Autodesk, Inc. as of January 31, 2005 and 2004, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2005. Our audits also included the financial statement schedule listed in the Index at Item 15(a)2. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Autodesk, Inc. at January 31, 2005 and 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 31, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the 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.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Autodesk's internal control over financial reporting as of January 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 30, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Francisco, California
March 30, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

Autodesk, Inc.

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that Autodesk, Inc. maintained effective internal control over financial reporting as of January 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Autodesk, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Autodesk, Inc. maintained effective internal control over financial reporting as of January 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Autodesk, Inc. maintained, in all material respects, effective internal control over financial reporting as of January 31, 2005, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Autodesk, Inc. as of January 31, 2005 and 2004, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2005 of Autodesk, Inc. and our report dated March 30, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Francisco, California
March 30, 2005

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (ii) is accumulated and communicated to Autodesk's management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our disclosure controls and procedures are designed to provide reasonable assurance that such information is accumulated and communicated to our management. Our disclosure controls and procedures include components of our internal control over financial reporting. Management's assessment of the effectiveness of our internal control over financial reporting is expressed at the level of reasonable assurance because a control system, no matter how well designed and operated, can provide only reasonable, but not absolute, assurance that the control system's objectives will be met.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting during the quarter ended January 31, 2005 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Our management assessed the effectiveness of our internal control over financial reporting as of January 31, 2005. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework. Our management has concluded that, as of January 31, 2005, our internal control over financial reporting is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals. Our independent registered public accounting firm, Ernst & Young LLP, have issued an audit report on our assessment of our internal control over financial reporting, which is included herein.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Autodesk have been detected.

ITEM 9B. OTHER INFORMATION

During November 2004, the Board of Directors adopted the Autodesk, Inc. 2005 Non-Qualified Deferred Compensation Plan (the "Deferred Compensation Plan"), effective as of January 1, 2005. The Deferred Compensation Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code (the "Code"), recently enacted under the American Jobs Creation Act of 2004. Section 409A imposes a number of requirements on non-qualified deferred compensation plans, primarily relating to the timing of elections and distributions. The following is a summary of the terms and conditions of the Deferred Compensation Plan that are material to the Company.

The Deferred Compensation Plan is for the benefit of a select group of management or highly compensated employees of Autodesk. In general, the Deferred Compensation Plan provides eligible employees with an opportunity to defer, on a pre-tax basis, up to 100% of their base salary, cash-based commissions and bonuses, if any, earned each year. Distributions generally may be made

[Table of Contents](#)

as either a lump sum or annual installment payments upon the occurrence of one or more specified distribution events, which include death, disability, retirement, termination or some other date specified by the participant. Benefits under the Deferred Compensation Plan are paid from the general assets of the Company and are subject to the claims of its creditors and the risk of insolvency. As a result, each participant is a general, unsecured creditor of the Company with respect to amounts the participant has deferred under the Deferred Compensation Plan.

The foregoing description of the Deferred Compensation Plan is qualified in its entirety by reference to the Deferred Compensation Plan, a copy of which is filed herewith as Exhibit 10.14.

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, compliance with Section 16 of the Securities and Exchange Act of 1934 and our code of ethics that applies to our principal executive officer, principal financial officer and principal accounting officer required by this Item are incorporated by reference to the sections of the Proxy Statement entitled "Election of Directors," "Section 16(a) – Beneficial Ownership Reporting Compliance" and "Election of Directors – Corporate Governance Matters - Code of Business Conduct."

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

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the sections of the Proxy Statement entitled "Election of Directors—Compensation of Directors," "Executive Officer Compensation" and "Employee and Director Stock Options."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to the sections of the Proxy Statement entitled "Management -Security Ownership of Certain Beneficial Owners and Management" and "Employee and Director Stock Options—Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to the section of the Proxy Statement entitled "Management—Employment Contracts and Certain Transactions."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference to the section of the Proxy Statement entitled "Ratification of Appointment of Independent Registered Public Accounting Firm—Fee Disclosure."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a) The following documents are filed as 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, 2005, 2004 and 2003, is filed as part of this Report and should be read in conjunction with the Consolidated Financial Statements of Autodesk, Inc.

[Table of Contents](#)

Schedule II Valuation and Qualifying Accounts

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*: See Item 15(b) below. We have filed, or incorporated into this Report by reference, the exhibits listed on the accompanying Index to Exhibits immediately following the signature page of this Form 10-K.

(b) Exhibits:

We have filed, or incorporated into the Report by reference, the exhibits listed on the accompanying Index to Exhibits immediately following the signature page of this Form 10-K.

(c) Financial Statement Schedules: See Item 15(a), above.

ITEM 15(A)(2) FINANCIAL STATEMENT SCHEDULE II

AUTODESK, INC.

VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses or Revenues	Deductions Write-Offs	Balance at End of Year
Fiscal year ended January 31, 2005				
Allowance for doubtful accounts	\$ 9,654	\$ (236)	\$ 2,265	\$ 7,153
Product returns reserve	19,017	34,598	38,304	15,311
Price adjustment reserve	4,191	3,110	4,599	2,702
Restructuring	9,403	26,837	23,169	13,071
Fiscal year ended January 31, 2004				
Allowance for doubtful accounts	\$ 9,192	\$ 2,378	\$ 1,916	\$ 9,654
Product returns reserve	19,750	37,739	38,472	19,017
Price adjustment reserve	4,088	5,854	5,751	4,191
Restructuring	21,658	4,857	17,112	9,403
Fiscal year ended January 31, 2003				
Allowance for doubtful accounts	\$ 13,181	\$ (413)	\$ 3,576	\$ 9,192
Product returns reserve	20,578	35,482	36,310	19,750
Price adjustment reserve	4,352	3,297	3,561	4,088
Restructuring	22,552	28,940	29,834	21,658

Index to Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement and Plan of Merger by and among Autodesk, Inc., Rosie Acquisition Corporation, Revit Technology Corporation and Irwin Jungreis as Stockholder Representative dated as of February 21, 2002 (<i>incorporated by reference to Exhibit 2.1 filed with the Registrant's Form 8-K filed on April 16, 2002</i>)
3.1	Certificate of Incorporation of Registrant (<i>incorporated by reference to Exhibit 3.1 filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 2003</i>)
3.2	Bylaws of Registrant, as amended (<i>incorporated by reference to Exhibit 3.2 filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 2003</i>)
4.1	Preferred Shares Right Agreement dated as of December 14, 1995 (<i>incorporated by reference to Exhibit 99.1 filed with the Registrant's Report on Form 8-A filed on January 5, 1996, as amended on January 8, 1996 and January 15, 1998</i>)
4.2	Amendment No. 1 to Preferred Shares Rights Agreement dated as of January 15, 1998 (<i>incorporated by reference to Exhibit 99.2 filed with the Registrant's Report on Form 8-A filed on January 5, 1996, as amended on January 8, 1996 and January 15, 1998</i>)
10.1*	Registrant's 1998 Employee Qualified Stock Purchase Plan
10.2*	Registrant's 1998 Employee Qualified Stock Purchase Plan Forms of Agreement
10.3*	Registrant's 2000 Directors' Option Plan and forms of agreements thereunder (<i>incorporated by reference to Exhibit 10.5 filed with the Registrant's Report on Form 10-Q for the fiscal quarter ended July 31, 2004</i>)
10.4*	Registrant's 1996 Stock Plan
10.5*	Registrant's 1996 Stock Plan Forms of Agreement
10.6*	Registrant's 2006 Stock Plan
10.7*	Registrant's 2006 Stock Plan Forms of Agreement
10.8*	Form of Indemnification Agreement executed by Autodesk and each of its officers and directors
10.9*	Agreement between Registrant and Carol A. Bartz dated April 7, 1992 (<i>incorporated by reference to the exhibit filed with the Registrant's Report on Form 10-Q for the fiscal quarter ended April 30, 1992</i>)
10.10*	Retention Agreement dated September 8, 1999 (<i>incorporated by reference to Exhibit 10.9 filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 2002</i>)
10.11*	Nonstatutory Stock Option Plan and form of agreement thereunder (<i>incorporated by reference to Exhibit 10.4 filed with the Registrant's Report on Form 10-Q for the fiscal quarter ended July 31, 2004</i>)
10.12*	Executive Change in Control Program (<i>incorporated by reference to Exhibit 10.8 filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 2003</i>)
10.13*	Autodesk Incentive Program for Fiscal Year 2006
10.14*	Registrant's 2005 Non-Qualified Deferred Compensation Plan
10.15	Office Lease between Registrant and the J.H.S. Trust for 111 McInnis Parkway, San Rafael, CA, as amended (<i>incorporated by reference to Exhibit 10.1 filed with the Registrant's Report on Form 10-Q for the fiscal quarter ended October 31, 2004</i>)
21.1	List of Subsidiaries
23.1	Consent of Independent Registered Public Accounting Firm (Ernst & Young LLP)
24.1	Power of Attorney (contained in the signature page to this Annual Report)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Denotes a management contract or compensatory plan or arrangement.

AUTODESK, INC.

1998 EMPLOYEE QUALIFIED STOCK PURCHASE PLAN¹

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, most recently on March 10, 2005.

(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 on or prior to the applicable Offering Date, unless a later or earlier 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; provided, however, that effective for Offering Periods commencing on or after April 1, 2005, a participant may not increase the rate of his or her payroll deductions during an Offering Period. 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 refunded to the participant.

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 4,000,000 shares (as adjusted to account for the 2-for-1 stock split that occurred on April 19, 2002), plus an annual increase to be made on the last day of the immediately preceding fiscal year equal to the lesser of (i) 5,000,000 shares (as adjusted to account for the 2-for-1 stock split that occurred on April 19, 2002), (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 refunded or to be refunded, 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
 _____ Change in Payroll Deduction Rate
 _____ Change of Beneficiary(ies)

Date: _____

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

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.

AUTODESK, INC.

EMPLOYEE QUALIFIED STOCK PURCHASE PLAN
SUBSCRIPTION AGREEMENT

_____ Original Application
_____ Reduction in Payroll Deduction Rate
_____ Change of Beneficiary(ies)

Date: _____

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, par value \$0.01 per share, 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 reduction in or termination of such deductions. I understand and acknowledge that since I am a participant in an Offering Period that begins on or after April 1, 2005, I may not increase my deductions during the term of such Offering Period.
3. I understand that said payroll deductions shall be accumulated for the purchase of shares of Common Stock, par value \$0.01 per share, 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.

AUTODESK, INC.
1996 STOCK PLAN¹

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

¹ As amended by the Company's Board of Directors on March 10, 2005.

sick 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 7,000,000 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) 10,000,000 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 18,000,000 Shares; provided, however, that as of March 10, 2005, the foregoing annual 3.5% increase shall be eliminated; and provided further, that a total of 18,873,625 shares (8,873,625 of which were added on January 31, 2005 as a result of Section 3(a)) shall be eliminated from the aggregate number of shares which may be optioned and sold under the Plan. “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 respect 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 and, in the Company's discretion, may be held in book form by the Company or in a brokerage account, as determined by the Administrator. 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. Non-Transferability of Options, Stock Purchase Rights and Long-Term Performance Awards. 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. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. 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) Dissolution or Liquidation. 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) Merger or Asset Sale. 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.

AUTODESK, INC.
STOCK OPTION AGREEMENT

Autodesk, Inc., a Delaware corporation (the “Company”), has granted to the optionee (the “Optionee”), named on the Notice of Grant of Stock Options (the “Notice of Grant”) which is attached hereto an option to purchase that number of shares of Common Stock (the “Shares”) set forth on the Notice of Grant at the price set forth on the Notice of Grant and in all respects subject to the terms, definitions and provisions of the Company’s stock option plan stated in the Notice of Grant (as applicable, the “Plan”), which is incorporated herein by reference. The terms defined in the Plan shall have the same defined meanings in this Option Agreement.

1. Nature of Option. If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Otherwise, this Option is a nonstatutory stock option and will not qualify as an Incentive Stock Option.

2. Exercise of Option. This Option shall be exercisable during its term in accordance with the provisions in Section 10 of the Plan as follows:

(i) Right to Exercise.

(a) Subject to subsections 2(i)(b) and (c) and Section 8 below, this Option shall vest over the period and at the rate set forth on the Notice of Grant.

(b) This Option may not be exercised for a fraction of a share.

(c) In the event of Optionee’s death, disability or other termination of employment or other service relationship, the exercisability of the Option is governed by Sections 6, 7, and 8 below.

(ii) Method of Exercise. This Option shall be exercisable by written or electronic notice (as determined by the Administrator), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holders’ investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan. Such notice shall be properly completed and delivered in such manner as the Administrator may determine (including electronically). Payment of the exercise price may only be made in such manner as described in Section 4 below, and if appropriate, shall accompany the written notice. This Option shall be deemed to be exercised upon receipt by the Company (or its designated representative) of the exercise notice and completion of payment of the exercise price.

No Shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise shall comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may be listed.

3. Optionee’s Representations. In the event the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act of 1933, as amended, at the time this Option is exercised, Optionee shall, concurrently with the exercise of all or any portion of this Option, deliver to the Company an Investment Representation Statement in the form provided by the Company.

4. Method of Payment. Payment of the exercise price shall be by (i) cash, (ii) check, (iii) surrender of other shares of Common Stock of the Company, which either have been vested and owned by the Optionee for more than six months on the date of surrender or were not acquired, directly or indirectly, from the Company, and in either case have a fair market value on the date of surrender equal to the exercise price of the Shares as to which the Option is being exercised or (iv) delivery of a properly executed exercise notice together with irrevocable instructions to an agent of the Company to sell the Shares and promptly deliver to the Company that portion of the sale proceeds required to pay the exercise price (and any applicable withholding taxes).

5. Restrictions on Exercise. This Option may not be exercised if the issuance of such Shares upon such exercise or the method of payment of consideration for such Shares would constitute a violation of any applicable federal or state securities or other law or regulation. As a condition to the exercise of this Option, the Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

6. Termination of Status as an Employee. If Optionee ceases to serve as an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant, he or she may, but only within three (3) months after the date of such cessation, exercise this Option to the extent that he or she was entitled to exercise it at the date of such cessation. To the extent that he or she was not entitled to exercise this Option as the date of such cessation, or if he or she does not exercise this Option within the time specified herein, the Option shall terminate.

7. Disability of Optionee. Notwithstanding the provisions of Section 6 above, if Optionee ceases to serve as an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Plan, Consultant as a result of his or her total and permanent disability (as defined in Section 22(e)(3) of the Code), he or she may, but only within twelve (12) months from the date of such cessation, exercise his or her Option to the extent he or she was entitled to exercise it at the date of such cessation. To the extent that he or she was not entitled to exercise this Option at the date of cessation, or if he or she does not exercise such Option within the time specified herein, the Option shall terminate.

8. Death of Optionee. In the event of the death of Optionee during the term of this Option and while an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant, 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 following the date of death, by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance.

9. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

10. Term of Option. This Option may be exercised only within the term set out on the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

11. Tax Obligations.

(i) Withholding Taxes. Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all Federal, state, and local income and employment tax withholding requirements applicable to the Option exercise.

Optionee acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(ii) Notice of Disqualifying Disposition of Incentive Stock Option Shares. If the Option granted to Optionee herein is an Incentive Stock Option, and if Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the Incentive Stock Option on or before the later of (1) the date two years after its date of grant (as provided in the Notice of Grant), or (2) the date one year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee.

12. Entire Agreement; Governing Law. The Plan, this Option Agreement and the Notice of Grant constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This Option Agreement is governed by California law except for that body of law pertaining to conflict of laws.

13. No Guarantee of Employment. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE OR, IF THIS OPTION WAS GRANTED UNDER THE COMPANY'S NONSTATUTORY STOCK OPTION PLAN, CONSULTANT AT THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED SERVICE ENGAGEMENT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S SERVICE RELATIONSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

AUTODESK, INC.
2006 STOCK PLAN*

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 Service Providers, and
- to promote the success of the Company's business.

Awards granted under the Plan may be Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Stock Appreciation Rights, Performance Shares, Performance Units or Deferred Stock Units, as determined by the Administrator at the time of grant.

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 requirements relating to the administration of equity compensation plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Shares are listed or quoted and the applicable laws of any other country or jurisdiction where Awards are granted under the Plan.

(c) "Award" means, individually or collectively, a grant under the Plan of Options, Restricted Stock, Stock Appreciation Rights, Performance Shares, Performance Units or Deferred Stock Units.

(d) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) "Awarded Stock" means the Common Stock subject to an Award.

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

* As adopted by the Board on March 10, 2005.

(g) "Change of Control" means the occurrence of any of the following events, in one or a series of related transactions:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act, other than the Company, a subsidiary of the Company or a Company employee benefit plan, including any trustee of such plan acting as trustee, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors; or

(ii) a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iii) the sale or disposition by the Company of all or substantially all the Company's assets; or

(iv) a change in the composition of the Board, as a result of which fewer than a majority of the Directors are Incumbent Directors. "Incumbent Directors" shall mean Directors who either (A) are Directors as of the date this Plan is approved by the Board, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Directors and whose election or nomination was not in connection with any transaction described in (i) or (ii) above or in connection with an actual or threatened proxy contest relating to the election of directors of the Company.

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

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

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

(k) "Company" means Autodesk, Inc.

(l) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services and who is compensated for such services.

(m) "Deferred Stock Unit" means a deferred stock unit Award granted to a Participant pursuant to Section 14.

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

(o) “Disability” means total and permanent disability as defined in Section 22(e)(3) of the Code.

(p) “Employee” means any person employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee 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. 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, then three (3) months following the 91st day of such leave any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

(q) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(r) “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 a national market system, including without limitation the Nasdaq National Market of the National Association of Securities Dealers, Inc. Automated Quotation (“Nasdaq”) System, the Fair Market Value of a Share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such system or exchange (or the exchange with the greatest volume of trading in Common Stock) on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is quoted on the Nasdaq System (but not on the Nasdaq National Market thereof) or 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 last market trading day prior to the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(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.

(s) “Fiscal Year” means a fiscal year of the Company.

(t) “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.

(u) “Nonstatutory Stock Option” means an Option not intended to qualify as an Incentive Stock Option.

(v) “Notice of Grant” means a written or electronic notice evidencing certain terms and conditions of an individual Award. The Notice of Grant is part of the Option Agreement.

- (w) “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.
- (x) “Option” means a stock option granted pursuant to the Plan.
- (y) “Option Agreement” means a written or electronic agreement between the Company and a Participant evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.
- (z) “Parent” means a “parent corporation”, whether now or hereafter existing, as defined in Section 424(e) of the Code.
- (aa) “Participant” means the holder of an outstanding Award granted under the Plan.
- (bb) “Performance Goals” means the goal(s) (or combined goal(s)) determined by the Administrator (in its discretion) to be applicable to a Participant with respect to an Award. The Performance Goals may differ from Participant to Participant and from Award to Award.
- (cc) “Performance Share” means a performance share Award granted to a Participant pursuant to Section 12.
- (dd) “Performance Unit” means a performance unit Award granted to a Participant pursuant to Section 13.
- (ee) “Plan” means this 2006 Stock Plan.
- (ff) “Restricted Stock” means Shares granted pursuant to Section 11 of the Plan.
- (gg) “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.
- (hh) “Section 16(b)” means Section 16(b) of the Securities Exchange Act of 1934, as amended.
- (ii) “Service Provider” means an Employee, Consultant or Director.
- (jj) “Share” means a share of the Common Stock, as adjusted in accordance with Section 17 of the Plan.
- (kk) “Stock Appreciation Right” or “SAR” means an Award granted pursuant to Section 10 hereof.
- (ll) “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 17 of the Plan, the maximum aggregate number of Shares which may be issued under the Plan is equal to 25,000,000 Shares.

Any Shares subject to Options or SARs shall be counted against the numerical limits of this Section 3 as one share for every share subject thereto. Any Shares or units subject to Restricted Stock, Performance Shares, Performance Units or Deferred Stock Unit Awards with a per share or unit purchase price lower than 100% of Fair Market Value on the date of grant shall be counted against the numerical limits of this Section 3 as two Shares for every one Share subject thereto and, if returned to the Plan pursuant to the last paragraph of this Section, shall be returned to the Plan as two Shares for every one Share returned to the Plan.

The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Award expires or becomes unexercisable without having been exercised in full, or, with respect to Restricted Stock, Performance Shares, Performance Units or Deferred Stock Units, is forfeited to or repurchased by the Company, the unpurchased Shares (or for Awards other than Options and SARs, the forfeited or repurchased shares) which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to SARs, only shares actually issued pursuant to an SAR shall cease to be available under the Plan; all remaining shares under SARs shall remain available for future grant or sale under the Plan (unless the Plan has terminated). However, Shares that have actually been issued under the Plan under any Award shall not be returned to the Plan and shall not become available for future distribution under the Plan; provided, however, that if unvested Shares of Restricted Stock, Performance Shares, Performance Units or Deferred Stock Units are repurchased by the Company or are forfeited to the Company, such Shares shall become available for future grant under the Plan. Shares used to pay the exercise price of an Option or Stock Purchase Right shall become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than stock, such cash payment shall not result in reducing the number of Shares available for issuance under the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. The Plan may be administered by different Committees with respect to different groups of Service Providers.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Options granted hereunder as “performance-based compensation” within the meaning of Section 162(m) of the Code, the Plan shall be administered by a Committee of two or more “outside directors” within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan shall be administered by (A) the Board or (B) a Committee, which committee shall be constituted to satisfy 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(r) of the Plan;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine whether and to what extent Awards or any combination thereof, are granted hereunder;

(iv) to determine the number of shares of Common Stock or equivalent units to be covered by each Award 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 or SARs may be exercised or other Awards vest (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award 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;

(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 Award (subject to Section 9(c) and Section 19(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options and SARs 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 Award previously granted by the Administrator;

(xi) to allow Participants to satisfy withholding tax obligations by electing to have the Company withhold from the Shares or cash to be issued upon exercise or vesting of an Award (or distribution of a Deferred Stock Unit) that number of Shares or cash having a Fair Market Value equal to the minimum amount required to be withheld (but no more). The Fair Market Value

of any Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares or cash withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(xii) to determine the terms and restrictions applicable to Awards; and

(xiii) 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 Participants and any other holders of Awards.

5. Eligibility. Restricted Stock, Performance Shares, Performance Units, Stock Appreciation Rights, Deferred Stock Units and Nonstatutory Stock Options may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. No Employment Rights. Neither the Plan nor any Award shall confer upon a Participant any right with respect to continuing the Participant's employment with the Company or its Subsidiaries, nor shall they interfere in any way with the Participant's right or the Company's or Subsidiary's right, as the case may be, to terminate such employment at any time, with or without cause or notice.

7. Code Section 162(m) Provisions.

(a) Option and SAR Annual Share Limit. No Participant shall be granted, in any Fiscal Year, Options and Stock Appreciation Rights to purchase more than 1,500,000 Shares; provided, however, that such limit shall be 3,000,000 Shares in the Participant's first Fiscal Year of Company service.

(b) Restricted Stock and Performance Share Annual Limit. No Participant shall be granted, in any Fiscal Year, more than 750,000 Shares of Restricted Stock or Performance Shares; provided, however, that such limit shall be 1,500,000 Shares in the Participant's first Fiscal Year of Company service.

(c) Performance Units Annual Limit. No Participant shall receive Performance Units, in any Fiscal Year, having an initial value greater than \$2,000,000, provided, however, that such limit shall be \$6,000,000 in the Participant's first Fiscal Year of Company service.

(d) Section 162(m) Performance Restrictions. For purposes of qualifying grants of Restricted Stock, Performance Shares or Performance Units as "performance-based compensation" under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals shall be set by the Administrator on or before the latest date permissible to enable the Restricted Stock, Performance Shares or Performance Units to qualify as "performance-based compensation" under Section 162(m) of the Code. In granting Restricted Stock, Performance Shares or Performance Units which are

intended to qualify under Section 162(m) of the Code, the Administrator shall follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Award under Section 162(m) of the Code (e.g., in determining the Performance Goals).

(e) Changes in Capitalization. The numerical limitations in Sections 7(a) and (b) shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 17(a).

8. Term of Plan. The Plan shall become effective on February 1, 2006 and continue in effect for a term of three (3) years after such date.

9. Stock Options.

(a) Term. The term of each Option shall be stated in the Notice of Grant; provided, however, that the term shall be no longer than ten (10) years from the date of grant. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be no longer than five (5) years from the date of grant.

(b) Option Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator and shall be no less than 100% of the Fair Market Value per share on the date of grant; provided, however, that in the case of an Incentive Stock Option granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(c) No Repricing. The exercise price for an Option may not be reduced without the consent of the Company's stockholders. This shall include, without limitation, a repricing of the Option as well as an Option exchange program whereby the Participant agrees to cancel an existing Option in exchange for an Option, SAR or other Award.

(d) 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 the completion of a service period or until performance milestones are satisfied.

(e) 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. Subject to Applicable Laws, such consideration may consist entirely of:

- (i) cash;
- (ii) check;

(iii) other Shares which (A) in the case of Shares acquired upon exercise of an option, have been owned by the Participant 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;

(iv) 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 proceeds required to pay the exercise price;

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

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

(f) Exercise of Option; 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.

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 Participant. 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 17 of the Plan.

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

(g) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for three months following the Participant's termination. If, on the date of termination, the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Participant 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.

(h) Disability. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option for twelve (12) months following the Participant's termination (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Option Agreement). If, on the date of termination, the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Participant 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.

(i) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised for twelve (12) months following Participant's death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Option Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(j) ISO \$100,000 Rule. Each Option shall be designated in the Notice of Grant as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designations, to the extent that the aggregate Fair Market Value:

(i) of Shares subject to a Participant's Incentive Stock Options granted by the Company, any Parent or Subsidiary, which

(ii) become exercisable for the first time during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds \$100,000, such excess Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 9(j), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the time of grant.

10. Stock Appreciation Rights.

(a) Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time as shall be determined by the Administrator, in its sole discretion. The Administrator shall have complete discretion to determine the number of SARs granted to any Participant.

(b) Exercise Price and other Terms. Subject to Section 7(a) of the Plan, the Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan; provided, however, that no SAR may have a term of more than ten (10) years from the date of grant. The exercise price for the Shares or cash to

be issued pursuant to an already granted SAR may not be changed without the consent of the Company's stockholders. This shall include, without limitation, a repricing of the SAR as well as an SAR exchange program whereby the Participant agrees to cancel an existing SAR in exchange for an Option, SAR or other Award.

(c) Payment of SAR Amount. Upon exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times
- (ii) the number of Shares with respect to which the SAR is exercised.

(d) Payment upon Exercise of SAR. At the discretion of the Administrator, payment for a SAR may be in cash, Shares or a combination thereof.

(e) SAR Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the exercise price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, shall determine.

(f) Expiration of SARs. A SAR granted under the Plan shall expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement.

(g) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's death or Disability termination, the Participant may exercise his or her SAR within such period of time as is specified in the SAR Agreement to the extent that the SAR is vested on the date of termination (but in no event later than the expiration of the term of such SAR as set forth in the SAR Agreement). In the absence of a specified time in the SAR Agreement, the SAR shall remain exercisable for three months following the Participant's termination. If, on the date of termination, the Participant is not vested as to his or her entire SAR, the Shares covered by the unvested portion of the SAR shall revert to the Plan. If, after termination, the Participant does not exercise his or her SAR within the time specified by the Administrator, the SAR shall terminate, and the Shares covered by such SAR shall revert to the Plan.

(h) Disability. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her SAR within such period of time as is specified in the SAR Agreement to the extent the SAR is vested on the date of termination (but in no event later than the expiration of the term of such SAR as set forth in the SAR Agreement). In the absence of a specified time in the SAR Agreement, the SAR shall remain exercisable for twelve (12) months following the Participant's termination. If, on the date of termination, the Participant is not vested as to his or her entire SAR, the Shares covered by the unvested portion of the SAR shall revert to the Plan. If, after termination, the Participant does not exercise his or her SAR within the time specified herein, the SAR shall terminate, and the Shares covered by such SAR shall revert to the Plan.

(i) Death of Participant. If a Participant dies while a Service Provider, the SAR may be exercised following the Participant's death within such period of time as is specified in the

SAR Agreement (but in no event may the SAR be exercised later than the expiration of the term of such SAR as set forth in the SAR Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such SAR may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the SAR is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the SAR Agreement, the SAR shall remain exercisable for twelve (12) months following Participant's death. If the SAR is not so exercised within the time specified herein, the SAR shall terminate, and the Shares covered by such SAR shall revert to the Plan.

11. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and conditions of the Plan, Restricted Stock may be granted to Participants at any time as shall be determined by the Administrator, in its sole discretion. Subject to Section 7(b) hereof, the Administrator shall have complete discretion to determine (i) the number of Shares subject to a Restricted Stock award granted to any Participant, and (ii) the conditions that must be satisfied, which typically will be based principally or solely on continued provision of services but may include a performance-based component, upon which is conditioned the grant, vesting or issuance of Restricted Stock. Restricted Stock may be granted in the form of restricted stock units that are not issued until the vesting conditions are satisfied. Until the Shares are issued, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the units to acquire Shares.

(b) Other Terms. The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of Restricted Stock granted under the Plan. Restricted Stock grants shall be subject to the terms, conditions, and restrictions determined by the Administrator at the time the stock or the restricted stock unit is awarded. The Administrator may require the recipient to sign a Restricted Stock Award agreement as a condition of the award. Any certificates representing the Shares of stock awarded shall bear such legends as shall be determined by the Administrator.

(c) Restricted Stock Award Agreement. Each Restricted Stock grant shall be evidenced by an agreement that shall specify the purchase price (if any) and such other terms and conditions as the Administrator, in its sole discretion, shall determine; provided; however, that if the Restricted Stock grant has a purchase price, such purchase price must be paid no more than ten (10) years following the date of grant.

12. Performance Shares.

(a) Grant of Performance Shares. Subject to the terms and conditions of the Plan, Performance Shares may be granted to Participants at any time as shall be determined by the Administrator, in its sole discretion. Subject to Section 7(b) hereof, the Administrator shall have complete discretion to determine (i) the number of Shares subject to a Performance Share award granted to any Participant, and (ii) the conditions that must be satisfied, which typically will be based principally or solely on achievement of performance milestones but may include a service-based

component, upon which is conditioned the grant or vesting of Performance Shares. Performance Shares shall be granted in the form of units to acquire Shares. Each such unit shall be the equivalent of one Share for purposes of determining the number of Shares subject to an Award. Until the Shares are issued, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the units to acquire Shares.

(b) Other Terms. The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of Performance Shares granted under the Plan. Performance Share grants shall be subject to the terms, conditions, and restrictions determined by the Administrator at the time the stock is awarded, which may include such performance-based milestones as are determined appropriate by the Administrator. The Administrator may require the recipient to sign a Performance Shares agreement as a condition of the award. Any certificates representing the Shares of stock awarded shall bear such legends as shall be determined by the Administrator.

(c) Performance Share Award Agreement. Each Performance Share grant shall be evidenced by an agreement that shall specify such other terms and conditions as the Administrator, in its sole discretion, shall determine.

13. Performance Units.

(a) Grant of Performance Units. Performance Units are similar to Performance Shares, except that they shall be settled in a cash equivalent to the Fair Market Value of the underlying Shares, determined as of the vesting date. Subject to the terms and conditions of the Plan, Performance Units may be granted to Participants at any time and from time to time as shall be determined by the Administrator, in its sole discretion. The Administrator shall have complete discretion to determine the conditions that must be satisfied, which typically will be based principally or solely on achievement of performance milestones but may include a service-based component, upon which is conditioned the grant or vesting of Performance Units. Performance Units shall be granted in the form of units to acquire Shares. Each such unit shall be the cash equivalent of one Share of Common Stock. No right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Performance Units or the cash payable thereunder.

(b) Number of Performance Units. Subject to Section 7(c) hereof, the Administrator will have complete discretion in determining the number of Performance Units granted to any Participant.

(c) Other Terms. The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of Performance Units granted under the Plan. Performance Unit grants shall be subject to the terms, conditions, and restrictions determined by the Administrator at the time the grant is awarded, which may include such performance-based milestones as are determined appropriate by the Administrator. The Administrator may require the recipient to sign a Performance Unit agreement as a condition of the award. Any certificates representing the units awarded shall bear such legends as shall be determined by the Administrator.

(d) Performance Unit Award Agreement. Each Performance Unit grant shall be evidenced by an agreement that shall specify such terms and conditions as the Administrator, in its sole discretion, shall determine.

14. Deferred Stock Units.

(a) Description. Deferred Stock Units shall consist of a Restricted Stock, Performance Share or Performance Unit Award that the Administrator, in its sole discretion permits to be paid out in installments or on a deferred basis, in accordance with rules and procedures established by the Administrator. Deferred Stock Units shall remain subject to the claims of the Company's general creditors until distributed to the Participant.

(b) 162(m) Limits. Deferred Stock Units shall be subject to the annual 162(m) limits applicable to the underlying Restricted Stock, Performance Share or Performance Unit Award as set forth in Section 7 hereof.

15. Leaves of Absence. Unless the Administrator provides otherwise or except as otherwise required by Applicable Laws, vesting of Awards granted hereunder shall cease commencing on the first day of any unpaid leave of absence and shall only recommence upon return to active service.

16. Non-Transferability of Awards. Unless determined otherwise by the Administrator, an 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 recipient, only by the recipient. If the Administrator makes an Award transferable, such Award shall contain such additional terms and conditions as the Administrator deems appropriate.

17. Adjustments Upon Changes in Capitalization.

(a) Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each outstanding Award, the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Award, as well as the price per share of Common Stock covered by each such outstanding Award and the 162(m) fiscal year share issuance limits under Sections 7(a) and (b) hereof shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock 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 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 Compensation Committee, 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 of Common Stock subject to an Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for a Participant to have the right to exercise his or her Option or SAR until ten (10) days prior to such transaction as to all of the Awarded Stock covered thereby, including Shares as to which the Award would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option or forfeiture rights applicable to any Award shall lapse 100%, and that any Award vesting shall accelerate 100%, 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 (with respect to Options and SARs) or vested (with respect to other Awards), an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change of Control.

(i) Stock Options and SARs. In the event of a Change of Control, each outstanding Option and SAR shall be assumed or an equivalent option or SAR substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option or SAR, the Participant shall fully vest in and have the right to exercise the Option or SAR as to all of the Awarded Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or SAR is not assumed or substituted in the event of a Change of Control, the Administrator shall notify the Participant in writing or electronically that the Option or SAR shall be fully vested and exercisable for a period of fifteen (15) days from the date of such notice, and the Option or SAR shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option or SAR shall be considered assumed if, following the Change of Control, the option or stock appreciation right confers the right to purchase or receive, for each Share of Awarded Stock subject to the Option or SAR immediately prior to the Change of Control, the consideration (whether stock, cash, or other securities or property) received in the Change of Control 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 Change of Control is 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 or SAR, for each Share of Awarded Stock subject to the Option or SAR, 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 Change of Control.

(ii) Restricted Stock, Performance Shares, Performance Units and Deferred Stock Units. In the event of a Change of Control, each outstanding Restricted Stock, Performance Share, Performance Unit and Deferred Stock Unit award shall be assumed or an equivalent Restricted Stock, Performance Share, Performance Unit and Deferred Stock Unit award substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Restricted Stock, Performance Share, Performance Unit or Deferred Stock Unit award, the Participant shall fully vest in the Restricted Stock, Performance Share, Performance Unit or Deferred Stock Unit including as to Shares (or with respect to Performance Units, the cash equivalent thereof) which would not

otherwise be vested. For the purposes of this paragraph, a Restricted Stock, Performance Share, Performance Unit and Deferred Stock Unit award shall be considered assumed if, following the Change of Control, the award confers the right to purchase or receive, for each Share (or with respect to Performance Units, the cash equivalent thereof) subject to the Award immediately prior to the Change of Control, the consideration (whether stock, cash, or other securities or property) received in the Change of Control 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 Change of Control is 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, for each Share and each unit/right to acquire a Share subject to the 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 Change of Control.

18. Date of Grant. The date of grant of an Award shall be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Participant within a reasonable time after the date of such grant.

19. 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 Applicable Laws. 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 Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing (or electronic format) and signed by the Participant and the Company.

20. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Award unless the exercise of the Award or the issuance and delivery of such Shares (or with respect to Performance Units, the cash equivalent thereof) shall comply with Applicable Laws 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 or receipt of an Award, the Company may require the person exercising or receiving such Award to represent and warrant at the time of any such exercise or receipt 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.

21. 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 Awarded Stock covered by an Award exceeds, as of the date of grant, the number of Shares which may be issued under the Plan without additional stockholder approval, such Award shall be void with respect to such excess Awarded Stock, unless stockholder approval of an amendment sufficiently increasing the number of Shares subject to the Plan is timely obtained in accordance with Section 19(b) of the Plan.

22. 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.


**Notice of Grant of Stock Options
and Option Agreement**
Autodesk, Inc.
 ID: 94-2819853
 111 MC INNIS PARKWAY
 SAN RAFAEL, CA 94903
 (415) 507-5000

NAME
ADDRESS
CITY ST ZIP
Grant Number: xxxxxxxx
Plan:
ID: xxxx

You have been granted an option to purchase Common Stock of the Company, subject to the terms and conditions in the 2006 Stock Plan and the 2006 Stock Option Agreement, as follows:

Date of Grant:	
Exercise Price Per Share:	\$
Total Number of Shares Granted:	
Total Exercise Price:	\$
Type of Option:	
Expiration Date of Option:	

Vesting Schedule: This Option may be exercised in whole or in part, in accordance with the following:

Shares
Vest Date

You and the Company agree that the options granted by this Notice are governed by the terms and conditions of the 2006 Stock Plan and the 2006 Stock Option Agreement, all of which are made a part of this document and may be accessed by you through InfoSys. You acknowledge receipt of a copy of the 2006 Stock Option Agreement and a copy of the 2006 Stock Plan, that you have read and are familiar with the terms and provisions of each, and accept this option grant subject to all of the terms and provisions contained in each document. By accepting below, you agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the 2006 Stock Plan.

Autodesk, Inc.

A handwritten signature in black ink, appearing to read "Carol Bartz". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Chairman of the Board, President and CEO

AUTODESK, INC.
STOCK OPTION AGREEMENT

Autodesk, Inc., a Delaware corporation (the “Company”), has granted to the optionee (the “Optionee”), named on the Notice of Grant of Stock Options (the “Notice of Grant”) which is attached hereto an option to purchase that number of shares of Common Stock (the “Shares”) set forth on the Notice of Grant at the price set forth on the Notice of Grant and in all respects subject to the terms, definitions and provisions of the Company’s stock option plan stated in the Notice of Grant (as applicable, the “Plan”), which is incorporated herein by reference. The terms defined in the Plan shall have the same defined meanings in this Option Agreement.

1. Nature of Option. If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Otherwise, this Option is a nonstatutory stock option and will not qualify as an Incentive Stock Option.

2. Exercise of Option. This Option shall be exercisable during its term in accordance with the provisions in Section 9 of the Plan as follows:

(i) Right to Exercise.

(a) Subject to subsections 2(i)(b) and (c) and Section 6 below, this Option shall vest and become exercisable over the period and at the rate set forth on the Notice of Grant.

(b) This Option may not be exercised for a fraction of a share.

(c) In the event of Optionee’s death, disability or other termination of employment or other service relationship, the exercisability of the Option is governed by Sections 4, 5, and 6 below.

(ii) Method of Exercise. This Option shall be exercisable by written or electronic notice (as determined by the Administrator), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holders’ investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan. Such notice shall be properly completed and delivered in such manner as the Administrator may determine (including electronically). Payment of the exercise price may only be made in such manner as described in Section 3 below, and if appropriate, shall accompany the written notice. This Option shall be deemed to be exercised upon receipt by the Company (or its designated representative) of the exercise notice and completion of payment of the exercise price.

No Shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise shall comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may be listed.

3. Method of Payment. Payment of the exercise price shall be by (i) cash, (ii) check, (iii) surrender of other shares of Common Stock of the Company, which either have been vested and owned by the Optionee for more than six months on the date of surrender or were not acquired, directly or indirectly, from the Company, and in either case have a fair market value on the date of surrender equal to the exercise price of the Shares as to which the Option is being exercised or (iv) delivery of a properly executed exercise notice together with irrevocable instructions to an agent of the Company to sell the Shares and promptly deliver to the Company that portion of the sale proceeds required to pay the exercise price (and any applicable withholding taxes).

4. Termination of Status as an Employee. If Optionee ceases to serve as an Employee or, if this Option is a Nonstatutory Stock Option granted under the Company's 2006 Stock Plan, Consultant, he or she may, but only within three (3) months after the date of such cessation (but in no event later than the expiration date of the Option as set forth in the Notice of Grant), exercise this Option to the extent that he or she was entitled to exercise it at the date of such cessation. To the extent that he or she was not entitled to exercise this Option as the date of such cessation, or if he or she does not exercise this Option within the time specified herein, the Option shall terminate.

5. Disability of Optionee. Notwithstanding the provisions of Section 4 above, if Optionee ceases to serve as an Employee or, if this Option is a Nonstatutory Stock Option granted under the Company's 2006 Stock Plan, Consultant as a result of his or her total and permanent disability (as defined in Section 22(e)(3) of the Code), he or she may, but only within twelve (12) months from the date of such cessation (but in no event later than the expiration date of the Option as set forth in the Notice of Grant), exercise his or her Option to the extent he or she was entitled to exercise it at the date of such cessation. To the extent that he or she was not entitled to exercise this Option at the date of cessation, or if he or she does not exercise such Option within the time specified herein, the Option shall terminate.

6. Death of Optionee. In the event of the death of Optionee during the term of this Option and while an Employee or, if this Option is a Nonstatutory Stock Option granted under the Company's 2006 Stock Plan, Consultant, 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 following the date of death (but in no event later than the expiration date of the Option as set forth in the Notice of Grant), by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance.

7. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

8. Term of Option. This Option may be exercised only within the term set out on the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

9. Tax Consequences.

Some of the U.S. federal tax consequences relating to this Option, as of the date of this Option, are set forth below. THIS SUMMARY RELATES TO U.S. TAX CONSEQUENCES ONLY AND IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

(i) Exercising the Option.

(a) Nonstatutory Stock Option. The Optionee may incur regular federal income tax liability upon exercise of a NSO. The Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price. If the Optionee is an Employee or a former Employee, the Company will be required to withhold from his or her compensation or collect from Optionee and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(b) Incentive Stock Option. If this Option qualifies as an ISO, the Optionee will have no regular federal income tax liability upon its exercise, although the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price will be treated as an adjustment to alternative minimum taxable income for federal tax purposes and may subject the Optionee to alternative minimum tax in the year of exercise. In the event that the Optionee ceases to be an Employee but remains a Service Provider, any Incentive Stock Option of the Optionee that remains unexercised shall cease to qualify as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option on the date three (3) months and one (1) day following such change of status.

(ii) Disposition of Shares.

(a) NSO. If the Optionee holds NSO Shares for at least one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes.

(b) ISO. If the Optionee holds ISO Shares for at least one year after exercise and two years after the grant date, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. If the Optionee disposes of ISO Shares within one year after exercise or two years after the grant date, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the excess, if any, of the lesser of (A) the difference between the Fair Market Value of the Shares acquired on the date of exercise and the aggregate Exercise Price, or (B) the difference between the sale price of such Shares and the aggregate Exercise Price. Any additional gain will be taxed as capital gain, short-term or long-term depending on the period that the ISO Shares were held.

(iii) Notice of Disqualifying Disposition of ISO Shares. If the Optionee sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise date, the Optionee shall immediately notify the Company in writing of such disposition. The Optionee agrees that he or she may be subject to income tax withholding by the Company on the compensation income recognized from such early disposition of ISO Shares by payment in cash or out of the current earnings paid to the Optionee.

(iv) Withholding Taxes. Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all Federal, state, and local income and employment tax withholding requirements applicable to the Option exercise. Optionee acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(v) Notice of Disqualifying Disposition of Incentive Stock Option Shares. If the Option granted to Optionee herein is an Incentive Stock Option, and if Optionee sells or otherwise disposes of any of

the Shares acquired pursuant to the Incentive Stock Option on or before the later of (1) the date two years after its date of grant (as provided in the Notice of Grant), or (2) the date one year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee.

10. Entire Agreement; Governing Law. The Plan, this Option Agreement and the Notice of Grant constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This Option Agreement is governed by California law except for that body of law pertaining to conflict of laws.

11. No Guarantee of Employment. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE OR, IF THIS OPTION WAS A NONSTATUTORY STOCK OPTION GRANTED UNDER THE COMPANY'S 2006 STOCK PLAN, CONSULTANT AT THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED SERVICE ENGAGEMENT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S SERVICE RELATIONSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

STOCK OPTION AGREEMENT

Version: Cashless Exercise

Autodesk, Inc., a Delaware corporation (the “Company”), has granted to the optionee (the “Optionee”), named on the Notice of Grant of Stock Options (the “Notice of Grant”), which is attached hereto, an option to purchase that number of shares of Common Stock (the “Shares”) set forth on the Notice of Grant at the price set forth on the Notice of Grant and in all respects subject to the terms, definitions and provisions of the Company’s stock option plan stated in the Notice of Grant (as applicable, the “Plan”), which is incorporated herein by reference. The terms defined in the Plan shall have the same defined meanings in this Option Agreement.

1. Nature of Option. If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Otherwise, this Option is a nonstatutory stock option and will not qualify as an Incentive Stock Option.

2. Exercise of Option. This Option shall be exercisable during its term in accordance with the provisions in Section 9 of the Plan as follows:

(i) Right to Exercise.

(a) Subject to subsections 2(i)(b) and (c) and Section 6 below, this Option shall vest and become exercisable over the period and at the rate set forth on the Notice of Grant.

(b) This Option may not be exercised for a fraction of a share.

(c) In the event of Optionee’s death, disability or other termination of employment or other service relationship, the exercisability of the Option is governed by Sections 4, 5, and 6 below.

(ii) Method of Exercise. This Option shall be exercisable by written or electronic notice (as determined by the Administrator), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holder’s investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan. Such notice shall be properly completed and delivered in such manner as the Administrator may determine (including electronically). Payment of the exercise price may only be made in such manner as described in paragraph 4 below. This Option shall be deemed to be exercised upon receipt by the Company (or its designated representative) of the exercise notice and completion of payment of the exercise price.

In connection with the payment procedure described in paragraph 4 below, Optionee will be required to sell all of the Shares Optionee elects to exercise and will not be permitted to retain any of the exercised Shares.

No Shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise shall comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may be listed.

3. Method of Payment. Payment of the exercise price shall be made by delivery (including electronic delivery) of a properly completed exercise notice together with irrevocable instructions to an agent of the Company to sell all of the Shares pursuant to which the Option is being exercised and promptly deliver to the Company that portion of the sale proceeds required to pay the exercise price (and any applicable withholding taxes).

4. Termination of Status as an Employee. If Optionee ceases to serve as an Employee or, if this Option is a Nonstatutory Stock Option granted under the Company’s 2006 Stock Plan, Consultant, he or she may, but only within three (3) months after the date he or she ceases to be an Employee or Consultant (but in no event later than the expiration date of the Option as set forth in the Notice of Grant), exercise this Option to the extent that he or she was entitled to exercise it at the date of such cessation. To the extent that Optionee was not entitled to exercise this Option as the date of such cessation, or if Optionee does not exercise this Option within the time specified herein, the Option shall terminate.

5. **Disability of Optionee.** Notwithstanding the provisions of Section 4 above, if Optionee ceases to be an Employee or, if this Option is a Nonstatutory Stock Option granted under the Company's 2006 Stock Plan, Consultant as a result of Optionee's total and permanent disability (as defined in Section 22(e)(3) of the Code), he or she may, but only within twelve (12) months from the date of cessation as an Employee or Consultant (but in no event later than the expiration date of the Option as set forth in the Notice of Grant), exercise his or her Option to the extent he or she was entitled to exercise it at the date of such cessation. To the extent that Optionee was not entitled to exercise the Option on the date of cessation, or if he or she does not exercise such Option within the time specified herein, the Option shall terminate.

6. **Death of Optionee.** Notwithstanding the provisions of Section 4 above, in the event of the death of Optionee during the term of this Option and while Optionee is an Employee or, if this Option is a Nonstatutory Stock Option granted under the Company's 2006 Stock Plan, Consultant, 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 following the date of death (but in no event later than the expiration date of the Option as set forth in the Notice of Grant) by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance. To the extent that the Option is not exercised within the time specified herein, the Option shall terminate.

7. **Non-Transferability of Option.** This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

8. **Term of Option.** This Option may be exercised only within the term set out on the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

9. **Tax Consequences.**

Some of the U.S. federal tax consequences relating to this Option, as of the date of this Option, are set forth below. THIS SUMMARY RELATES TO U.S. TAX CONSEQUENCES ONLY AND IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

(i) Exercising the Option.

(a) Nonstatutory Stock Option. The Optionee may incur regular federal income tax liability upon exercise of a NSO. The Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price. If the Optionee is an Employee or a former Employee, the Company will be required to withhold from his or her compensation or collect from Optionee and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(b) Incentive Stock Option. If this Option qualifies as an ISO, the Optionee will have no regular federal income tax liability upon its exercise, although the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price will be treated as an adjustment to alternative minimum taxable income for federal tax purposes and may subject the Optionee to alternative minimum tax in the year of exercise. In the event that the Optionee ceases to be an Employee but remains a Service Provider, any Incentive Stock Option of the Optionee that remains unexercised shall cease to qualify as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option on the date three (3) months and one (1) day following such change of status.

(ii) Disposition of Shares.

(a) NSO. If the Optionee holds NSO Shares for at least one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes.

(b) ISO. If the Optionee holds ISO Shares for at least one year after exercise and two years after the grant date, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. If the Optionee disposes of ISO Shares within one year after exercise or two years after

the grant date, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the excess, if any, of the lesser of (A) the difference between the Fair Market Value of the Shares acquired on the date of exercise and the aggregate Exercise Price, or (B) the difference between the sale price of such Shares and the aggregate Exercise Price. Any additional gain will be taxed as capital gain, short-term or long-term depending on the period that the ISO Shares were held.

(iii) **Notice of Disqualifying Disposition of ISO Shares.** If the Optionee sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise date, the Optionee shall immediately notify the Company in writing of such disposition. The Optionee agrees that he or she may be subject to income tax withholding by the Company on the compensation income recognized from such early disposition of ISO Shares by payment in cash or out of the current earnings paid to the Optionee.

(iv) **Withholding.** Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all Federal, state, local and foreign income and employment tax withholding requirements as well as social security charges applicable to the Option exercise or the disposition of any Shares acquired upon exercise. In this regard, Optionee authorizes the Company (and/or the Parent or Subsidiary employing or retaining Optionee) to withhold all applicable taxes legally payable by Optionee from the Optionee's wages or other cash compensation paid to Optionee by the Company (and/or the Parent or Subsidiary employing or retaining Optionee) or from proceeds from the sale of Shares acquired upon exercise of the Option in an amount sufficient to cover such tax obligations. Optionee acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

10. **Entire Agreement; Governing Law.** The Plan, this Option Agreement and the Notice of Grant constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This Option Agreement is governed by California law except for that body of law pertaining to conflict of laws.

11. **NO GUARANTEE OF SERVICE.** OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE OR, IF THIS OPTION IS A NONSTATUTORY STOCK OPTION GRANTED UNDER THE COMPANY'S 2006 STOCK PLAN, CONSULTANT AT THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED SERVICE ENGAGEMENT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S SERVICE RELATIONSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

AUTODESK, INC.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (“Agreement”) is effective as of _____, by and between Autodesk, Inc., a Delaware corporation (the “Company”), and _____ (“Indemnitee”).

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company and its related entities;

WHEREAS, in order to induce Indemnitee to continue to provide services to the Company, the Company wishes to provide for the indemnification of, and the advancement of expenses to, Indemnitee to the maximum extent permitted by law;

WHEREAS, the Company and Indemnitee recognize the continued difficulty in obtaining liability insurance for the Company’s directors, officers, employees, agents and fiduciaries, the significant increases in the cost of such insurance and the general reductions in the coverage of such insurance;

WHEREAS, the Company and Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents and fiduciaries to expensive litigation risks at the same time as the availability and coverage of liability insurance has been severely limited; and

WHEREAS, the Company and Indemnitee desire to continue to have in place the additional protection provided by an indemnification agreement and to provide indemnification and advancement of expenses to the Indemnitee to the maximum extent permitted by Delaware law;

WHEREAS, in view of the considerations set forth above, the Company desires that Indemnitee shall be indemnified and advanced expenses by the Company as set forth herein;

NOW, THEREFORE, the Company and Indemnitee hereby agree as set forth below.

1. Certain Definitions.

(a) “Change in Control” shall mean, and shall be deemed to have occurred if, on or after the date of this Agreement, (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company acting in such capacity or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, becomes the “beneficial owner” (as defined

in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing more than 50% of the total voting power represented by the Company's then outstanding Voting Securities, (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of related transactions) all or substantially all of the Company's assets.

(b) "Claim" shall mean with respect to a Covered Event: any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, or any hearing, inquiry or investigation that Indemnitee in good faith believes might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, investigative or other.

(c) References to the "Company" shall include, in addition to Autodesk, Inc., any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger to which Autodesk, Inc. (or any of its wholly owned subsidiaries) is a party which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees, agents or fiduciaries, so that if Indemnitee is or was a director, officer, employee, agent or fiduciary of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

(d) "Covered Event" shall mean any event or occurrence related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action or inaction on the part of Indemnitee while serving in such capacity.

(e) "Expenses" shall mean any and all expenses (including attorneys' fees and all other costs, expenses and obligations incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, to be a witness in or to

participate in, any action, suit, proceeding, alternative dispute resolution mechanism, hearing, inquiry or investigation), judgments, fines, penalties and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld), actually and reasonably incurred, of any Claim and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement.

(f) "Expense Advance" shall mean a payment to Indemnitee pursuant to Section 3 of Expenses in advance of the settlement of or final judgement in any action, suit, proceeding or alternative dispute resolution mechanism, hearing, inquiry or investigation which constitutes a Claim.

(g) "Independent Legal Counsel" shall mean an attorney or firm of attorneys, selected in accordance with the provisions of Section 2(d) hereof, who shall not have otherwise performed services for the Company or Indemnitee within the last three years (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnity agreements).

(h) References to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on Indemnitee with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or its beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

(i) "Reviewing Party" shall mean, subject to the provisions of Section 2(d), any person or body appointed by the Board of Directors in accordance with applicable law to review the Company's obligations hereunder and under applicable law, which may include a member or members of the Company's Board of Directors, Independent Legal Counsel.

(j) "Section" refers to a section of this Agreement unless otherwise indicated.

(k) "Voting Securities" shall mean any securities of the Company that vote generally in the election of directors.

2. Indemnification.

(a) Indemnification of Expenses. Subject to the provisions of Section 2(b) below, the Company shall indemnify Indemnitee for Expenses to the fullest extent permitted by law if Indemnitee was or is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, any Claim (whether by reason of or arising in part out of a Covered Event), including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses.

(b) Review of Indemnification Obligations. Notwithstanding the foregoing, in the event any Reviewing Party shall have determined pursuant to Section 145(d) of the General Corporation Law of the State of Delaware (in a written opinion, in any case in which Independent Legal Counsel is the Reviewing Party) that Indemnitee is not entitled to be indemnified hereunder under applicable law, (i) the Company shall have no further obligation under Section 2(a) to make any payments to Indemnitee not made prior to such determination by such Reviewing Party (it being understood that such determination shall have no effect on the Company's obligations to make Expense Advances under Section 3, which shall continue unless otherwise provided by that Section), and (ii) the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all Expenses theretofore paid in indemnifying Indemnitee (it being understood that such determination shall not require the Indemnitee to reimburse the Company for Expense Advances, and that the provisions of Section 3 alone shall govern the circumstances in which Indemnitee shall be required to reimburse same); provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee is entitled to be indemnified hereunder under applicable law in accordance with Section 2(c), then any determination made by any Reviewing Party that, under applicable law, Indemnitee is not entitled to be indemnified hereunder shall not be binding and until a final judicial determination is made with respect to such legal proceedings (as to which all rights of appeal therefrom have been exhausted or lapsed), (x) Indemnitee shall not be required to reimburse the Company for any Expenses theretofore paid in indemnifying Indemnitee, and (y) Indemnitee shall continue to receive payments of Expenses pursuant to Section 2(a). Indemnitee's obligation to reimburse the Company for any Expenses shall be unsecured and no interest shall be charged thereon.

(c) Indemnitee Rights on Unfavorable Determination; Binding Effect. If any Reviewing Party determines that Indemnitee substantively is not entitled to be indemnified hereunder in whole or in part under applicable law, Indemnitee shall have the right to commence litigation seeking an initial determination by the court or challenging any such determination by such Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and, subject to the provisions of Section 15, the Company hereby consents to service of process and to appear in any such proceeding.

(d) Selection of Reviewing Party; Change in Control. If there has not been a Change in Control, any Reviewing Party shall be selected by the Board of Directors. If there has been such a Change in Control (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control), any Reviewing Party with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnification of Expenses under this Agreement or any other agreement or under the Company's Certificate of Incorporation or Bylaws as now or hereafter in effect, or under any other applicable law, if desired by Indemnitee, shall be Independent Legal Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be entitled to be indemnified hereunder under applicable law and the Company agrees to abide by such opinion. The Company agrees to pay the

reasonable fees of the Independent Legal Counsel referred to above and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. Notwithstanding any other provision of this Agreement, the Company shall not be required to pay Expenses of more than one Independent Legal Counsel in connection with all matters concerning a single Indemnitee, and such Independent Legal Counsel shall be the Independent Legal Counsel for any or all other Indemnitees unless (i) the Company otherwise determines or (ii) any Indemnitee shall provide a written statement setting forth in detail a reasonable objection to such Independent Legal Counsel representing other indemnitees.

(e) Mandatory Payment of Expenses. Notwithstanding any other provision of this Agreement other than Section 10 hereof, to the extent that Indemnitee has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any Claim, Indemnitee shall be indemnified against all Expenses incurred by Indemnitee in connection therewith.

3. Expense Advances.

(a) Obligation to Make Expense Advances. If so requested by Indemnitee, the Company shall make Expense Advances to Indemnitee. The Indemnitee shall qualify for such Expense Advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that the Indemnitee undertakes to repay such Expense Advances if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon. To the extent permissible under third party policies, the Company agrees that invoices for Expense Advances shall be billed in the name of and be payable directly by the Company.

(b) Determination of Reasonable Expense Advances. The parties agree that for the purposes of any Expense Advance for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such Expense Advance that are certified by affidavit of Indemnitee's counsel as being reasonable shall be presumed conclusively to be reasonable.

4. Procedures for Indemnification and Expense Advances.

(a) Timing of Payments. All payments of Expenses (including without limitation Expense Advances) by the Company to the Indemnitee pursuant to this Agreement shall be made to the fullest extent permitted by law as soon as practicable after written demand by Indemnitee therefor is presented to the Company, but in no event later than thirty (30) days after such written demand by Indemnitee is presented to the Company, except in the case of Expense Advances, which shall be made no later than twenty (20) days after such written demand by Indemnitee is presented to the Company.

(b) Notice/Cooperation by Indemnitee. Indemnitee shall, as a condition precedent to Indemnitee's right to be indemnified or Indemnitee's right to receive Expense Advances under this Agreement, give the Company notice in writing as soon as practicable of any Claim made against Indemnitee for which indemnification will or could be sought under this Agreement. Notice to the Company shall be directed to the Chief Executive Officer of the Company at the address shown on the signature page of this Agreement (or such other address as the Company shall designate in writing to Indemnitee). In addition, Indemnitee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

(c) No Presumptions; Burden of Proof. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by this Agreement or applicable law. In addition, it is the parties intention that if Indemnitee commences legal proceedings to secure a judicial determination that Indemnitee should be indemnified under this Agreement or applicable law, the question of Indemnitee's right to indemnification shall be for the court to decide, and neither the failure of any Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by any Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief. In connection with any determination by any Reviewing Party or otherwise as to whether the Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish by clear and convincing evidence that Indemnitee is not so entitled.

(d) Notice to Insurers. If, at the time of the receipt by the Company of a notice of a Claim pursuant to Section 4(b) hereof, the Company has liability insurance in effect which may cover such Claim, the Company shall give prompt notice of the commencement of such Claim to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Claim in accordance with the terms of such policies.

(e) Selection of Counsel. In the event the Company shall be obligated hereunder to provide indemnification for or make any Expense Advances with respect to the Expenses of any Claim, the Company, if appropriate, shall be entitled to assume the defense of such Claim with counsel approved by Indemnitee (which approval shall not be unreasonably withheld) upon the delivery to Indemnitee of written notice of the Company's election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of separate counsel subsequently employed by or on behalf of Indemnitee with respect to the same Claim; provided that, (i) Indemnitee shall have the right to employ Indemnitee's separate counsel in any such Claim at Indemnitee's expense and (ii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably

concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (C) the Company shall not continue to retain such counsel to defend such Claim, then the fees and expenses of Indemnitee's separate counsel shall be Expenses for which Indemnitee may receive indemnification or Expense Advances hereunder.

5. Additional Indemnification Rights; Nonexclusivity.

(a) Scope. The Company hereby agrees to indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's Bylaws or by statute. In the event of any change after the date of this Agreement in any applicable law, statute or rule which expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, employee, agent or fiduciary, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits afforded by such change. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a member of its board of directors or an officer, employee, agent or fiduciary, such change, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder except as set forth in Section 10(a) hereof.

(b) Nonexclusivity. The indemnification and the payment of Expense Advances provided by this Agreement shall be in addition to any rights to which Indemnitee may be entitled under the Company's Certificate of Incorporation, its Bylaws, any other agreement, any vote of stockholders or disinterested directors, the General Corporation Law of the State of Delaware, or otherwise. The indemnification and the payment of Expense Advances provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though subsequent thereto Indemnitee may have ceased to serve in such capacity.

6. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, provision of the Company's Certificate of Incorporation, Bylaws or otherwise) of the amounts otherwise payable hereunder.

7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses incurred in connection with any Claim, but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such Expenses to which Indemnitee is entitled.

8. Mutual Acknowledgement. Both the Company and Indemnitee acknowledge that in certain instances, federal law or applicable public policy may prohibit the Company from indemnifying its directors, officers, employees, agents or fiduciaries under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

9. Liability Insurance. To the extent the Company maintains liability insurance applicable to directors, officers, employees, agents or fiduciaries, Indemnatee shall be covered by such policies in such a manner as to provide Indemnatee the same rights and benefits as are provided to the most favorably insured of the Company's directors, if Indemnatee is a director; or of the Company's officers, if Indemnatee is not a director of the Company but is an officer; or of the Company's key employees, agents or fiduciaries, if Indemnatee is not an officer or director but is a key employee, agent or fiduciary.

10. Exceptions. Notwithstanding any other provision of this Agreement, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) Excluded Action or Omissions. To indemnify Indemnatee for Expenses resulting from acts, omissions or transactions for which Indemnatee is prohibited from receiving indemnification under this Agreement the Company's Certificate of Incorporation or Bylaws, or applicable law; provided, however, that notwithstanding any limitation set forth in this Section 10(a) regarding the Company's obligation to provide indemnification, Indemnatee shall be entitled under Section 3 to receive Expense Advances hereunder with respect to any such Claim unless and until a court having jurisdiction over the Claim shall have made a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that Indemnatee has engaged in acts, omissions or transactions for which Indemnatee is prohibited from receiving indemnification under this Agreement or applicable law.

(b) Claims Initiated by Indemnatee. To indemnify or make Expense Advances to Indemnatee with respect to Claims initiated or brought voluntarily by Indemnatee and not by way of defense, counterclaim or crossclaim, except (i) with respect to actions or proceedings brought to establish or enforce a right to indemnification under this Agreement or any other agreement or insurance policy or under the Company's Certificate of Incorporation or Bylaws now or hereafter in effect relating to Claims for Covered Events, (ii) in specific cases if the Board of Directors has approved the initiation or bringing of such Claim, or (iii) as otherwise required under Section 145 of the General Corporation Law of the State of Delaware, regardless of whether Indemnatee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be.

(c) Lack of Good Faith. To indemnify Indemnatee for any Expenses incurred by the Indemnatee with respect to any action instituted (i) by Indemnatee to enforce or interpret this Agreement, if a court having jurisdiction over such action determines as provided in Section 13 that each of the material assertions made by the Indemnatee as a basis for such action was not made in good faith or was frivolous, or (ii) by or in the name of the Company to enforce or interpret this Agreement, if a court having jurisdiction over such action determines as provided in Section 13 that each of the material defenses asserted by Indemnatee in such action was made in bad faith or was frivolous.

(d) Claims Under Section 16(b). To indemnify Indemnatee for expenses and the payment of profits arising from the purchase and sale by Indemnatee of securities in violation of

Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute; provided, however, that notwithstanding any limitation set forth in this Section 10(d) regarding the Company's obligation to provide indemnification, Indemnitee shall be entitled under Section 3 to receive Expense Advances hereunder with respect to any such Claim unless and until a court having jurisdiction over the Claim shall have made a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that Indemnitee has violated said statute.

11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

12. Binding Effect; Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect, and whether by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director, officer, employee, agent or fiduciary (as applicable) of the Company or of any other enterprise at the Company's request.

13. Expenses Incurred in Action Relating to Enforcement or Interpretation. In the event that any action is instituted by Indemnitee under this Agreement or under any liability insurance policies maintained by the Company to enforce or interpret any of the terms hereof or thereof, Indemnitee shall be entitled to be indemnified for all Expenses incurred by Indemnitee with respect to such action (including without limitation attorneys' fees), regardless of whether Indemnitee is ultimately successful in such action, unless as a part of such action a court having jurisdiction over such action makes a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that each of the material assertions made by Indemnitee as a basis for such action was not made in good faith or was frivolous; provided, however, that until such final judicial determination is made, Indemnitee shall be entitled under Section 3 to receive payment of Expense Advances hereunder with respect to such action. In the event of an action instituted by or in the name of the Company under this Agreement to enforce or interpret any of the terms of this Agreement, Indemnitee shall be entitled to be indemnified for all Expenses incurred by Indemnitee in defense of such action (including without limitation costs and expenses incurred with respect to Indemnitee's counterclaims and cross-claims made in such action), unless as a part of such action a court having jurisdiction over such action makes a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that each of the material defenses asserted by Indemnitee in such action was made in bad faith or was frivolous; provided, however, that until such final judicial determination is made, Indemnitee shall be entitled under Section 3 to receive payment of Expense Advances hereunder with respect to such action.

14. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and signed for by the party addressed, on the date of such delivery, or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

15. Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be commenced, prosecuted and continued only in the Court of Chancery of the State of Delaware in and for New Castle County, which shall be the exclusive and only proper forum for adjudicating such a claim.

16. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including without limitation each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

17. Choice of Law. This Agreement, and all rights, remedies, liabilities, powers and duties of the parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

18. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

19. Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by both the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to be or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver.

20. Integration and Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto.

21. No Construction as Employment Agreement. Nothing contained in this Agreement shall be construed as giving Indemnitee any right to be retained in the employ of the Company or any of its subsidiaries or affiliated entities.

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement as of the date first above written.

Autodesk, Inc.

By:

Name:

Title:

Address: Autodesk, Inc.
111 McInnis Parkway
San Rafael, California 94903

AGREED TO AND ACCEPTED:

Print Name



The Autodesk Incentive Plan
Fiscal Year 2006
February 1, 2005 – January 31, 2006

Table of Contents

Overview	3
Plan Year	3
Eligibility	3
Target Incentive	4
Plan Funding	4
Individual Bonus Recommendations	5
Bonus Payout Schedule	5
Final Approval and Payout	6
New Hires, Terminations, and Transfers	6
General Interpretation	6
Plan Changes	7
Final Authority	7

The Autodesk Incentive Plan
Fiscal Year 2006

2

March 2, 2005

Overview

The FY06 Autodesk Incentive Plan (“AIP or the “Plan”) describes the terms and conditions for participation in and funding of the bonus program for Autodesk, Inc. and its subsidiaries (“Autodesk” or “Company”). The FY06 AIP replaces the FY05 AIP. The AIP consists of an overall corporate plan and a number of group plans covering all Autodesk divisions, groups, and business units. The AIP is funded at various levels based upon achievement of defined financial and non-financial goals of the Company, division and/or business unit. The grant of an individual AIP award (“Bonus”) to an eligible plan participant (“Participant”) is within the sole discretion of the Company, based on many factors including corporate and group results, as well as individual achievement and overall job performance. The payout of individual Bonuses is not necessarily consistent with AIP group plan funding amounts. To the extent permitted by law, participation in this Plan supersedes other prior or contemporaneous communications and agreements between the parties with respect to bonus or incentive arrangements that may have been communicated verbally or in writing, including bonus or incentive plans detailed in offer letters or employment contracts.

Plan Year

The FY 06 AIP year coincides with the Autodesk fiscal year, February 1, 2005 through January 31, 2006 (“Plan Year”).

Eligibility

To be eligible for payout of a Bonus under the Plan, a Participant must be hired prior to January 1st of 2006 and must be an active regular employee of the Company on the last day of the AIP Plan Year (January 31, 2006). All regular non-sales employees of Autodesk are eligible to participate in the AIP. In most cases, employees in sales positions who are subject to separate compensation plans are not eligible under the AIP. Eligible Participants are assigned to the appropriate group plan within AIP based on organization and role.

Target Incentive

Each Plan Participant will have a target incentive payout, set as a percentage of base salary. Targets are set for each pay grade based on market competitive data and are not subject to individual agreements or contracts. Irrespective of corporate performance and funding, a Participant may or may not receive a Bonus. Incentive targets are not commitments of individual Bonus awards under the AIP.

Plan Funding

Funding for each AIP group plan is based on achievement of revenue growth and operating or contribution margin goals. In some business units, funding may be modified based on achievement of non-financial goals. Final funding amounts are within the sole discretion of Autodesk and may be changed at any time for any reason.

At the beginning of the Plan Year, group plan matrices reflecting various achievement scenarios are set. At the end of the Plan Year, a modifier is applied to the group target incentive pool, adjusting it up or down, based on financial performance and achievement of non-financial goals or growth initiatives. Group plan matrices may be viewed via the Autodesk Incentive Plan web pages located in the HR section of InfoSys (<http://hr.autodesk.com/aip/index.htm>). These matrices may change during the year based on the discretion of the Board of Directors.

The sum of all eligible Participants' incentive targets in effect on the last day of the Plan Year (January 31, 2006) is used to determine the funding for each group. This sum is applied to the group plan multiplier, to determine the total pool available for each organization.

Example:

Sum of Plan eligible Participants' targets:	\$ 200,000
Group Plan modifier 80%:	80%
Adjusted pool available for payout:	\$160,000 (200K * 80%)

Most AIP business unit plans are based on two funding matrices: a business unit matrix and the corporate matrix. The Plan Participants' business unit matrix typically has a heavier weighting than the corporate matrix.

Example:

Sum of Plan eligible Participants' targets:	\$200,000
Business Unit Plan Modifier 110% (70% weighting):	110% * .70% = 77%
Corporate Plan Modifier 120% (30% weighting):	120% * 30% = 36%
Group Plan modifier:	113% (77% + 36%)
Adjusted pool available for payout:	\$226,000 (200K * 113%)

Business Unit funding may be modified based on achievement of non-financial goals:

<u>Average Rating-Divisional Non-Financial Goals</u>	<u>Impact on Basic Funding</u>
<u>Exceeded</u> All Goals	110%
<u>Met</u> or Exceeded Most Goals (including Most Critical)	100%
<u>Missed</u> Critical Goals	90%

Example:

Sum of Plan eligible Participants' targets:	\$200,000
Business Unit Plan Modifier (70% weighting):	90% * .70% = 63%
Non-Financial Goals Modifier (110%)	110% * 63% = 69%
Corporate Plan Modifier (30% weighting):	120% * 30% = 36%
Group Plan modifier:	105% (69%+36%)
Adjusted pool available for payout:	\$210,000 (200K * 105%)

Individual Bonus Recommendations

The amount of an individual AIP Bonus is discretionary and may differ from the amount funded. Individual Bonuses are determined by a number of factors, including such things as individual performance and contribution, subject to funding limitations.

Bonus Payout Schedule

Annual Bonuses are generally distributed after the end of the fiscal year, typically in April. However, under certain circumstances, a mid-year Bonus payment may be considered, depending on business financial results, at the discretion of the CEO and the Board of Directors. If partial Bonuses are paid mid-year, the amount will be deducted from the end of the year Bonus.

Final Approval and Payout

After Bonuses are recommended by the appropriate manager and approved by the SVP/EVP, they are forwarded to the SVP of HR and the CEO for review¹. At the Director level and above, Bonus recommendations will be reviewed and may be adjusted to ensure equity with the Bonuses awarded to other Participants in the organization at similar levels with similar performance. Payout will occur as soon as administratively possible following final approval, but no later than 3 months following the end of the Plan Year.

New Hires, Terminations, and Transfers

To be eligible for a Bonus under the Plan, Participants must be hired prior to January 1, 2006. Funding for Plan Participants hired during the Plan Year but before January 1, 2006 is pro-rated according to the actual number of calendar days active.

Participants also must be active regular employees on the Autodesk payroll on the last day of the Plan Year (January 31, 2006) to be eligible to receive a Bonus for the Plan Year. Any exception to this requirement must be approved by the SVP of HR. In certain cases, local law may dictate that a partial payment be made based on performance and time in the job and Autodesk will address each such situation on a case by case basis. Participants who transfer to a non-eligible (i.e., sales) position before the end of the Plan Year may be eligible for a prorated award payout if still employed by Autodesk on the last day of the Plan Year. Bonus awards will be discretionary and reflect performance in the eligible position. All prorated Bonus payouts, if applicable, will be manually processed at the end of the Plan Year and paid on the normal AIP payout date.

General Interpretation

The Autodesk Incentive Plan is administered under the direction of the Board of Directors. Questions about the Plan may be raised with the appropriate manager, HR Business Partner and/or anyone on the Compensation team. The SVP of HR will interpret the provisions of this Plan and rule on situations not specifically covered.

¹ In the case of Executive Staff members, the Compensation Committee of the Board of Directors will review and approve the recommended AIP awards.

Plan Changes

Any amendments to the Plan must have the approval of the Board of Directors. Autodesk reserves the right to revise, alter, amend, or terminate the Plan and/or any compensation at any time before, during, or after the applicable Plan Year for any reason. Decisions regarding funding and individual Bonus awards under this Plan are within the sole and exclusive direction of Autodesk. All decisions of Autodesk are final. The Plan does not constitute a contract of employment and does not in any way alter the “at-will” status of employment at Autodesk.

The Plan shall be applied in compliance with legal requirements, as interpreted and determined by Autodesk in its sole discretion. Accordingly, Autodesk may from time to time waive some of the requirements contained herein or apply the compensation plan differently in some countries as determined by Autodesk.

Final Authority

For issues not specifically addressed in the Plan document, and for matters of administration of the Plan, including Plan interpretations, the SVP of Human Resources must review and approve any decisions or exceptions, including any individual award guarantees made at the time of an employment offer. All exceptions require the written approval of the SVP of HR.

AUTODESK, INC.

**2005 NON-QUALIFIED
DEFERRED COMPENSATION PLAN**

Effective as of January 1, 2005

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I TITLE AND DEFINITIONS	2
1.1 <u>Title</u>	2
1.2 <u>Definitions</u>	
ARTICLE II PARTICIPATION	5
2.1 <u>Eligibility</u>	5
2.2 <u>Change of Employment Category</u>	5
2.3 <u>Participation</u>	5
ARTICLE III DEFERRAL ELECTIONS	6
3.1 <u>Elections to Defer Compensation</u>	6
3.2 <u>Discretionary Contributions by the Company</u>	6
3.3 <u>Investment Elections</u>	6
ARTICLE IV ACCOUNTS	7
4.1 <u>Participant Accounts</u>	7
ARTICLE V VESTING	8
ARTICLE VI GENERAL DUTIES	8
6.1 <u>Trustee Duties</u>	8
6.2 <u>Discretionary Contributions</u>	8
6.3 <u>Department of Labor Determination</u>	8
ARTICLE VII DISTRIBUTIONS AND WITHDRAWALS	9
7.1 <u>Distributions</u>	9
7.2 <u>Unforeseeable Emergency Withdrawal</u>	10
7.3 <u>Inability To Locate Participant</u>	10
ARTICLE VIII ADMINISTRATION	10
8.1 <u>Committee</u>	10
8.2 <u>Committee Action</u>	11
8.3 <u>Powers and Duties of the Committee</u>	11
8.4 <u>Construction and Interpretation</u>	12
8.5 <u>Information</u>	12
8.6 <u>Compensation, Expenses and Indemnity</u>	12
8.7 <u>Quarterly Statements</u>	12
ARTICLE IX MISCELLANEOUS	13
9.1 <u>Unsecured General Creditor</u>	13
9.2 <u>Restriction Against Assignment</u>	13
9.3 <u>Withholding</u>	13

9.4	<u>Amendment, Modification, Suspension or Termination</u>	13
9.5	<u>Governing Law</u>	13
9.6	<u>Receipt or Release</u>	13
9.7	<u>Payments on Behalf of Persons Under Incapacity</u>	14
9.8	<u>No Employment Rights; No Undertakings</u>	14
9.9	<u>Headings, etc. Not Part of Agreement</u>	14

AUTODESK, INC. 2005 NON-QUALIFIED DEFERRED COMPENSATION PLAN

Autodesk, Inc. (the “**Company**,” as further defined in Section 1.2(h)) maintains the Autodesk, Inc. 2005 Non-Qualified Deferred Compensation Plan (the “**Plan**”), consisting of the following provisions, for the exclusive benefit of the participants and their beneficiaries. The Plan is effective with respect to amounts subject to deferral elections made in 2004 and thereafter which would otherwise have been payable on or after January 1, 2005 (the “**Effective Date**”).

RECITALS

1. The Company wishes to maintain this supplemental retirement plan for the benefit of a select group of management or highly compensated employees of the Company.

2. The Company wishes to provide that the supplemental retirement plan shall be designated the Autodesk, Inc. 2005 Non-Qualified Deferred Compensation Plan.

3. The Company wishes to provide under the Plan for the payment of accrued vested benefits to Plan participants and their beneficiaries.

4. Under the Plan, the Company is obligated to pay vested accrued benefits to the Plan participants and their beneficiaries from the Company’s general assets.

5. The Company has entered into an agreement (the “**Trust Agreement**”) with Vanguard Fiduciary Trust Company dated November 29, 2002, as amended, appointing a trustee (the “**Trustee**”) under an irrevocable trust (the “**Trust**”) to be used in connection with the Plan.

6. The Company intends to make contributions to the Trust so that such contributions will be held by the Trustee and invested, reinvested and distributed, all in accordance with the provisions of the Plan and the Trust Agreement.

7. The Company intends that amounts contributed to the Trust and the income thereon shall be used by the Trustee to satisfy the liabilities of the Company under the Plan with respect to each Plan participant for whom an Account has been established and such utilization shall be in accordance with the procedures set forth herein.

8. The Company intends that the Trust be a “grantor trust” with the principal and income of the Trust treated as assets and income of the Company for Federal and state income tax purposes.

9. The Company intends that the assets of the Trust shall at all times be subject to the claims of the general creditors of the Company, as provided in the Trust Agreement.

10. The Company intends that the existence of the Trust shall not alter the characterization of the Plan as “unfunded” for purposes of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and shall not be construed to provide income to Plan participants under the Plan prior to actual payment of the vested accrued benefits thereunder.

NOW THEREFORE, the Company hereby adopts the Plan as follows:

ARTICLE I
TITLE AND DEFINITIONS

1.1 Title. This Plan shall be known as the Autodesk, Inc. 2005 Non-Qualified Deferred Compensation Plan.

1.2 Definitions. Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meanings specified below:

(a) “**Account**” means, for each Participant, the bookkeeping account maintained by the Committee that is credited with amounts equal to (1) the Participant’s Compensation Deferrals, (2) Discretionary Contributions, if any, made to the Plan for the Participant’s benefit, and (3) adjustments to reflect Income, and reduced by distributions or withdrawals, if any, made by the Participant.

(b) “**Annual Enrollment Period**” means the period approximately one month prior to the beginning of each Plan Year, in which Eligible Employees are able to enroll in the Plan for the upcoming Plan Year by submitting an Enrollment Form. The actual Annual Enrollment Period for each Plan Year shall be determined by the Committee in accordance with applicable law and rules promulgated under the Code.

(c) “**Beneficiary**” or “**Beneficiaries**” means the beneficiary last designated in writing by a Participant in accordance with procedures established by the Committee from time to time to receive the benefits specified hereunder in the event of the Participant’s death. No Beneficiary designation shall become effective until it is filed with the Committee. In the event that a proper Beneficiary designation is not on file with the Committee or is otherwise not legally effective, the Beneficiary shall be the Participant’s surviving spouse, if any, or if there is no surviving spouse, the Participant’s estate.

(d) “**Board of Directors**” or “**Board**” means the Board of Directors of the Company.

(e) “**Change Form**” means such hard copy and/or electronic form as may be provided by the Committee to permit an Eligible Employee to change certain Distribution Elections in accordance with Section 7.1(c), herein, applicable law and rules promulgated under the Code.

(f) “**Code**” means the Internal Revenue Code of 1986, as amended. Reference to a section of the Code includes such section and any comparable section or sections of any future legislation that amends, supplements or supersedes such section.

(g) “**Committee**” shall mean those individuals selected by the Board to administer the Plan as defined in Section 8.1.

(h) “**Company**” means Autodesk, Inc., any successor corporation by merger, consolidation or otherwise, any entity that is directly or indirectly controlled by the Company, any entity in which the Company has a significant equity or investment interest, or any subsidiary of the Company, as determined by the Committee.

(i) “**Compensation**” means the Salary, Commissions and Bonus earned by the Participant for services rendered to the Company. “**Salary**” means the Eligible Employee’s base salary for the Plan Year, and excludes any other form of compensation such as restricted stock, proceeds from stock options, stock appreciation rights or a stock purchase plan, severance payments, moving expenses, car or other special allowance, or any other amounts included in an Eligible Employee’s taxable income that is not compensation for services. “**Commissions**” means any cash-based commission earned by an Eligible Employee during the Plan Year. “**Bonus**” means any cash-based incentive compensation (other than Commissions) paid to an Eligible Employee in addition to Salary during the Plan Year.

(j) “**Compensation Deferrals**” means the amount of Compensation deferred under the Plan pursuant to Section 3.1.

(k) “**Deferral Election**” shall mean a Participant’s Compensation Deferrals specified on the Enrollment Form provided by the Committee during an Enrollment Period for a given Plan Year as set forth in Section 3.1.

(l) “**Disability**” means the occurrence of the following event: A Participant has, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, received income replacement benefits of not less than 3 months under the Company’s long-term disability plan. This definition shall be interpreted consistent with Code Section 409A (a)(2)(C).

(m) “**Discretionary Contributions**” are contributions made to an Account or specific Plan Year Account(s) by the Company, if any, as defined in Section 3.2.

(n) “**Distributable Amount**” means the entire amount credited to a Participant’s Account or Plan Year Account. Such amount shall be valued on the date the distribution is made to the Participant under Article VII.

(o) **“Distribution Election”** shall mean a Participant’s selected Distribution Event and form of distribution of his or her Account or one or more Plan Year Account(s) as specified on his or her Enrollment Form or Change Form in accordance with the provisions of Section 7.1.

(p) **“Distribution Event”** means, with respect to each Participant, the applicable date or event specified by the Participant on his or her Enrollment Form pursuant to Section 7.1 (a).

(q) **“Eligible Employee”** means an Employee who is designated by the Board of Directors as an eligible employee, taking into consideration applicable regulations, rulings or other pronouncements by the Internal Revenue Service and Department of Labor regarding “highly compensated employees.”

(r) **“Employee”** means a common law employee of the Company as reflected at the relevant time on the Company’s payroll records, notwithstanding any later reclassification.

(s) **“Enrollment Form”** shall mean such hard copy and/or electronic enrollment form as may be provided by the Committee from time to time to Eligible Employees during the Annual Enrollment Period or the Initial Enrollment Period.

(t) **“Enrollment Period”** means the Initial Enrollment Period and the Annual Enrollment Period.

(u) **“Fund”** or **“Funds”** means one or more of the investment funds selected by the Committee pursuant to Section 3.3.

(v) **“Income”** means the Investment Returns from Fund investments credited to a Participant’s Account, as defined in Section 4.1(c).

(w) **“Initial Enrollment Period”** means, during a Plan Year, the thirty (30) days following an Eligible Employee’s first receipt of notification of eligibility to participate in the Plan.

(x) **“Investment Return”** means, for each Fund, an amount equal to the pre-tax rate of income or loss on the assets of such Fund (net of applicable fund and investment charges) during each valuation period, but not less frequently than monthly.

(y) **“Key Employee”** means a “key employee” as defined in Code Section 416(i) without regard to paragraph 5 thereof.

(z) **“Participant”** means any Eligible Employee who elects to defer Compensation in accordance with Section 3.1.

(aa) **“Payment Commencement Date”** means as soon as administratively practicable after the Participant has a Distribution Event.

(bb) “**Plan**” means the Autodesk, Inc. 2005 Non-Qualified Deferred Compensation Plan set forth herein, now in effect, or as amended from time to time.

(cc) “**Plan Year**” means the twelve (12) consecutive month period beginning each January 1st and ending December 31st, with the first Plan Year beginning on the Effective Date.

(dd) “**Plan Year Account**” means the sub-account of and Account relating to a specific Plan Year.

(ee) “**Retirement**” means the later of the Participant’s separation from service with the Company or attainment of age sixty-five (65) (or such later age as may be specified by the Participant), provided, however, that, to the extent Retirement is treated as a separation from service under Code Section 409(a)(2)(A), in the case of a Key Employee, Retirement for purposes of the Plan shall not be earlier than six (6) months following the Participant’s separation from service as determined pursuant to Treasury Regulations issued under Code Section 409A(a)(2)(A).

(ff) “**Termination**” means the date of a Participant’s separation from service with the Company, other than Retirement, provided that, in the case of a Key Employee, Termination other than as a result of death or Disability shall be deemed to be the date six (6) months following separation from service as determined pursuant to Treasury Regulations issued under Code Section 409A(a)(2)(A).

ARTICLE II PARTICIPATION

2.1 Eligibility. An Eligible Employee shall be eligible to participate in the Plan during each Enrollment Period. No individual may become a Participant, however, if he or she is not an Eligible Employee on the date his or her participation is to begin.

2.2 Change of Employment Category. During any Plan Year in which a Participant remains in the employ of the Company but ceases to be an Eligible Employee, he or she shall not be eligible to make further Compensation Deferrals hereunder. Contributions made while an Eligible Employee shall remain in the Plan until distributed pursuant to a Distribution Event in accordance with the terms of the Plan.

2.3 Participation. An Eligible Employee shall become a Participant by completing an Enrollment Form electing to defer a portion of his or her Compensation in accordance with Section 3.1.

ARTICLE III
DEFERRAL ELECTIONS

3.1 Elections to Defer Compensation.

(a) Deferral Elections. In accordance with the rules established by the Committee and subject to requirements of the Code and Section 7.1 below, a Participant may make a Deferral Election to defer up to 100% of Compensation relating to services to be performed in the year(s) following the end of the taxable year in which the deferral election is made. A Deferral Election made before the end of a given calendar year may relate to (1) Salary for services to be performed in the following Plan Year, (2) Commissions earned for services to be performed in the following Plan Year and/or (3) Bonuses relating to services to be performed during the Company's fiscal year beginning in the following Plan Year. Notwithstanding the foregoing, however, the Committee may permit a deferral election for a Bonus to be made up until 6 months before the end of the 12 month service period to which the Bonus relates, provided the Bonus qualifies as "performance-based compensation" under Code Section 409A(a)(4)(B)(iii) and applicable regulations issued thereunder.

(b) Special Rules for Deferral of Calendar Year 2005 Bonuses. Notwithstanding the timing rules set forth in Section 3.1(a), Participants may elect to defer the Bonus otherwise payable to a Participant during the Plan Year January 1, 2005 through December 31, 2005, so long as the deferral election is made prior to the beginning of the relevant Plan Year, subject to Code Section 409A and the relevant transition rules in Section 885(f) of the America Jobs Creation Act and Treasury Regulations issued thereunder.

(c) Payroll Deductions. Compensation Deferrals shall be made through regular payroll deductions, and will be limited to the extent necessary to satisfy applicable tax withholding, benefit plan contribution requirements, and any amounts necessary to satisfy any wage garnishment or similar type obligations.

(d) Irrevocable Election. Once made, Deferral Elections shall remain in force for the applicable Plan Year unless the Participant ceases to be an Eligible Employee, in which case contributions made while an Eligible Employee shall remain in the Plan until distribution as elected in accordance with Article VII.

3.2 Discretionary Contributions by the Company. The Company may, in its sole and absolute discretion, make contributions ("**Discretionary Contributions**") to the Account or a specific Plan Year Account of one or more Participants at such times and in such amounts as the Board may determine.

3.3 Investment Elections. The Committee may, in its sole and absolute discretion, provide each Participant with a list of investment Funds available for hypothetical investment, and the Participant may designate, in a manner specified by the Committee, one or more Funds that his or her Account or specific Plan Year Account will be deemed to be invested in for purposes of

determining the amount of Income to be credited to his or her Account or specific Plan Year Account. The Committee may, from time to time, in its sole and absolute discretion, select a commercially available fund to constitute the Fund actually selected. The Investment Return of each such commercially available Fund shall be used to determine the amount of Income to be credited to Participants' Account and Plan Year Accounts under Section 4.1(c).

(a) In making the designation pursuant to this Section 3.3, the Participant may specify that all or any one percent (1%) multiple of his or her Account be deemed to be invested in one or more of the Funds offered by the Committee. Subject to such limitations and conditions as the Committee may specify, a Participant may change the designation made under this Section 3.3, in such manner and at such time or times, as the Committee shall specify. If a Participant fails to elect a Fund under this Section 3.3, or if the Committee does not provide such Participant with a list of Funds pursuant to this Section 3.3, then the Participant shall be deemed to have elected a balanced Fund or similar investment Fund designated by the Committee.

(b) The Company may, but need not, acquire investments corresponding to those designated by the Participants hereunder, and it is not under any obligation to maintain any investment it may make. Any such investments, if made, shall be Company property in which no Participant shall have any interest. In no event does the Company or Committee make any representation regarding, or guarantee of, investment performance.

ARTICLE IV ACCOUNTS

4.1 Participant Accounts. The Committee shall establish and maintain an Account and Plan Year Account for each Participant under the Plan. Each Participant's Account or Plan Year Account may be further divided into separate subaccounts ("investment fund subaccounts"), corresponding to investment Funds elected by the Participant pursuant to Section 3.3 or as otherwise determined by the Committee to be necessary or appropriate for proper Plan administration. A Participant's Plan Year Account shall be credited as follows:

(a) As soon as administratively practicable after the payroll withholding is made for a Participant, the Committee shall credit the portion of the Participant's Compensation Deferrals that the Participant has elected to be deemed to be invested in a certain type of investment Fund to the investment fund subaccount corresponding to that investment Fund.

(b) As soon as administratively practicable after the last day of the Plan Year or such earlier time or times as the Committee may determine, the Committee shall credit the portion of the Participant's discretionary contributions, if any, that the Participant has elected to be deemed to be invested in a certain type of investment Fund to the investment fund subaccount corresponding to that investment Fund.

(c) At such time or times as the Committee may determine, but not less frequently than monthly, each investment Fund subaccount of a Participant's relevant Plan Year Account shall be credited with an amount equal to that determined by multiplying the balance credited to such investment fund subaccount as of the last day of the preceding valuation period by the Investment Return for the corresponding Fund selected by the Company ("**Income**").

ARTICLE V

VESTING

A Participant's Account, including all Plan Year Accounts, shall be one hundred percent (100%) vested at all times.

ARTICLE VI

GENERAL DUTIES

6.1 Trustee Duties. The Trustee shall manage, invest and reinvest the Trust Fund as provided in the Trust Agreement. The Trustee shall collect the income on the Trust Fund, and make distributions therefrom, all as provided in this Plan and in the Trust Agreement.

6.2 Discretionary Contributions. While the Plan remains in effect, the Company shall make contributions to the Trust Fund at least once each quarter. As soon as administratively practicable after the close of each Plan quarter, the Company shall make an additional contribution to the Trust Fund to the extent that previous contributions to the Trust Fund for the current Plan quarter are less than the total of the Compensation Deferrals made by each Participant plus Company discretionary contributions, if any, accrued as of the close of the current Plan quarter.

6.3 Department of Labor Determination. In the event that any Participants are found to be ineligible, for purposes of the Plan remaining a "top hat" plan under applicable regulations, that is, not members of a select group of management or highly compensated employees, according to a determination made by the Department of Labor (or a general pronouncement, ruling, opinion or regulation of the Department of Labor, or a judicial decision, which the Committee believes would apply and render such Participants ineligible), the Committee may take whatever steps it deems necessary, in its sole and absolute discretion, to equitably protect the interests of the affected Participants and other Plan Participants.

ARTICLE VII
DISTRIBUTIONS AND WITHDRAWALS

7.1 Distributions.

(a) Election of Distribution Event. During an Enrollment Period, a Participant must elect on the Enrollment Form the Distribution Event(s) which will trigger payment of the Distributable Amount in a Participant's Plan Year Account to the Participant or his or her Beneficiary. As permitted by the Committee on the Enrollment Form, a Participant may elect as an applicable Distribution Event: (1) the death of the Participant, (2) the Participant's Disability, (3) the Participant's Retirement, (4) the Participant's Termination or (5) some other date specified by the Participant.

(b) Form of Distribution. A Participant may elect either of the following forms of distribution:

(i) Lump sum; or

(ii) Up to ten (10) annual installments. Ten (10) annual installments shall be the default form of distribution in the absence of an election made by the Participant. If the Participant's Distributable Amount is paid in installments, the Participant's Plan Year Account shall continue to be credited not less frequently than monthly with Income and the installment amount shall be adjusted annually to reflect Income until all amounts credited to the Participant's Plan Year Account under the Plan have been distributed.

A Participant may select a different form of distribution to his or her Beneficiary in the event the Participant dies prior to the Distribution Event. Notwithstanding the foregoing, if the Participant's Distributable Amount is Twenty-Five Thousand Dollars (\$25,000) or less, the Distributable Amount shall automatically be distributed in the form of a cash lump sum payment on the Participant's Payment Commencement Date.

(c) Change to Distribution Elections. A Participant may change his or her Distribution Election by submitting a Change Form, in a manner prescribed by the Committee, with the Committee at least twelve (12) months prior to his or her original Payment Commencement Date. Any change of Distribution Election relating to a distribution other than as a result of Disability or death shall be effective only to the extent that the first payment pursuant to such changed election is deferred for a period of at least five (5) years from the date such payment would otherwise have been made.

(d) Death Benefits. If the Participant dies prior to receiving any of his or her Account, such Participant's Distributable Amount shall be paid to his or her Beneficiary in accordance with the Participant's Distribution Election(s). If the Participant is receiving annual installment payments at the time of his or her death, then the Participant's Beneficiary shall be paid the remaining annual installments as they come due.

(e) Payment of Distributable Amount. The Distributable Amount shall be paid to the Participant (or Beneficiary, if applicable) in accordance with Participant's Deferral Election(s) on the Payment Commencement Date, provided that if the applicable Distribution Event(s) is other than the Participant's Retirement or Death, the Payment Commencement Date must be at least three (3) years after the end of the Plan Year for which the election is made.

7.2 Unforeseeable Emergency Withdrawal.

(a) Triggering an Unforeseeable Emergency Hardship Withdrawal. The Committee may, in its sole and absolute discretion, accelerate the date of distribution of a Participant's Account because of an Unforeseeable Emergency at any time. "**Unforeseeable Emergency**" means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Code Section 152(a)) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The amount permitted to be distributed with respect to the Unforeseeable Emergency may not exceed the amount necessary to satisfy such emergency plus the amount necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship). This Section 7.2 shall be interpreted consistent with Code Section 409 a(2)(B)(ii) and applicable regulations issued thereunder.

(b) Distribution Attributable to an Unforeseeable Emergency. Unless the Committee, in its sole and absolute discretion, determines otherwise, distribution pursuant to this Section 7.2 of less than the Participant's entire interest in the Plan shall be made pro rata from his or her assumed investments according to the balances in such investments. Subject to the foregoing, payment of any amount with respect to which a Participant has filed a request under this Section 7.2 shall be made in a single cash lump sum as soon as administratively practicable after the Committee approves the Participant's request. Any remaining amounts in the Participant's Account shall be distributed as provided in Section 7.1 above.

7.3 Inability To Locate Participant. In the event that the Committee is unable to locate a Participant or Beneficiary within two (2) years following the Participant's Distribution Event, the amount allocated to the Participant's Deferral Account shall be forfeited. If, after such forfeiture, the Participant or Beneficiary later establishes a proper claim for such benefit, as determined by the Committee in its sole discretion, such benefit (calculated immediately prior to the forfeiture) shall be reinstated without interest or income.

ARTICLE VIII ADMINISTRATION

8.1 Committee. A Committee shall be appointed by, and serve at the pleasure of, the Board. The number of members comprising the Committee shall be determined by the Board, which may from time to time vary the number of members. A member of the Committee may resign by

delivering a written notice of resignation to the Board. The Board may remove any member by delivering a certified copy of its resolution of removal to such member. Vacancies in the membership of the Committee shall be filled by the Board.

8.2 Committee Action. The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if a written consent to the action is signed by all members of the Committee and such written consent is filed with the minutes of the proceedings of the Committee. A member of the Committee shall not vote or act upon any matter that relates solely to himself or herself as a Participant. The chairman or any other member or members of the Committee designated by the chairman may execute any certificate or other written direction on behalf of the Committee.

8.3 Powers and Duties of the Committee.

(a) The Committee, on behalf of the Participants and their Beneficiaries, shall enforce the Plan in accordance with its terms, shall be charged with the general administration of the Plan and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:

(i) To select the funds to be the Funds in accordance with Section 3.3 hereof;

(ii) To construe and interpret the terms and provisions of this Plan and to make factual determinations relevant to Plan benefits and entitlements;

(iii) To amend, modify, suspend or terminate the Plan in accordance with Section 9.4;

(iv) To compute and certify the amount and kind of benefits payable to Participants and their Beneficiaries and to direct the Trustee as to the distribution of Plan assets;

(v) To maintain all records that may be necessary for the administration of the Plan;

(vi) To provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;

(vii) To make and publish such rules for the regulation of the Plan and procedures for the administration of the Plan, including the form of Enrollment Form, as are not inconsistent with the terms hereof;

(viii) To appoint a plan administrator or any other agent, and to delegate to them such powers and duties in connection with the administration of the Plan as the Committee may from time to time prescribe;

(ix) To designate the affiliates that will participate in the Plan; and

(x) To determine the entities that constitute predecessor employers for purposes of determining years of service (if applicable).

8.4 Construction and Interpretation. The Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, and to apply them to particular factual circumstances, which interpretation or construction shall be final and binding on all parties, including but not limited to the Company and any Participant and Beneficiary.

8.5 Information. To enable the Committee to perform its functions, the Company shall supply full and timely information to the Committee on all matters relating to the Compensation of all Participants, their death or other cause of termination, and such other pertinent facts as the Committee may reasonably require.

8.6 Compensation, Expenses and Indemnity.

(a) The members of the Committee shall serve without compensation for their services hereunder.

(b) The Committee is authorized at the expense of the Company to employ such legal counsel or other professional advisers as it may deem advisable from time to time to assist in the performance of its duties hereunder. Expenses and fees in connection with the administration of the Plan shall be paid by the Company.

(c) To the extent permitted by applicable state law, the Company shall indemnify and save harmless the Committee and each member thereof, the Board and any delegate of the Committee who is an employee of the Company against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to the Plan, other than expenses and liabilities arising out of willful misconduct or gross negligence. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company or provided by the Company under any bylaw, agreement or otherwise, as such indemnities are permitted under state law.

8.7 Quarterly Statements. Under procedures established by the Committee, a Participant shall be provided with a statement with respect to such Participant's Account on a quarterly basis.

ARTICLE IX
MISCELLANEOUS

9.1 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interests in any specific property or assets of the Company. No assets of the Company shall be held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all of the Company's assets shall be, and remain, the general unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors.

9.2 Restriction Against Assignment. The Company shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or corporation. No part of a Participant's Account shall be liable for the debts, contracts, or engagements of any Participant, his or her Beneficiary, or successors in interest, nor shall a Participant's Account be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. If any Participant, Beneficiary or successor in interest is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any distribution or payment from the Plan, voluntarily or involuntarily, the Committee, in its sole and absolute discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Participant, Beneficiary or successor in interest in such manner as the Committee shall direct.

9.3 Withholding. There shall be deducted from each payment made under the Plan, all taxes that are required to be withheld by the Company in respect to such payment. The Company shall have the right to reduce any payment by the amount of cash sufficient to provide the amount of said taxes.

9.4 Amendment, Modification, Suspension or Termination. The Committee may amend, modify, suspend or terminate the Plan in whole or in part at any time for any reason, except that no amendment, modification, suspension or termination shall have any retroactive effect to reduce any amounts allocated to a Participant's Account, provided that a termination or suspension of the Plan or any Plan amendment or modification that will significantly increase costs to the Company shall be approved by the Board. In the event that this Plan is terminated, the timing of the disposition of the amounts credited to a Participant's Account shall occur in accordance with Section 7.1, subject to earlier distribution at the sole and absolute discretion of the Committee to the extent such exercise of discretion is consistent with the acceleration of distribution rules under Code Section 409A and Treasury Regulations issued thereunder.

9.5 Governing Law. The Plan shall be construed, governed and administered in all respects in accordance with ERISA, the Code and other pertinent Federal laws to the extent applicable, and, to the extent not preempted by ERISA, in accordance with the laws of the State of California (irrespective of the choice of law principles of the State of California as to all matters).

9.6 Receipt or Release. Any payment to a Participant or the Participant's Beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all

claims against the Committee and the Company. The Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

9.7 Payments on Behalf of Persons Under Incapacity. In the event that any amount becomes payable under the Plan to a person who, in the sole and absolute judgment of the Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefore, the Committee may direct that such payment be made to any person found by the Committee, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Committee and the Company.

9.8 No Employment Rights; No Undertakings. Participation in this Plan shall not confer upon any person any right to be employed by the Company or any other right not expressly provided hereunder. The Company makes no undertakings, covenants or representations to maintain the tax-deferred status of deferrals under the Plan or that any particular tax or legal consequences will apply to Deferrals or Plan benefits.

9.9 Headings, etc. Not Part of Agreement. Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

IN WITNESS WHEREOF, the Company has caused this document to be executed by its duly authorized officer on this _____ day of _____, 2004.

AUTODESK, INC.

By: _____

Title: _____

SUBSIDIARIES OF AUTODESK, INC.

The Registrant owns 100 percent of the outstanding voting securities of the following corporations, as of January 31, 2005, all of which are included in the Registrant's consolidated financial statements:

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
ADSK Canada Inc.	Canada
Autodesk (Europe) S.A.	Switzerland
Autodesk AB	Sweden
Autodesk S.A.	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 Co.	Canada
Autodesk Consulting (Shanghai) Co, Ltd.	China
Autodesk Development B.V.	Netherlands
Autodesk Development S.a.r.l.	Switzerland
Autodesk (EMEA) S.a.r.l.	Switzerland
Autodesk Far East Ltd.	Hong Kong
Autodesk GesmbH	Austria
Autodesk GmbH	Germany
Autodesk India Private Ltd.	India
Autodesk International Holding Co.	Delaware
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 S.A. (Spain)	Spain
Autodesk S.A.S.	France
Autodesk S.p.A.	Italy
Autodesk Software Lda	Portugal
Autodesk Software (China) Co., Ltd.	China
Autodesk Spol. S.R.O.	Czech Republic
Autodesk, Taiwan Ltd.	Taiwan
Autodesk de Venezuela S.A.	Venezuela
Buzzsaw, Inc.	Delaware
Discreet Logic Inc.	Delaware
Discreet, Inc.	Delaware
Discreet Logic-USA, Inc.	Delaware
Revit Technology Corporation	Delaware
Revit Technology Limited	United Kingdom
Revit Security Corporation	Massachusetts

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

Form S-8	33-15675	1987 Stock Option Plan
Form S-8	33-22656	1990 Directors' Option Plan
Form S-8	33-39458	1996 Stock Plan
Form S-8	33-51110	Nonstatutory Stock Option Plan
Form S-8	33-61015	1987 Stock Option Plan and 1990 Directors' Option Plan
Form S-8	333-08693	1996 Stock Plan, 1990 Directors' Option Plan, 1998 Employee Qualified Stock Purchase Plan and Teleos Research 1996 Stock Plan
Form S-8	333-15037	Nonstatutory Stock Option Plan
Form S-8	333-24469	Softdesk, Inc. 1992 Stock Option Plan, Softdesk, Inc. 1993 Director Stock Option Plan and Softdesk, Inc. 1993 Equity Incentive Plan
Form S-8	333-62655	1996 Stock Plan and 1998 Employee Qualified Stock Purchase Plan
Form S-8	333-74651	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
Form S-8	333-81207	1996 Stock Plan, 1998 Employee Qualified Stock Purchase Plan and Nonstatutory Stock Option Plan
Form S-8	333-92539	Nonstatutory Stock Option Plan
Form S-8	333-45928	1996 Stock Plan, 2000 Directors' Option Plan and 1998 Employee Qualified Stock Purchase Plan
Form S-8	333-67974	1996 Stock Plan, 1998 Employee Qualified Stock Purchase Plan and Nonstatutory Stock Option Plan
Form S-8	333-88682	Revit Technology Corporation 1998 Stock Plan, 1996 Stock Plan and 1998 Employee Qualified Stock Purchase Plan
Form S-8	333-106556	1996 Stock Plan and 1998 Employee Qualified Stock Purchase Plan
Form S-8	333-116203	1996 Stock Plan and 1998 Employee Qualified Stock Purchase Plan

of our report dated March 30, 2005, with respect to the consolidated financial statements and schedule of Autodesk, Inc., Autodesk, Inc.'s management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Autodesk, Inc., included in this Annual Report (Form 10-K) for the year ended January 31, 2005.

/s/Ernst & Young LLP

San Francisco, California
March 30, 2005

CERTIFICATION

I, Carol A. Bartz, certify that:

1. I have reviewed this annual report on Form 10-K of Autodesk, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2005

/s/ CAROL A. BARTZ

Carol A. Bartz
Chairman, Chief Executive Officer and President

CERTIFICATION

I, Alfred J. Castino, certify that:

1. I have reviewed this annual report on Form 10-K of Autodesk, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2005

/s/ ALFRED J. CASTINO

Alfred J. Castino
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Based on my knowledge, I, Carol A. Bartz, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Autodesk, Inc. on Form 10-K for the annual period ended January 31, 2005 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-K fairly presents in all material respects the financial condition and results of operations of Autodesk, Inc.

March 31, 2005

/s/ CAROL A. BARTZ

Carol A. Bartz
Chairman, Chief Executive Officer and President

Based on my knowledge, I, Alfred J. Castino, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Autodesk, Inc. on Form 10-K for the annual period ended January 31, 2005 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-K fairly presents in all material respects the financial condition and results of operations of Autodesk, Inc.

March 31, 2005

/s/ ALFRED J. CASTINO

Alfred J. Castino
Senior Vice President and Chief Financial Officer