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

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 31, 2000

OR

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

Commission File Number: 0-14338

AUTODESK, INC.
(Exact name of registrant as specified in its charter)

Delaware	94-2819853
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

111 McInnis Parkway
San Rafael, California 94903
(Address of principal executive offices)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes X No __

As of July 31, 2000, there were approximately 57.6 million shares of the Registrant's Common Stock outstanding.

AUTODESK, INC.

INDEX

PART I. FINANCIAL INFORMATION

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Three months ended July 31,		Six months ended July 31,	
	2000	1999	2000	1999
Net revenues	$ 226,250	$ 202,945	$ 449,579	$ 397,884
Costs and expenses:				
Cost of revenues	38,579	39,614	74,727	72,022
Marketing and sales	71,004	82,023	141,154	162,168
Research and development	42,272	44,692	82,527	83,290
General and administrative	33,123	34,071	64,928	69,043
Amortization of goodwill and purchased intangibles	7,272	7,793	15,060	15,037
Nonrecurring (credits) charges	-	-	(800)	21,781
	192,250	208,193	377,596	423,341
Income (loss) from operations	34,000	(5,248)	71,983	(25,457)
Interest and other income, net	4,301	5,820	7,274	10,316
Income (loss) before income taxes	38,301	572	79,257	(15,141)
Provision for income taxes	(12,234)	(183)	(25,339)	(1,614)
Equity in net loss of affiliate	(5,314)	-	(7,559)	-
Net income (loss)	$ 20,753	$ 389	$ 46,359	$ (16,755)
Basic net income (loss) per share	$ 0.36	$ 0.01	$ 0.79	$ (0.28)
Diluted net income (loss) per share	$ 0.35	$ 0.01	$ 0.77	$ (0.28)
Shares used in computing basic net income (loss) per share	57,752	60,845	58,397	59,890
Shares used in computing diluted net income (loss) per share	59,073	61,535	60,579	59,890

See accompanying notes.

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

	July 31, 2000 (Unaudited)	January 31, 2000 (Audited)
Current assets:		
Cash and cash equivalents	$ 89,599	$ 108,641
Marketable securities	159,436	250,290
Accounts receivable, net	154,765	110,839
Inventories	15,280	19,264
Deferred income taxes	30,574	27,670
Prepaid expenses and other current assets	23,805	28,555
Total current assets	473,459	545,259
Marketable securities	193,133	181,992
Computer equipment, furniture, and leasehold improvements, at cost:		
Computer equipment and furniture	158,589	142,528
Leasehold improvements	21,667	22,723
Less accumulated depreciation	(133,442)	(123,367)
Net computer equipment, furniture, and leasehold improvements	46,814	41,884
Purchased technologies and capitalized software, net	21,435	29,029
Goodwill, net	61,277	75,489
Deferred income taxes	29,981	27,818
Other assets	18,109	5,855
	$ 844,208	$ 907,326

See accompanying notes.

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

	July 31, 2000	January 31, 2000
	(Unaudited)	(Audited)
Current liabilities:		
Accounts payable	$ 49,605	$ 45,310
Accrued compensation	45,970	50,448
Accrued income taxes	95,270	88,006
Deferred revenues	43,825	33,604
Other accrued liabilities	85,468	82,024
Total current liabilities	320,138	299,392
Deferred income taxes	4,078	4,380
Other liabilities	1,240	1,255
Commitments and contingencies		
Stockholders' equity:		
Common stock and additional paid-in capital	514,996	561,814
Accumulated other comprehensive loss	(15,869)	(14,822)
Deferred compensation	(1,128)	(1,338)
Retained earnings	20,753	56,645
Total stockholders' equity	518,752	602,299
	$ 844,208	$ 907,326

See accompanying notes.

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

	Six months ended July 31, 2000	Six months ended July 31, 1999
Operating activities		
Net income (loss)	$ 46,359	$ (16,755)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	36,302	43,142
Net loss on asset disposals	1,381	757
Equity in net loss of affiliate	7,559	-
Charge for acquired in-process research and development	-	3,287
Changes in operating assets and liabilities	604	(26,600)
Net cash provided by operating activities	92,205	3,831
Investing activities		
Net maturities (purchases) of marketable securities	80,808	(178,408)
Capital expenditures	(18,265)	(13,845)
Business combinations, net of cash acquired	-	(25,642)
Investments in unconsolidated entities	(22,800)	-
Other investing activities	3,616	2,810
Net cash provided by (used in) investing activities	43,359	(215,085)
Financing activities		
Repayment of notes payable and borrowings	(214)	(587)
Repurchases of common stock	(233,528)	-
Proceeds from issuance of common stock, net of issuance costs	92,244	137,376
Dividends paid	(6,952)	(7,088)
Net cash (used in) provided by financing activities	(148,450)	129,701
Effect of exchange rate changes on cash and cash equivalents	(6,156)	(5,169)
Discreet Logic activity for the one month ended January 31, 1999	-	320
Net decrease in cash and cash equivalents	(19,042)	(86,402)
Cash and cash equivalents at beginning of year	108,641	258,941
Cash and cash equivalents at end of period	$ 89,599	$ 172,539
Supplemental cash flow information:		
Cash paid during the period for income taxes	$ 3,723	$ 34,484

See accompanying notes.

AUTODESK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. These statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in Autodesk's fiscal 2000 Annual Report on Form 10-K. The results of operations for the three and six months ended July 31, 2000 are not necessarily indicative of the results for the entire fiscal year ending January 31, 2001.

2. Recently Issued Accounting Standards

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." Autodesk is required to adopt SAB 101 in the fourth quarter of fiscal 2001. The SEC has indicated that they intend to issue additional written guidance to further supplement SAB 101. Autodesk is currently evaluating the impact of the proposed additional SAB 101 guidance on its required disclosures and accounting practices.

During the six months ended July 31, 2001, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board issued specific accounting literature in response to a number of issues raised by the SEC related to accounting for Internet activities. This new literature, which addresses accounting for web site development costs, hosting revenues, sales incentives, and shipping and handling revenue and costs, is generally effective beginning in the third or fourth quarters of the current fiscal year. Autodesk is currently evaluating the impact of this literature on its financial statements and related disclosures.

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

3. Net Income (Loss) Per Share

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

	Three months ended July 31,		Six months ended July 31,	
(In thousands)	2000	1999	2000	1999
Numerator:				
Numerator for basic and diluted per share amount -- net income (loss)	$20,753	$ 389	$46,359	$(16,755)
Denominator:				
Denominator for basic net income (loss) per share -- weighted average shares	57,752	60,845	58,397	59,890
Effect of dilutive common stock options	1,321	690	2,182	-
Denominator for dilutive net income (loss) per share	59,073	61,535	60,579	59,890

For the three months ended July 31, 2000 and 1999, options to purchase 5.5 million and 10.5 million shares, respectively, were excluded from the computation of diluted net income per share. For the six months ended July 31, 2000 options to purchase 3.4 million shares were excluded from the computation of diluted net income per share. These options were excluded because the options' exercise prices were greater than the average market prices of Autodesk's common stock during the respective periods.

For the six months ended July 31, 1999, all outstanding options were excluded from the computation of diluted net loss per share because Autodesk incurred a loss.

4. Comprehensive Income (Loss)

Autodesk's total comprehensive income (loss) was as follows:

(In thousands)	Three months ended July 31, 2000	Three months ended July 31, 1999	Six months ended July 31, 2000	Six months ended July 31, 1999
Net income (loss)	$20,753	$ 389	$46,359	$(16,755)
Other comprehensive income (loss), net	826	(3,603)	(1,047)	(4,996)
Total comprehensive income (loss)	$21,579	$(3,214)	$45,312	$(21,751)

5. Investment in Affiliate -- Buzzsaw.com, Inc.

In April 2000, Autodesk invested an additional $17.5 million in Buzzsaw.com, Inc., an Internet start-up formed by Autodesk during the third quarter of fiscal 2000. Autodesk currently maintains approximately a 40 percent interest in Buzzsaw.com, and accounts for this investment under the equity method of accounting.

During the six months ended July 31, 2000, Autodesk recognized $7.6 million of losses, of which $5.3 million was recognized during the second quarter. These losses represent Autodesk's proportionate share of Buzzsaw.com's losses from April through July 2000. The carrying value of Autodesk's investment in Buzzsaw.com was $6.0 million at July 31, 2000, and is included in Other Assets in the Condensed Consolidated Balance Sheet.

6. Restructuring Accruals

The following table sets forth the activity during the six months ended July 31, 2000 associated with restructurings that occurred during fiscal 2000:

(In thousands)	Balance at February 1, 2000	Additions	Charges Utilized	Reversals	Balance at July 31, 2000
Employee termination costs	$ 1,000	$ 0	$ (343)	$ (300)	$ 357
Office closure costs	700	0	(135)	(100)	465
Legal entity liquidations	500	0	(58)	(200)	242
Total	$ 2,200	$ 0	$ (536)	$ (600)	$ 1,064

The $0.6 million of reversals is included in Nonrecurring (Credits) Charges in the Condensed Consolidated Statement of Operations and was recognized during the first quarter. Certain accruals established in fiscal 2000 were settled for less than originally estimated.

7. Segments

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

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 market group. Information concerning the operations of the reportable segments is as follows:

	Three months ended July 31,		Six months ended July 31,	
(In thousands)	2000	1999	2000	1999
Net revenues:				
Design Solutions	$176,228	$156,115	$ 353,237	$ 317,175
Discreet	50,022	46,830	96,342	80,709
	$226,250	$202,945	$ 449,579	$ 397,884
Income (loss) from operations:				
Design Solutions	$115,773	$ 68,990	$ 238,692	$ 145,896
Discreet	1,894	4,256	3,006	(20,452)
Unallocated amounts/1/	(83,667)	(78,494)	(169,715)	(150,901)
	$ 34,000	$ (5,248)	$ 71,983	$ (25,457)

/1/ Unallocated amounts are attributed primarily to other geographic costs and expenses that are managed outside the reportable segments.

8. Stock Repurchase Program

During the second quarter of fiscal 2001, Autodesk repurchased and retired 1.2 million shares of its common stock at an average repurchase price of $34.53 per share. During the first quarter of fiscal 2001, Autodesk repurchased and retired 4.0 million shares of its common stock at an average repurchase price of $48.06 per share. As a result, common stock and additional paid-in capital and retained earnings were reduced by $156.2 million and $77.3 million, respectively.

In March 2000, Autodesk announced a plan to repurchase up to an additional 8.0 million shares of its common stock. The primary purpose of the stock repurchase program is to help offset the dilution to earnings per share caused by the issuance of stock under the employee stock plans.

Through a series of equity collar contracts that were entered into with a financial institution, Autodesk has the option to purchase and retire 1.8 million shares of its common stock. The underlying put and call options, which are at various prices and expire at various dates through December 2000, give Autodesk the choice of physical, cash and net share settlement methods.

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

The discussion below contains trend analyses and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, trend analyses and other information contained below relating to markets for our products and trends in revenue, as well as other statements including such words as "anticipate," "believe," "plan," "estimate," "expect," "goal," and "intend" and other similar expressions constitute forward-looking statements. These forward-looking statements are subject to business and economic risks, and our actual results could differ materially from those set forth in the forward-looking statements as a result of the factors set forth below, including "Risk Factors Which May Impact Future Operating Results," page 12, as well as factors set forth in our fiscal 2000 Annual Report on Form 10-K.

Results of Operations

Three Months Ended July 31, 2000 and 1999

Net revenues. Our second quarter net revenues of $226.3 million increased from $202.9 million recognized in the second quarter of the prior fiscal year. The 11 percent increase reflects increases in net revenues in the Americas of 14 percent and in Asia/Pacific of 24 percent as compared to the same period in the prior fiscal year. Sales in Europe were approximately the same as in the prior fiscal quarter primarily as a result of unfavorable exchange rate movements. In addition, net revenues for the Discreet Segment increased 7 percent compared to the second quarter in the prior fiscal year. The overall increase in net revenues was primarily due to an increase in the sales of vertical products. Sales of AutoCAD and AutoCAD upgrades accounted for approximately 33 percent of our consolidated net revenues in the second quarter of fiscal year 2001 and 44 percent of our consolidated net revenues in the same period of fiscal year 2000.

The stronger value of the US dollar, relative to international currencies, had a negative impact on net revenues in the second quarter of the current fiscal year. Had the rates from the prior year been in effect in the second quarter of fiscal 2000, translated international revenue billed in local currencies would have been $5.0 million higher. International sales, including exports from the U.S., accounted for approximately 64 percent of our net revenues in the second quarter of fiscal year 2001 as compared to 65 percent in the same period of the prior fiscal year.

Product returns, consisting principally of stock rotation, are recorded as a reduction of revenues and represented approximately 3 percent of consolidated revenues in the second quarter of fiscal year 2001 and 4 percent in the second quarter of fiscal year 2000. We anticipate that the level of product returns in future periods will continue to be impacted by the timing of new product releases, as well as the quality and market acceptance of new products.

Cost of revenues. When expressed as a percentage of net revenues, cost of revenues decreased from 20 percent of net revenues in the second quarter of the prior fiscal year to 17 percent of net revenues in the second quarter of the current fiscal year. This decrease is primarily due to lower material costs of $1.7 million, lower capitalized software amortization of $1.4 million, as well as reduced royalty costs of $0.8 million offset in part by increased employee-related expenses. Royalty costs declined as a result of the expiration of some of our royalty arrangements in fiscal 2000. Cost of revenues as a percentage of net revenues has been and may continue to be impacted by the mix of product sales, software amortization costs, royalty rates for licensed technology embedded in our products, and the geographic distribution of sales.

Marketing and sales. Marketing and sales expenses decreased to 31 percent of net revenues in the second quarter of fiscal year 2001 from 40 percent of net revenues in the second quarter of fiscal year 2000. This decrease is partially due to lower employee-related expenses of $3.8 million and higher spending last year related to the launch of AutoCAD 2000. We expect to continue to make significant investments in marketing and sales, both in absolute dollars and as a percentage of net revenues.

Research and development. Second quarter research and development expenses of $42.3 million decreased from $44.7 million recognized in the second quarter of the prior year. The reduction is primarily due to lower facilities costs of $1.6 million. We anticipate that research and development expenses will increase in future periods as a result of product development efforts by our market groups and incremental personnel costs.

General and administrative. General and administrative expenses were 15 percent of net revenues in the second quarter of fiscal year 2001 as compared to 17 percent of net revenues in the second quarter of the prior fiscal year. This reduction is primarily due to lower facilities costs of $0.9 million. We expect that general and administrative expenses will continue to be significant in future periods to support spending on infrastructure, including continued investment in our worldwide information systems.

Amortization of goodwill and purchased intangibles. Amortization of goodwill and purchased intangibles for the three months ended July 31, 2000 decreased slightly as compared to the same period in the prior fiscal year due to some intangibles reaching the end of their estimated useful lives.

Interest and other income. Interest and other income, net was $4.3 million in the second quarter of fiscal year 2001 compared to $5.8 million in the corresponding period of the prior year. The decrease is related to lower investment balances resulting from cash used for share repurchase activity.

Provision for income taxes. Our effective income tax rate was 32 percent for the second quarter of fiscal 2001 and 2000. Consistent with last year, the effective tax rate for the second quarter of fiscal 2001 is less than the federal statutory rate of 35 percent due to the benefits associated with our foreign earnings which are taxed at rates different from the federal statutory rate, research credits and tax-exempt interest, partially offset by non-deductible goodwill amortization.

Equity in net loss of affiliate. The $5.3 million equity in net loss of affiliate represents our proportionate share of Buzzsaw.com's May through July 2000 losses. We expect our equity in net losses of Buzzsaw.com to continue to be significant in the remaining quarters of the current fiscal year.

Six Months Ended July 31, 2000 and 1999

Net revenues. Our net revenues for the six months ended July 31, 2000 of $449.6 million increased from $397.9 million recognized in the same period of the prior fiscal year. Increases in the Americas net revenues of 20 percent as well as a 28 percent increase in Asia/Pacific more than offset a decrease of 3 percent in net revenues in Europe, as compared to the same period in the prior fiscal year. The decrease in European net revenues was primarily caused by unfavorable exchange rate movements. Net revenues for the Discreet Segment increased 19 percent compared to the same period in the prior fiscal year. The overall increase in net revenues was primarily due to an increase in the sales of vertical products and sales of VISION* Solutions, or VISION, which was acquired on April 22, 1999. Sales of AutoCAD and AutoCAD upgrades accounted for approximately 33 percent of our consolidated net revenues in the first six months of fiscal 2001 and 45 percent of our consolidated net revenue in the first six months of fiscal 2000.

The stronger value of the US dollar, relative to international currencies, had a negative impact on net revenues in the first six months of the current fiscal year. Had the rates from the prior year been in effect in the six months ended July 31, 2000 translated international revenue billed in local currencies would have been $9.2 million higher.

Cost of revenues. When expressed as a percentage of net revenues, cost of revenues decreased slightly from 18 percent of net revenues in the six months ended July 31, 1999 to 17 percent of net revenues for the six months ended July 31, 2000. This decrease is primarily due to reduced royalty costs of $2.7 million that resulted from the expiration of some of our royalty arrangements in fiscal 2000 and reduced software amortization costs. Cost of revenues as a percentage of net revenues has been and may continue to be impacted by the mix of product sales, software amortization costs, royalty rates for licensed technology embedded in our products, and the geographic distribution of sales.

Marketing and sales. Marketing and sales expenses decreased to 31 percent of net revenues in the six months ended July 31, 2000 from 41 percent of net revenues in the same period of the prior fiscal year. This decrease is partially due to lower employee-related expenses of $7.6 million. Additionally, during the six months ended July 31, 1999, we incurred advertising and promotion costs related to the March 1999 launch of AutoCAD 2000. We expect to continue to make significant investments in marketing and sales, both in absolute dollars and as a percentage of net revenues.

Research and development. Research and development expenses decreased to $82.5 million in the six months ended July 31, 2000 from $83.3 million recognized in the same period of the prior fiscal year. Lower facilities costs were offset by additional spending by acquired businesses. We anticipate that research and development expenses will increase in future periods as a result of product development efforts by our market groups and incremental personnel costs.

General and administrative. General and administrative expenses were 14 percent of net revenues in the first six months of fiscal 2001 as compared to 17 percent of net revenues in the same period of the prior fiscal year. This reduction is primarily due to lower employee-related spending and lower spending related to information systems. We expect that general and administrative expenses will continue to be significant in future periods to support spending on infrastructure, including continued investment in our worldwide information systems.

Amortization of goodwill and purchased intangibles. Amortization of goodwill and purchased intangibles for the six months ended July 31, 2000 increased slightly as compared to the same period in the prior fiscal year.

Nonrecurring (credits) charges. During the first six months of fiscal 2001, we reversed $0.8 million related to one-time accruals established in fiscal 2000. Of the $0.8 million, $0.6 million related to restructuring accruals established in fiscal 2000. The accruals were settled for less than originally estimated. During the six months ended July 31, 1999, we recognized $21.8 million of nonrecurring charges related to the acquisitions of Discreet Logic Inc. and VISION.

Interest and other income. Interest and other income, net was $7.3 million in the first six months of fiscal 2001 compared to $10.3 million in the corresponding period of the prior year. The decrease is related to lower investment balances resulting from cash used for share repurchase activity.

Provision for income taxes. Our effective income tax rate was 32 percent for the first half of fiscal 2001 and 2000. Consistent with last year, the effective tax rate for the first half of fiscal 2001 is less than the federal statutory rate of 35 percent due to the benefits associated with our foreign earnings which are taxed at rates different from the federal statutory rate, research credits and tax-exempt interest, partially offset by non-deductible goodwill amortization.

Equity in net loss of affiliate. The $7.6 million equity in net loss of affiliate represents our proportionate share of Buzzsaw.com's April through July 2000 losses. During April 2000, we invested an additional $17.5 million in Buzzsaw.com, an Internet start-up we formed during the third quarter of fiscal 2000. We expect our equity in net losses of Buzzsaw.com to continue to be significant in the remaining quarters of the current fiscal year.

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.

You should carefully consider these risks before making an investment decision. If any of the following risks actually occur, our business, financial condition or results of operations could be adversely impacted. In that case, the trading price of our common stock could decline, and you could lose all or part of your investment.

Fluctuations in quarterly operating results. At various times, we experience fluctuations in our quarterly operating results. These fluctuations are caused by numerous factors including, among other things, the timing of the introduction of new products by us or our competitors, increases in personnel, changes in marketing or operating expenses, changes in product pricing or product mix, delays in product releases, competitive factors, and general economic conditions.

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

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

Additionally, 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 business.

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

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

Competition. The software industry has limited barriers to entry, and the availability of desktop computers with continually expanding capabilities at progressively lower prices contributes to the ease of market entry. Because of these and other factors, competitive conditions in the industry are likely to intensify in the future. Increased competition could result in price reductions, reduced revenues and profit margins and loss of market share, any of which could harm our business. The design software market in particular is 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. Some of our competitors have greater financial, technical, sales and marketing and other resources.

We believe that the principal factors affecting competition in our markets are product reliability, performance, ease of use, range of useful features, continuing product enhancements, reputation, price, and training.

In addition, the availability of third-party application software is a competitive factor within the CAD market. We believe that we compete favorably in these areas and that our competitive position depends, in part, upon our continued ability to enhance existing products and to develop and market new products.

Product Development and Introduction. Rapid technological change as well as changes in customer requirements and preferences characterize the software industry. The software products we offer are internally complex, and despite extensive testing and quality control, may contain errors or defects. Defects or errors may occur in future releases of AutoCAD or other software products we offer. 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 could 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, price and training. Additionally, increased competition in the market for design, drafting, mapping, or multimedia software products could also harm our business and consolidated results of operations. More specifically, gross margins may be adversely affected if our sales of low-end CAD products and AutoCAD upgrades, which historically have had lower margins, grow at a faster rate than sales of our higher-margin products.

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

Independent firms and contractors have performed some of our product development activities, while other technologies are licensed from third parties. We generally either own or license the software developed by third parties. Because talented development personnel are in high demand, independent developers, including those who have developed products for us in the past, may not be able to provide development support to us in the future. Similarly, we may not be able to obtain and renew license agreements 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 otherwise experience disruption in product development and delivery cycles. In particular markets, this disruption could negatively impact these third-party developers and end users, which could harm our business. Further, increased merger and acquisition activity currently experienced in the technology industry could affect relationships with other third-party developers and thus harm operating results.

International Operations. We anticipate that international operations will continue to account for a significant portion of our consolidated revenues. Risks inherent in our international operations include the following unexpected changes in regulatory practices and tariffs, difficulties in staffing and managing foreign operations, longer collection cycles for accounts receivable, potential changes in tax laws, greater difficulty in protecting intellectual property, and the impact of fluctuating exchange rates between the U.S. dollar and foreign currencies in markets where we do business.

Our risk management strategy uses derivative financial instruments in the form of foreign currency option contracts and forward contracts for the purpose of hedging foreign currency market exposures, which exist as a part of our ongoing business operations. We do not enter into derivative contracts for the purpose of trading or speculative transactions. Our international results may also be impacted by general economic and political conditions in these foreign markets. These and other factors may adversely impact our future international operations and consequently on our business as a whole.

Dependence on Distribution Channels. We sell our software products primarily to distributors and value-added resellers, or VARs. Our ability to effectively distribute products depends in part upon the financial and business condition of our VAR network. Although we have not recently experienced any material problems with the financial viability of our VAR network, computer software dealers and distributors are typically not highly capitalized, have previously experienced difficulties during times of economic contraction and may do so in the future. In addition, the changing distribution models resulting from the Internet may impact our VAR network in the future. While no single customer accounted for more than 10 percent of our consolidated net revenues in the second quarter of fiscal 2001, 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.

Product Returns. With the exception of various European distributors, agreements with our VARs do not contain specific product-return privileges. However, we permit our VARs to return product in certain instances, generally during periods of product transition and during update cycles. We anticipate that product returns in future periods will continue to be impacted by product update cycles, new product releases and software quality.

We establish reserves, including reserves for stock balancing and product rotation. These reserves are based on estimated future returns of product and, after taking into account channel inventory levels, the timing of new product introductions and other factors. While we maintain strict measures to monitor channel inventories and to provide appropriate reserves, actual product returns may differ from our reserve estimates, and such differences could harm our business.

Intellectual Property. 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 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. Our means of protecting our proprietary rights may not be adequate, and our competitors may independently develop similar technology. We expect that software product developers will be increasingly subject to infringement claims as the number of products and competitors in our industry segments grows and as the functionality of products in different industry segments overlaps. Infringement, invalidity claims, or misappropriation claims may be asserted against us, and any such assertions could harm our business. Any such claims, whether with or without merit, could be time-consuming, result in costly litigation and diversion of resources, cause product shipment delays, or require 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.

We also 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 could harm our business.

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

Impact of Year 2000. Prior to January 1, 2000, we completed our remediation and testing of systems for Year 2000 readiness. As a result of those planning and implementation efforts, we experienced no significant disruptions in mission critical information technology or other systems and believe those systems successfully responded to the Year 2000 date change.

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

Risks Associated with Acquisitions and Investments. We periodically acquire or invest in businesses, software products and technologies that are complementary to our business through strategic alliances, debt and equity investments, and the like. The risks associated with such acquisitions or investments include, among others, the difficulty of assimilating the operations and personnel of the companies, the failure to realize anticipated synergies, and the diversion of management's time and attention. In addition, such investments and acquisitions may involve significant transaction-related costs. We may not be successful in overcoming such risks and such investments and acquisitions may negatively impact our business. In addition, such investments and acquisitions may contribute to potential fluctuations in quarterly results of operations. The fluctuations could arise from merger-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 lack of linearity quarter to quarter in our operating results and financial condition.

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

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

Liquidity and Capital Resources

Cash, cash equivalents, and marketable securities totaled $442.2 million at July 31, 2000, compared to $540.9 million at January 31, 2000. The primary uses of cash during the first six months of fiscal 2001 were: the repurchase of 5.2 million shares of our common stock ($233.5 million), capital expenditures ($18.3 million), dividend payments ($7.0 million) and an additional investment in Buzzsaw.com ($17.5 million). The primary sources of cash were cash provided by operating activities ($92.2 million) and stock issuances resulting from our employee stock plans ($92.2 million).

In March 2000, we announced another plan to repurchase up to an additional 8.0 million shares of our common stock. The primary purpose of the stock repurchase programs is to help offset the dilution to earnings per share caused by the issuance of stock under our employee stock plans.

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

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

We believe that our existing cash, cash equivalents, marketable securities, available line of credit, and cash generated from operations will be sufficient to satisfy our currently anticipated short-term and longer-term cash requirements. Longer-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; dividend payments; the share repurchase programs; investments in related Internet entities; and the acquisition of businesses, software products, or technologies complementary to our business.

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 payables and receivables denominated in foreign currencies. Our foreign currency instruments generally have maturities of less than three months, and the option contracts settle before the end of a quarterly period. The principal currencies hedged during the first and second quarter of the fiscal year were the Euro and the Japanese yen. We monitor our foreign exchange exposures to ensure the overall effectiveness of our foreign currency hedge positions.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no significant changes in our market risk exposure as described in Item 7A: "Quantitative and Qualitative Disclosures About Market Risk" to our 2000 Annual Report on Form 10-K, which is incorporated herein by reference.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various legal proceedings arising from the normal course of business activities. In addition, in March and April 2000, three class action complaints were filed against us and certain of our officers and directors, alleging violations of the Securities Exchange Act of 1934. The plaintiffs seek to act on behalf of purchasers of Autodesk common stock during the period between September 14, 1998 and May 4, 1999 and are seeking unspecified damages. We believe the complaints are without merit and intend to vigorously defend the actions.

In our opinion, resolution of these matters is not expected to have a material adverse impact on our consolidated results of operations or our financial position. However, depending on the amount and timing, an unfavorable resolution of a matter could materially affect our future results of operations or cash flows in a particular period.

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

At our Annual Meeting of Stockholders held on June 22, 2000, the following individuals were elected to the Board of Directors:

	Votes For	Votes Withheld
Carol A. Bartz	50,350,487	281,296
Mark A. Bertelsen	49,536,780	1,095,003
Crawford W. Beveridge	50,383,234	248,549
J. Hallam Dawson	50,379,628	252,155
Per-Kristian Halvorsen	50,335,743	296,040
Paul S. Otellini	50,386,916	244,867
Mary Alice Taylor	50,364,032	267,751
Larry Wangberg	50,381,353	250,430

The following proposals were approved at our Annual Meeting:

	Affirmative Votes	Negative Votes	Votes Withheld
1. Approve the 2000 Directors' Option Plan.	37,166,184	13,233,806	231,793
2. Ratify the appointment of Ernst & Young LLP as independent auditors for the fiscal year ending January 31, 2001.	50,470,888	32,985	127,910

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits

27.0 Financial Data Schedule for the period ended July 31, 2000

Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended July 31, 2000

SIGNATURES

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

Dated: August 30, 2000

AUTODESK, INC.
(Registrant)

/s/ Carol A. Bartz

Carol A. Bartz
Chairman, President and Chief Executive Officer

/s/ Steve Cakebread

Steve Cakebread
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal
Accounting Officer)

5
1,000

6-MOS
JAN-31-2001
FEB-01-2000
JUL-31-2000
89,599
159,436
166,396
11,631
15,280
473,459
180,256
133,442
844,208
320,138
0
0
0
514,996
3,756
844,208
449,579
449,579
74,727
301,106
0
1,763
873
79,257
25,339
46,359
0
0
0
46,359
0.79
0.77