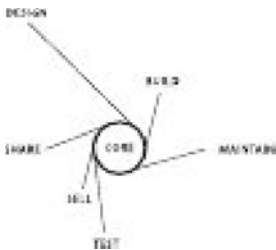
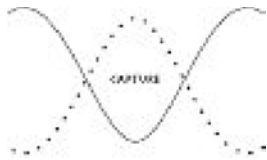


## Letter to Stockholders

This has been a solid year for Autodesk, one of positive strides along a carefully chosen path. We're leading the charge toward a future of infinite possibilities, and you've been with us every step of the way. Our roadmap for success? Combining our vision of the future with the ability to execute on our goals in the present. While our ideas are revolutionary, our implementation has been incremental and evolutionary. This allows our customers to improve their business processes at a pace that is comfortable for them and, ultimately, profitable for you.





We keep our ideas in motion by staying focused on our customers' present and future needs. We add the momentum of our strongest product line in 20 years. And most important, we deliver on the promises we make to our customers. So they trust us—trust our motives. They know that while we continue to seek technology advances that meet the need for productivity and collaboration in the management and use of digital design and visual media, we haven't forgotten the core creation business.

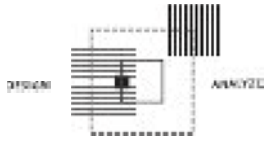


Today our customers are using digital design information to improve business processes across projects, companies, and extended organizations. They see our aim to improve business processes woven through all our products and services. They realize that we've made it our business to understand their business. And that's why they remain loyal—and Autodesk remains successful—even though the economic climate is tough. Only Autodesk offers its customers the best return on investment of time, effort, and inspiration, helping them increase the value of digital designs and visual media across their entire business, and opening a whole world of possibilities.



## Fiscal Year 2002 Financial Review

**In fiscal year 2002, despite a difficult economic environment, our financial results are solid. Our year-end net revenues improved 1 percent to \$947 million, and diluted pro forma earnings per share, reflecting an April 2002 2-for-1 stock split, rose 14 percent to \$1.06, excluding restructuring and other charges, amortization of goodwill, and a one-time gain. Without these pro forma adjustments, diluted earnings per share were 80 cents. Asia Pacific net revenues increased 7 percent to \$223 million. The Americas reported net revenues of \$433 million, equal to last year. And European net revenues of \$291 million show only a slight decline over last year's figures.**



Our portfolio of businesses remained one of our most powerful assets. The strength of our portfolio lies in its diversity—spanning industry segments, geographies, and customers ranging from global 1000 companies, to small and medium enterprises, to sole proprietorships. This diversity provides balance in our financial results.

The design solutions segment—comprising primarily the Platform Technology Group and the Building Industry, Geographic Information Systems, and Manufacturing divisions—earned net revenues of \$791 million, representing growth of 6 percent and accounting for 84 percent of total net revenues.

The Building Industry Division took its flagship product, Autodesk Architectural Desktop, to an outstanding net revenue growth of 44 percent, totaling \$83 million for the year.

The GIS group posted net revenues of \$116 million, up 19 percent from last year. GIS growth is attributed to the strong performance of Autodesk Map and Autodesk Land Desktop.

The Manufacturing Division performed well despite this sector's poor economic climate; net revenues declined minimally to \$130 million. Contributions were strong across the product line, from Autodesk Mechanical Desktop and AutoCAD Mechanical to our latest Autodesk Inventor 5.

The Platform Technology Group, with AutoCAD and AutoCAD LT, continues to provide a foundation for many products in the core design markets. Net revenues for the group increased 2 percent over last year to \$462 million.

Our moving media segment, Discreet, posted net revenues of \$156 million, a 19 percent decline over last year, representing 16 percent of total net revenues. But while a slowdown in broadcast and film productions clearly inhibited Discreet's financial performance, the Discreet product line continues to be the strongest in the market.

Looking past our product line, we see that this year has been about operational excellence and execution on our business model. This year's solid performance generated cash from operations of \$210 million, an increase of 7 percent over the cash generated last year. As of January 31, 2002, we see a strong balance sheet with cash, cash equivalents, and marketable securities totaling \$505 million and no long-term debt.

## Fiscal Year 2002 Milestones

The goal at Autodesk remains simple but far-reaching—to give our customers the tools they need to harness their digital design and visual media data and turn it into something tangible, something real. Not just in the drafting room or the production studio but also across extended teams and along the entire value chain. We want to help customers get the most from their data by connecting every step of the process, from initial concepts and designs through the management and distribution of those assets.

This has had significant strategic implications, simplifying the complex processes customers use to engineer and manufacture products, design and construct buildings, develop and maintain infrastructure, and create and distribute visual media. And it has also reached down into, and radically altered, the fundamental processes that businesses use to create value and satisfy customers.

We had a number of significant achievements in fiscal year 2002, including the following:

- Empowering design on the desktop: We shipped the AutoCAD 2002 family of products—the strongest lineup of vertical applications in our history. We shipped Autodesk Inventor 5, which is now a sales leader in the mainstream 3D modeling market. We also shipped the strongest, most interoperable set of Discreet products ever.
- Building a strong foundation in collaboration services: We launched Autodesk Streamline, our powerful, hosted collaboration service for manufacturing customers. We acquired Buzzsaw—the most successful online collaboration service in the building design and construction market. And we began to unite these two technologies into a common collaboration platform.
- Broadening our reach in media and entertainment: We acquired Media 100's world-class video streaming technology for the Web. And we partnered our 3D imaging technology with Microsoft's Xbox system to give game players more flexibility and creativity.
- Improving how we reach our customers: We began implementing a new sales model—with a global major account sales team and a goal of 40 percent direct sales. At the same time, we successfully tightened and revitalized our reseller channel and launched worldwide sales websites.
- Helping customers manage their design technology infrastructure: We continued to deliver AutoCAD-family extensions—periodic, modular software enhancements that replace major releases for our subscription customers.
- Growing our recurring revenue stream: We successfully launched our new subscription program in the Americas and will roll it out in EMEA and Asia Pacific in fiscal year 2003.

We're proud of these accomplishments. We're also proud that we did all these things in a difficult global economic environment while producing solid financial results.

## Design Solutions

### Building Industry

The building industry is one of the largest in the world. Accounting for more than 10 percent of the world's gross economic product, it is an engine of economic growth and progress. Today's fast-track construction projects demand speed and depend on the contributions of people all over the world. Continued strong sales of Autodesk Architectural Desktop, along with new products, including the complementary Autodesk Building Mechanical and Autodesk Building Electrical, indicate that our robust object model technology is gaining acceptance. In the face of growing complexity, building design solutions from Autodesk, including the hosted online collaboration services of Autodesk Buzzsaw, are helping the building industry move from traditional drafting techniques to model-based design.

### Geographic Information Systems

We understand the needs of mapping, civil engineering, and infrastructure management and are providing focused, easily deployed tools that meet those needs. The streamlined, integrated family of Autodesk GIS desktop software products, including the new Autodesk Civil Series, continues to be the industry's only comprehensive GIS solution. Our customers need real-time access to

geospatial information, and they want to see it in a form that's relevant to them. The objective we help them reach? Enter data once and retrieve it anytime, anywhere.

### Manufacturing

Autodesk manufacturing solutions help our customers create more effectively and efficiently so that every product is more advanced, starting from design inception. Using Autodesk Inventor, they make fewer errors, get contributions from their design teams earlier, and manage design changes more easily. And teams can work online with the hosted collaboration services of Autodesk Streamline. When product development begins with the best data, it's finished faster, with better quality and increased profit. All those factors account for the accelerated growth of the Autodesk Inventor installed base and the move to 3D that continues to grow in every geography.

### Platform Technologies

The Platform Technology Group's extension strategy, part of our successful new subscription program, has brought invigorated upgrade activity to the latest general design applications, AutoCAD 2002 and AutoCAD LT 2002. Our frequent, modular enhancements are widely accepted by our customers, who now have the advantage of using the latest software the moment it becomes available. Autodesk Point A, our personalized website for design customers, complements our desktop software and seamlessly connects members to a world of information, product updates, services, and support.

## Discreet

Whether our customers are working on an effects-rich feature film, a sophisticated television commercial, a fast-action computer game, or streaming media for the Web in two or three dimensions, digital media software from our Discreet Division can help them deliver the most compelling visual experiences around. All of this year's nominees for the Academy Award for Visual Effects—including the winner, *The Lord of the Rings: The Fellowship of the Ring*—used Discreet software on their projects. Our integrated solutions are designed not only to address client needs but also to anticipate and set industry standards, so our customers can apply their talents to create digital media once, from start to finish, and use it anywhere.

## Location Services

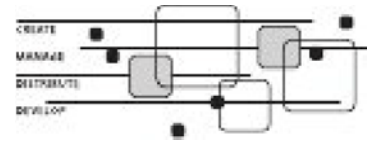
With Location Services, reported in the design solutions segment, we've entered a new market where we aim to become the leading global platform and solution provider of personalized and localized data services for wired, mobile, and wireless location applications. Our wireless data technology offers wireless carriers and developers the software, support, and business experience needed to deliver location-based services that will keep them ahead of the competition. We've established key customer and partner relationships with Ericsson, Fiat, and Telecom Italia Mobile. And that's only the beginning.

## Moving Forward

We have a lot of strengths at Autodesk. And we'll rely on our strengths to move us forward. We create great technology. From the next release of Autodesk Inventor, to the innovative new conceptual design tools of Autodesk Architectural Studio, the acquisition of Revit and its parametric technologies, and our latest collaboration services in Buzzsaw and Autodesk Streamline—we're investing in new technologies, products, and services like never before. We're committed to helping customers achieve real business process improvements. Not just in the drafting room or production studio, but also across projects, throughout organizations, and around the world.

Of course, we couldn't realize any of our successes without the contributions of those who support us. We work with great people: our customers, partners, resellers, developers, employees, and, of course, you. And we can't thank you all enough for your part in making fiscal year 2002 one of undisputed success.

Last year, we told you that Autodesk was positioning itself to deliver real industry solutions—solutions that fundamentally alter the complex processes our customers use to construct buildings, manufacture products, and create media-rich content to entertain the world. We delivered on that strategy, but we won't rest on our laurels. As we celebrate our 20th anniversary, our promise for the next 20 years reflects our strengths and accomplishments over the last two decades. We'll continue to help our customers create and make the most of the digital design data that powers their businesses and shapes our everyday landscape. Autodesk—helping the world realize the power of design.



CAROL BARTZ  
Chairman, Chief Executive Officer and President

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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, 2002

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 0-14338

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**AUTODESK, INC.**

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	94-2819853 (I.R.S. employer Identification No.)
111 McInnis Parkway, San Rafael, California (Address of principal executive offices)	94903 (Zip Code)
Registrant's telephone number, including area code: (415) 507-5000	

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
None	None

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

**Common Stock, \$0.01 Par Value**  
(Title of Class)

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

The aggregate market value of the voting Common Stock held by non-affiliates of the Registrant, based upon the closing sale price of the Common Stock on April 4, 2002 as reported on the NASDAQ National Market, was approximately \$2.5 billion. Shares of Common Stock held by each officer and director and by each person who owns 5 percent or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of April 4, 2002, Registrant had outstanding approximately 114.7 million shares of Common Stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Preliminary Proxy Statement for Registrant's Annual Meeting of Stockholders to be held June 20, 2002 are incorporated by reference in Part III of this Form 10-K. The Definitive Proxy Statement will be filed within 120 days of the Registrant's fiscal year ended January 31, 2002.

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## PART I

### FORWARD-LOOKING INFORMATION

*This Annual Report contains forward-looking statements that are subject to assumptions, risks and uncertainties, many of which are discussed in this Annual Report, including under "Risk Factors Which May Impact Future Operating Results." Actual results may vary from those projected in the forward-looking statements. 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. A forward-looking statement is any statement that looks to future events, including any statements of plans, strategies and objectives of management for the future and any statement of assumptions underlying any of the foregoing. 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.*

### ITEM 1. BUSINESS

#### GENERAL

We were incorporated in California in April 1982 and were reincorporated in Delaware in May 1994. We are one of the world's leading design software and digital content companies for architectural design and land development, manufacturing, utilities, telecommunications and media and entertainment. We provide a broad range of totally integrated and interoperable design software, Internet portal services, wireless development platforms and point-of-location applications that empower more than four million customers in over 150 countries. Our software products are sold worldwide, both directly to customers and through a network of resellers and distributors.

We are organized in two reportable segments: the Design Solutions Segment and the Discreet Segment.

The Design Solutions Segment derives revenues from the sale of design software products for professionals or consumers who design, draft and diagram, 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, all of which have industry-specific focuses: Manufacturing; Geographic Information Services; Building Industry Division; and the Platform Technology Group.

Each of these divisions is served by Autodesk Point A, an Internet portal accessible either through a direct web connection or through Autodesk software products. Launched in April 2000, Autodesk Point A provides users with a global access point to Autodesk services and information, including subscription-based upgrades, tutorials, on-line training and support, product tips, and local industry links. During January 2002, Autodesk Point A was launched in an additional eight languages throughout Europe and Asia.

In addition, during fiscal 2002 we launched our Location Services division of the Design Solutions Segment to develop a technology platform and applications to assist wireless carriers and operators for location-sensitive wireless data services move beyond the voice services used by subscribers today.

The Discreet Segment develops, assembles, markets, sells and supports nonlinear digital systems and software for creating, editing, compositing and animating imagery. Revenues are derived from the sale of products to creative professionals for a variety of applications, including feature films, television programs, commercials, music and corporate videos, interactive game production, Web design and interactive Web streaming.



## PRODUCTS

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

### *AutoCAD*

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

Introduced in June 2001, AutoCAD 2002 is the latest generation of our core design software. AutoCAD 2002 continues to be the technology foundation for design solutions serving the manufacturing, building design, communications, government, utilities, and land development industries. AutoCAD 2002 takes full advantage of previous product enhancements and also includes streamlined standards management using a suite of new, intranet/Internet-enabled CAD standards management tools and enhanced team collaboration features.

### *AutoCAD LT*

AutoCAD LT is a low-cost 2D CAD application intended for CAD managers, designers and engineers who need a powerful, stand-alone drafting tool, but who do not require the advanced feature set in AutoCAD.

### *Autodesk Inventor*

Autodesk Inventor is a 3D mechanical design creation tool that provides users an assembly-centric solid modeling (3D) and drawing production (2D) 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.

### *AutoCAD Mechanical*

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

### *Mechanical Desktop*

Mechanical Desktop is a midpriced 3D design system and is the only system that integrates 2D design with parametric, feature-based solid and surface modeling. It extends the power of the AutoCAD design environment by uniting 2D and 3D design.

### *Autodesk Architectural Desktop*

Autodesk Architectural Desktop software offers architectural design tools. Supporting the architectural design process from conceptual design to design development, through construction documentation, Autodesk Architectural Desktop features industry-specific 2D production drafting functionality and integrated and accessible 3D design options and all of AutoCAD's functionality. Users benefit from simplified mass modeling, intelligent building components, style definitions and layer management according to industry standards.

### *Autodesk Map*

Autodesk Map is the Autodesk solution for precision mapping and geographic information system analysis in the AutoCAD environment. It contains the complete AutoCAD toolset to enhance productivity, plus it 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 Subscription Program*

The Autodesk Subscription Program, available for a majority of our Design Solution products, provides subscription members with a simplified upgrade process, feature-enhancing extensions, downloadable e-Learning courses and optional on-line support. Users benefit from incremental product releases and extensions as an alternative to occasional upgrading, which can disrupt design teams through significant downtime and steep learning curves. This new program, currently available in North America, will be launched in Europe and Asia in fiscal 2003.

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 and visual effects production. Users benefit from the unified, object-oriented platform, customizable real-time interface, multiple-processor support and 3D graphics acceleration capabilities.

### *flame*

flame is an on-line, resolution-independent, non-linear, uncompressed digital effects and compositing system. The system is used by creative professionals to create, edit and composite special visual effects in a real-time workstation environment. Easily integrated into a suite environment and possessing the power and features necessary to serve as the core of a fully digital suite, flame is designed to allow the operator to create desired effects with near instantaneous feedback.

### *inferno*

inferno is an on-line, non-linear, resolution-independent, uncompressed digital system providing all the features of flame with film tools, and increased image resolution and color control for digital film work. The system also features tools for grain management, wire and scratch removal and color calibration.

### *smoke*

smoke is an on-line, non-linear editing and finishing solution that enables editors to fully edit and finish television commercials, documentaries and broadcast programs on a range of desktop workstations or real-time servers. Users benefit from smoke's compatibility with Discreet's visual effects systems (flame and inferno), allowing any Discreet visual effect to be incorporated into the final editorial process.

## **PRODUCT DEVELOPMENT AND INTRODUCTION**

The majority of our basic research and product development has been performed in the U.S., while translation and localization of foreign-market versions, as well as some product development, are performed by development teams or contractors in our local markets. Various aspects of our product-related functions, including software development, localization, quality assurance and technical publications, are performed in Europe and Asia.

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 increased connectivity and use of digital data created by 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. These investments may not result in sufficient revenue generation to justify their costs or our competitors may introduce new products and services that will achieve acceptance among our current customers, either of which may 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 could 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, 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 currently develop products for us, may not be able to provide development support to us in the future. Similarly, we may not be able to obtain and renew existing 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 may 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.

## **MARKETING AND SALES**

Our customer-related operations are divided into three geographic regions, the Americas, Europe 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. We sell our software products both directly to customers, which include large corporations, and also through distributors and resellers.

In addition, we 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 webcasts, 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 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. In addition, the changing distribution models resulting from the Internet, from increased focus on direct sales to major accounts or from two-tiered distribution may impact our reseller network in the future. While no single

customer accounted for more than 10 percent of our consolidated net revenues in any of the past three fiscal years, 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 be a significant portion of our consolidated net revenues. Many world economies are in the midst of current economic slowdowns. 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.

## **CUSTOMER AND RESELLER SUPPORT**

We provide technical support and training to customers through a leveraged model, augmented by programs designed to address specific direct needs. We expect that end users rely primarily on their resellers and distributors for technical support. We support the resellers and distributors through technical product training, sales training classes, the Internet and direct telephone support. 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.

While we expect the resellers and distributors to provide the majority of technical support to our customers, we have developed programs to deliver direct support to some customers.

## **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 computer software industry. Accordingly, we do not maintain a significant backlog. Also, the backlog as of any particular date gives no indication of actual sales for any succeeding period.

## **COMPETITION**

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

The software industry has limited barriers to entry, and the availability of desktop computers with continually expanding capacity at progressively lower prices contributes to the ease of market entry. The design software market in particular is fairly mature and 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 the CAD market. 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 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 reliability, performance, ease of use, 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. 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. Any disputes involving our intellectual property rights or those of another party could lead to, among other things, costly litigation or cause 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 executed 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 extent to which piracy of our software products exists. Software piracy can be expected to be a persistent problem.

## **PRODUCTION AND SUPPLIERS**

Production of our Design Solutions 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 and diskettes, 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.

The Discreet Division has historically relied on third-party vendors to manufacture and supply all of the hardware components used in its systems. Manufacturing consists of assembly (including disk array assembly), testing, and value added systems integration. Many of the Discreet Division's software products currently run on workstations manufactured by Silicon Graphics. There are significant risks associated with this reliance on Silicon Graphics and the Discreet Division may be impacted by unforeseen difficulties associated with adapting their products to future Silicon Graphics products and the timing of the development and release of Silicon Graphics products.

## **EMPLOYEES**

As of January 31, 2002, we had 3,646 full-time employees. Our continued growth and future success is highly dependent on the ability to attract, retain and motivate highly skilled employees.

## ITEM 2. PROPERTIES

Our executive offices and the principal offices for product development, domestic marketing and sales and production are located in leased office space in northern California. We also lease office space in various locations throughout the U.S. for local sales, development and technical support personnel. Our foreign subsidiaries lease office space for their operations. During fiscal 2002, we closed several domestic and international offices in an effort to reduce operating expense levels.

We continue to believe that our existing facilities and offices are adequate to meet our requirements for the foreseeable future.

## ITEM 3. LEGAL PROCEEDINGS

We are involved in various legal proceedings arising from the normal course of business activities. In our opinion, resolution of these matters is not expected to have a material adverse impact on our consolidated results of operations, cash flows 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, 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 2002.

### Executive Officers of the Registrant

The following sets forth certain information as of January 31, 2002 regarding our executive officers:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Carol A. Bartz . . . . .	53	Chairman of the Board, Chief Executive Officer and President
Joseph H. Astroth . . . . .	46	Executive Vice President, Location Services Division
Carl Bass . . . . .	44	Executive Vice President, Design Solutions Division
Jan Becker . . . . .	48	Senior Vice President, Human Resources and Corporate Real Estate
Steve Cakebread . . . . .	50	Senior Vice President and Chief Financial Officer
Paul Lypaczewski . . . . .	44	Executive Vice President, Discreet Division
John G. Sanders . . . . .	49	Vice President, Platform Technology Group
Marcia K. Sterling . . . . .	58	Senior Vice President for Law and Corporate Affairs, General Counsel, and Secretary
Michael E. Sutton . . . . .	56	Executive Vice President, Business Operations
Tom Vadnais . . . . .	54	Executive Vice President, Worldwide Consulting and Support Services

**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 Network Appliance, Inc., BEA Systems, Inc., and Cisco Systems, Inc.

**Joseph H. Astroth** joined Autodesk in January 1996 and serves as Executive Vice President, Location Services Division. Previously, he was Executive Vice President, GIS Solutions Division from January 1996 to December 2000.

**Carl Bass** joined Autodesk in September 1993 and serves as Executive Vice President, Design Solutions Division. 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 of Autodesk. Prior to this, he held other executive positions within Autodesk.

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

**Steve Cakebread** joined Autodesk in April 1997 and serves as Senior Vice President and Chief Financial Officer. From April 1993 through March 1997 he served as Vice President, Finance, World Trade Corporation at Silicon Graphics. Mr. Cakebread is a director of Caldera International. Inc.

**Paul Lypaczewski** joined Autodesk in August 2000 as Executive Vice President, Discreet Division. Prior to joining Autodesk, Mr. Lypaczewski was Chief Operating Officer for Cyberwold, Inc. from October 1999 to August 2000 and from 1998 to October 1999 he served as President and CEO of TrueSpectra Inc. From 1995 to 1998 he held various positions with Alias/Wavefront.

**John G. Sanders** joined Autodesk in October 1993 and serves as Vice President, Platform Technology Group. Previously, Mr. Sanders served as Executive Vice President, Design Solutions Division. From October 1999 to December 2000 he was Vice President, Internet and from March 1996 to October 1999 he served as Vice President of Worldwide Support & Services.

**Marcia K. Sterling** joined Autodesk in October 1995 and serves as Senior Vice President for Law and Corporate Affairs, General Counsel, and Secretary.

**Michael E. Sutton** joined Autodesk in October 1986 and serves as Executive Vice President, Business Operations. Previously, Mr. Sutton served as Executive Vice President, Worldwide Field Organization. From June 1993 through September 1998, Mr. Sutton served as Vice President, Europe/Middle East/Africa.

**Tom Vадnais** joined Autodesk in January 2002 and serves as Executive Vice President, Worldwide Consulting and Support Services. Prior to joining Autodesk, Mr. Vадnais was president and CEO of Mediaplex, Inc. from April 2001 until Mediaplex was acquired by Value Click during January 2002, and from May 1999 to January 2001, he served as Executive Vice President, Professional Services of Compuware Corporation. Mr. Vадnais served as President and COO at DPRC and Tascor, Inc. from 1992 to 1999. Mr. Vадnais is a director of ValueClick, Inc.

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



## PART II

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

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 record holders on April 4, 2002.

	<u>High</u>	<u>Low</u>
Fiscal 2002		
First Quarter .....	\$19.72	\$12.59
Second Quarter .....	\$19.40	\$15.27
Third Quarter .....	\$19.42	\$14.80
Fourth Quarter .....	\$20.79	\$16.59
	<u>High</u>	<u>Low</u>
Fiscal 2001		
First Quarter .....	\$27.44	\$15.85
Second Quarter .....	\$20.60	\$ 9.97
Third Quarter .....	\$14.85	\$10.00
Fourth Quarter .....	\$19.82	\$10.19

#### Dividends

We paid quarterly dividends of \$0.03 per share in fiscal 2002 and 2001 to Autodesk stockholders. We currently intend to continue paying regular cash dividends on a quarterly basis.

#### Stockholders

As of January 31, 2002 the number of common stockholders of record was 944. 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.

### ITEM 6. SELECTED FINANCIAL DATA

	Fiscal year ended January 31,				
	2002	2001	2000	1999	1998
	(In thousands, except per share data)				
For the Fiscal Year					
Net revenues .....	\$947,491	\$936,324	\$848,051	\$893,832	\$786,121
Income from operations(1) .....	98,174	140,014	763	142,087	94,994
Net income(1)(2) .....	90,313	93,233	9,808	97,132	56,215
At Year End					
Total assets .....	902,444	807,759	902,946	819,927	697,191
Long-term liabilities .....	2,479	1,208	1,255	3,486	30,583
Common stock data					
Basic net income per share .....	\$ 0.83	\$ 0.82	\$ 0.08	\$ 0.86	\$ 0.50
Diluted net income per share .....	0.80	0.80	0.08	0.82	0.47
Dividends paid per share .....	0.12	0.12	0.12	0.10	0.10

(1) Fiscal 2002 and 2000 results were impacted by restructuring and other charges. See Note 11, Restructuring and Other in the Notes to Consolidated Financial Statements for further discussion.

(2) Fiscal 2002 results were also impacted by a one-time non-cash gain of \$9.5 million related to the dissolution of an affiliate.

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

*The discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains trend analyses and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements consist of, among other things, statements regarding net revenues, revenue mix, level of product returns, gross margins, costs and expenses and restructuring activity, as well as statements involving trend analyses and statements including such words as "we believe" 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 elsewhere herein, including "Risk Factors Which May Impact Future Operating Results."*

### **Recent Acquisitions**

In August 2001, we acquired the remaining outstanding stock of Buzzsaw.com, Inc. ("Buzzsaw") that we did not own. Additionally, in October 2001, Autodesk acquired the software division of Media 100, Inc. ("Media 100"). The acquisition of Buzzsaw is part of Autodesk's strategy to extend its business to complementary new markets and the acquisition of Media 100 provides Autodesk with streaming media technology for, among other things, the immediate playback of content over the Internet. Both acquisitions were accounted for as purchases. Accordingly, Autodesk's fiscal 2002 consolidated results include Buzzsaw's and Media 100's results of operations from the respective dates of the acquisitions.

### **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 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 to the consolidated financial statements, the following policies involve a higher degree of judgment and complexity.

*Revenue Recognition.* Our accounting policies and practices are in compliance with Statement of Position 97-2, "Software Revenue Recognition," as amended, and Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

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 collectibility is probable.

Based on whether the sale is product or service related, we recognize revenue as follows. Product sales are recognized at the time of shipment. Subscription, customer support and hosted service revenues are recognized ratably over the contract periods. Customer consulting and training revenues are recognized as the services are performed.



*Allowance for Bad Debts.* We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. No single customer is significant to Autodesk, and as such, our exposure to uncollectible trade receivables is generally limited.

Estimated reserves 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. While we believe our existing reserve for doubtful accounts is adequate and proper, additional reserves may be required should the financial condition of our customers deteriorate or as unusual circumstances arise.

*Product Return 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 supersede older versions.

Over the past three years, product returns as a percentage of revenues have ranged from 3 to 5 percent annually. The product return reserves are based on estimated channel inventory levels and the timing of new product introductions and other factors. While we believe our accounting practice for establishing and monitoring product returns reserves is proper, 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 review the realizability of our long-lived assets and related intangible assets annually or sooner whenever events or changes in circumstances indicate the carrying values of such assets may not be recoverable. We consider some of the following factors important in deciding 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 undiscounted cash flows that could reasonably be generated by these assets. Impairment charges, if any, result in situations when the fair values of these assets are less than their carrying values. During fiscal 2002, we recognized a goodwill impairment charge of \$2.3 million. The write-off of goodwill primarily related to an acquired GIS business and resulted from a strategic decision to abandon the underlying product line.

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.

*Deferred Tax Assets.* We currently have \$60.9 million of deferred tax assets, mostly arising from net operating losses, reserves and timing differences for purchased technologies and capitalized software. We perform a quarterly assessment of the recoverability of these deferred tax assets, which is principally dependent upon our achievement of projected future taxable income 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 deferred tax assets, resulting in a reduction in net income in the period when such determinations are made.

*Restructuring Expenses Associated with Office Closures.* During the year ended January 31, 2002, we recorded restructuring charges of \$19.2 million related to the closure of several domestic and international offices. These charges were based upon the projected rental payments through the remaining terms of the underlying operating leases, offset by projected subleasing income. The projected subleasing income amounts were provided by third-party real estate brokers and were based on assumptions for each of the real estate markets where the leased offices were located. Should real estate markets worsen and we are not able to sublease the properties as expected, we will record additional expenses in the quarterly period when such determinations