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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 PERIOD ENDED JULY 31, 1997

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
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As of September 8, 1997, there were 48,353,000 shares of the Registrant's Common Stock outstanding.

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AUTODESK, INC.

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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,	
	1997	1996	1997	1996
Revenues	$157,944	$132,594	$280,067	$271,807
Direct commissions	3,848	3,849	6,987	6,781
Net revenues	154,096	128,745	273,080	265,026
Costs and expenses:				
Cost of revenues	18,725	16,622	34,766	33,914
Marketing and sales	58,750	50,555	111,356	99,892
Research and development	30,426	22,947	58,035	45,809
General and administrative	20,726	18,269	39,163	36,934
Charge for acquired in-process research and development	-	3,229	58,087	3,229
	128,627	111,622	301,407	219,778
Income (loss) from operations	25,469	17,123	(28,327)	45,248
Interest and other income, net	2,399	1,441	4,774	2,867
Income (loss) before income taxes	27,868	18,564	(23,553)	48,115
Provision for income taxes	10,033	7,919	11,357	18,410
Net income (loss)	$ 17,835	$ 10,645	$(34,910)	$ 29,705
Net income (loss) per share	$.34	$.22	$(.78)	$.62
Shares used in computing net income (loss) per share	51,880	47,570	45,045	48,100

See accompanying notes.

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

	July 31, 1997 (Unaudited)	January 31, 1997 (Audited)
Current assets:		
Cash and cash equivalents	$ 37,166	$ 64,814
Marketable securities	187,965	117,971
Accounts receivable, net	85,859	68,577
Inventories	6,548	7,340
Deferred income taxes	36,682	35,616
Prepaid expenses and other current assets	17,728	16,210
Total current assets	371,948	310,528
Marketable securities, including a restricted balance of $17,300 at July 31, 1997 and $28,000 at January 31, 1997	102,429	103,523
Computer equipment, furniture, and leasehold improvements, at cost:		
Computer equipment and furniture	111,241	103,903
Leasehold improvements	19,536	17,818
Less accumulated depreciation	(87,318)	(77,671)
Net computer equipment, furniture, and leasehold improvements	43,459	44,050
Purchased technologies and capitalized software	21,921	15,916
Other assets	38,101	18,216
	$577,858	$492,233

See accompanying notes.

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

	July 31, 1997	January 31, 1997
	(Unaudited)	(Audited)
Current liabilities:		
Accounts payable	$ 27,210	$ 24,557
Accrued compensation	22,969	18,099
Accrued income taxes	77,253	75,061
Other accrued liabilities	62,201	32,454
Total current liabilities	189,633	150,171
Deferred income taxes	3,453	2,974
Litigation accrual	29,328	29,328
Other liabilities	1,706	1,646
Put warrants	64,500	64,500
Stockholders' equity:		
Common stock	263,317	147,091
Retained earnings	33,021	106,587
Foreign currency translation adjustment	(7,100)	(10,064)
Total stockholders' equity	289,238	243,614
	$577,858	$492,233

See accompanying notes.

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

	Six months ended July 31, 1997	Six months ended July 31, 1996
Operating activities		
Net income (loss)	$(34,910)	$ 29,705
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Charge for acquired in-process research and development	58,087	3,229
Depreciation and amortization	20,105	15,957
Changes in operating assets and liabilities, net of business combinations	11,649	11,721
Net cash provided by operating activities	54,931	60,612
Investing activities		
Purchases of marketable securities	(61,005)	(13,737)
Business combinations, net of cash acquired	(5,766)	(6,689)
Purchases of computer equipment, furniture, and leasehold improvements	(7,924)	(8,825)
Purchases of software technologies, capitalization of software costs and other	6,857	(9,830)
Net cash used in investing activities	(67,838)	(39,081)
Financing activities		
Proceeds from issuance of common stock	29,250	13,051
Repurchase of common stock	(38,243)	(41,489)
Dividends paid	(5,748)	(5,595)
Net cash used in financing activities	(14,741)	(34,033)
Net decrease in cash and cash equivalents	(27,648)	(12,502)
Cash and cash equivalents at beginning of year	64,814	129,305
Cash and cash equivalents at end of quarter	$ 37,166	$116,803
Supplemental disclosure of noncash investing and financing activities:		
Common stock issued in connection with the acquisition of Softdesk	$ 89,600	$ --

See accompanying notes.

AUTODESK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The condensed consolidated financial statements at July 31, 1997 and for the three- and six-month periods then ended are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's Annual Report to Stockholders incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1997. The results of operations for the three and six months ended July 31, 1997 are not necessarily indicative of the results for the entire fiscal year ending January 31, 1998.

2. In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128"). SFAS 128 specifies the computation, presentation and disclosure requirements for earnings per share for entities with publicly held common stock or potential common stock. This statement is effective for financial statements issued for periods ending after December 15, 1997, including interim periods. Earlier application of this statement is not permitted.

   Under the new requirements, primary earnings per share (referred to as basic earnings per share under the new pronouncement) will exclude the dilutive effect of stock options. The adoption of this pronouncement is expected to result in an increase in primary earnings per share for the second quarter ended July 31, 1997 and 1996 of approximately $0.03 and $0.01, respectively. The impact of the new requirements is expected to increase earnings per share by $.03 for the six months ended July 31, 1996, but is not expected to impact the calculation of primary loss per share for the six months ended July 31, 1997. The impact of SFAS 128 on the calculation of fully diluted earnings (loss) per share for these periods is not expected to be material.

   In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," which establishes standards for reporting and displaying comprehensive income and its components in a full set of general-purpose financial statements and is required to be adopted by the Company beginning in fiscal 1999. Additionally, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," which establishes standards for the way the public business enterprises report information in annual statements and interim financial reports regarding operating segments, products and services, geographic areas and major customers. SFAS 131 will first be reflected in the Company's 1999 Annual Report and will apply to both annual and interim financial reporting subsequent to this date. Autodesk management is currently evaluating the implication of these statements on operations.

3. The Financial Accounting Standards Board has approved the American Institute of Certified Public Accountants Statement of Position (SOP) on software revenue recognition which will be effective beginning in fiscal year 1999. The Company believes it is in compliance with the provisions of the new SOP and its adoption is not expected to have a material impact on the financial position or results of operations of the Company.

4. In January 1997, the SEC issued new rules requiring expanded disclosure for "market risk-sensitive" financial instruments. These rules will be fully effective for the Company's annual financial statements for the year ending January 31, 1999. As required for this interim filing, specific information on the Company's accounting policies with regard to activities in derivative financial instruments is provided below.

   The Company utilizes derivative financial instruments in the form of forward foreign exchange contracts only for the purpose of hedging foreign currency market exposures of underlying assets, liabilities and other obligations which exist as a part of its ongoing business operations. The Company, as a matter of policy, does not engage in trading or speculative transactions.

   In general, instruments used as hedges must be effective at reducing the foreign currency risk associated with the underlying transaction being hedged and must be designated as a hedge at the inception of the contract. Substantially all forward foreign currency contracts entered into by the Company have maturities of 60 days or less.

   The Company uses the forward contracts only as hedges of existing transactions. Amounts receivable and payable on forward foreign exchange contracts are recorded as other current assets and other accrued liabilities, respectively. For these contracts, mark-to-market gains and losses are recognized as other income or expense in the current period, generally consistent with the period in which the gain or loss of the underlying transaction is recognized. Cash flows associated with derivative transactions are classified in the statement of cash flows in a manner consistent with those of the transactions being hedged.

   As further discussed in the Company's fiscal year 1997 Annual Report on Form 10-K, the Company sold put warrants to an independent third party in September 1996 that entitle the holder of the warrants to sell 3 million shares of its common stock to the Company at $21.50 per share. Additionally, the Company purchased call options from the same independent third party that entitle the Company to buy 2 million shares of its common stock at $25.50 per share. The put warrants and call options expire in September 1997.

   As part of its ongoing and systematic stock repurchase program, the Company may, from time to time, enter into additional put warrant and call option arrangements. As with the current put warrant contracts, the Company's maximum potential repurchase obligation under the put warrants will be reclassified from stockholders' equity to put warrants on the consolidated balance sheet. Under these arrangements, the Company can typically settle with a stock or a cash settlement equal to the difference between the exercise price and market value at the date of exercise.

5. On March 31, 1997, the Company issued approximately 2.9 million shares of its common stock for all outstanding shares of Softdesk, Inc. ("Softdesk"), a leading supplier of AutoCAD-based application software for the architecture, engineering, and construction market, and exchanged Autodesk options for outstanding Softdesk options. Based upon the value of Autodesk stock and options exchanged, the transaction was valued at approximately $94 million for the Softdesk stockholders. This transaction has been accounted for using the purchase method. The operating results of Softdesk, which have not been material in relation to those of the Company, have been included in the accompanying condensed consolidated financial statements from the acquisition date.

   To assist in the allocation of the purchase price, an independent valuation of Softdesk was completed. Approximately $55.1 million of the Softdesk purchase price represented the value of in-process research and development that had not yet reached technological feasibility and had no alternative future use. This amount was charged to operations in the first quarter of fiscal year 1998.

ITEM 2. 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 analysis and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, trend analyses and other information contained herein relative to markets for Autodesk's products and trends in revenue, as well as other statements including such words as "anticipate," "believe," "plan," "estimate," "expect," and "intend" and other similar expressions, constitute forward-looking statements. These forward-looking statements are subject to business and economic risks, and Autodesk's actual results could differ materially from those set forth in the forward-looking statements as a result of the factors set forth elsewhere herein, including "Certain Risk Factors Which May Impact Future Operating Results," page 11, as well as factors set forth in Autodesk's Annual report on Form 10-K.

RESULTS OF OPERATIONS

Three Months Ended July 31, 1997 and 1996
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Net revenues. The Company's second quarter net revenues of $154.1 million increased 20 percent from the second quarter of the prior fiscal year. The Company achieved significant net revenue growth in the Americas when compared to the same period in the prior fiscal year while remaining relatively flat in Europe and Asia/Pacific. Growth in net revenues resulted from sales of new products such as AutoCAD Map, Autodesk World and 3D Studio Viz. Also contributing to this growth were higher sales of AutoCAD software, the Company's flagship product, as well as incremental revenues associated with the March 1997 acquisition of Softdesk, Inc. ("Softdesk"), a leading supplier of AutoCAD-based software for the architecture, engineering, and construction ("AEC") market. The most current release of AutoCAD, Release 14, was introduced in the United States and certain foreign markets in the second quarter of the current fiscal year. The growth in AutoCAD revenues resulted from increased sales of the commercial version in the Americas and an increase in AutoCAD revenues resulting from strong initial demand for Release 14 updates. The stronger value of the US dollar, relative to international currencies, primarily the Japanese yen and the German mark, negatively impacted net revenues in the second quarter of the current fiscal year by $7.6 million when compared to the same period in the prior fiscal year. Sales of AutoCAD and AutoCAD updates accounted for approximately 74 percent and 70 percent of the Company's consolidated revenues in the second quarter of fiscal years 1998 and 1997, respectively. International sales, including exports from the U.S., accounted for approximately 58 percent of the Company's revenues in the second quarter of fiscal year 1998 as compared to 66 percent for the second quarter of fiscal year 1997.

The Company derives a substantial portion of its revenues from sales of AutoCAD and AutoCAD updates. As such, any factors adversely affecting sales of AutoCAD and AutoCAD updates, including customer acceptance, product performance, compatibility with hardware equipment, and interoperability problems with products designed to run in conjunction with AutoCAD Release 14, could result in damage to the Autodesk and AutoCAD brand names, and could have a material adverse effect on the Company's business and consolidated results of operations.

Product returns, consisting principally of stock rotation, are recorded as a reduction of revenues and represented approximately 6 percent and 10 percent of consolidated revenues in the second quarter of fiscal years 1998 and 1997, respectively. Fiscal year 1997 product returns were impacted by product rotation resulting from performance issues with AutoCAD Release 13 and transition and update cycles related to the Company's various software products. Management anticipates that product returns in future periods will continue to be impacted by product update cycles, new product releases, and software quality.

Cost of revenues. When expressed as a percentage of net revenues, cost of revenues decreased approximately 1 percent in the second quarter of fiscal year 1998 as compared to the same period of the prior fiscal year. Gross margins in the second quarter of fiscal year 1998 were positively impacted by cost reductions and improved operating efficiency as well as the mix of product sales. Revenues from commercial versions of AutoCAD software, which historically have yielded a higher gross margin than many of Autodesk's other commercial products, increased as a percentage of consolidated revenues. Cost of revenues as a percentage of net revenues has been and may continue to be impacted by the mix of product sales, royalty rates for licensed technology embedded in Autodesk's products, and the geographic distribution of sales.

Marketing and sales. Marketing and sales expenses were 38 percent and 39 percent of net revenues in the second quarter of fiscal years 1998 and 1997, respectively. Actual spending increased approximately 16 percent as a result of higher employee costs, marketing and sales costs associated with the launch of AutoCAD Release 14 and new and enhanced product introductions from the Company's market groups. The Company expects to continue its emphasis on marketing and sales activities in the future to promote Autodesk's competitive position and to support sales and marketing of its products. Accordingly, the Company expects marketing and sales expenses to continue to be significant, both in absolute dollars and as a percentage of net revenues.

Research and development. Research and development expenses represented 20 percent and 18 percent of net revenues in the second quarter of fiscal years 1998 and 1997, respectively. Actual research and development spending, including capitalized software costs of $434,000 recorded in the second quarter of fiscal year 1998, increased by $7.9 million or 34 percent in absolute dollars from the same period in the prior fiscal year due to the addition of software engineers, expenses associated with the development and translation of new products and incremental expenses associated with fiscal year 1997 acquisitions and the March 31, 1997 business combination with Softdesk. The Company anticipates that research and development expenses will increase in future periods as a result of product development efforts by the Company's market groups and incremental growth of technical personnel resulting from recent business combinations. Additionally, the Company intends to continue recruiting and hiring experienced software developers and to consider the licensing and acquisition of complementary software technologies and businesses.

General and administrative. General and administrative expenses decreased to 13 percent of net revenues in the second quarter of fiscal year 1998 from 14 percent of net revenues in the second quarter of the prior fiscal year. In absolute dollar terms, general and administrative expenses increased 13 percent from the same period of the prior fiscal year resulting primarily from increased employee related expenses as well as costs associated with integrating Softdesk and other recent acquisitions. The Company currently expects that general and administrative expenses will increase in future periods to support spending on infrastucture, including continued investment in Autodesk's worldwide information systems.

Interest and other income. Interest and other income in the second quarter was $2.4 million compared to $1.4 million in the same quarter of the prior fiscal year. The increase in interest income is due primarily to higher average cash balances and higher interest rates on the Company's portfolio.

Provision for income taxes. The Company's effective income tax rate was 36 percent in the second quarter of fiscal year 1998 compared to 42.7 percent in the same quarter of the prior fiscal year. The higher rate in the second quarter of fiscal year 1997 resulted from a one-time charge for in-process acquired research and development, which was not deductible for income tax purposes, recorded during the quarter.

RESULTS OF OPERATIONS

Six Months Ended July 31, 1997 and 1996

Net revenues. Autodesk's net revenues for the six months ended July 31, 1997 were $273.1 million which represented a three percent increase from the same period of the prior fiscal year. The increase resulted from strong initial demand for Release 14 updates and higher sales of geographic information system, AEC and low-end CAD product offerings.

Cost of revenues. Cost of revenues as a percentage of net revenues for the six months ended July 31, 1997 was 13 percent, consistent with the same period in the prior fiscal year. Cost of revenues as a percentage of net revenues has been and may continue to be impacted by the mix of product sales, royalty rates for licensed technology embedded in Autodesk's products, and the geographic distribution of sales.

Marketing and sales. Marketing and sales expenses increased from 38 percent of net revenues for the six months ended July 31, 1996 to 41 percent for the six months ended July 31, 1997. Actual spending increased 11 percent compared to the same period in the prior fiscal year as a result of higher employee costs as well as increased marketing and sales costs associated with the launch of AutoCAD Release 14 and other new and enhanced product offerings.

Research and development. Research and development expenses as a percentage of net revenues for the six months ended July 31, 1997 increased to 21 percent from 17 percent for the same period in the prior fiscal year. Actual research and development spending, including capitalized software costs of $2,184,000 recorded during the first six months of fiscal year 1998, increased 31 percent as compared to the same period in the prior fiscal year. This increase is due primarily to the addition of software engineers, expenses associated with the development and translation of new products including AutoCAD Release 14, and incremental research and development personnel expenses associated with fiscal year 1997 acquisitions and the March 31, 1997 business combination with Softdesk.

General and administrative. General and administrative expenses remained at 14 percent of net revenues for the six months ended July 31, 1997, consistent with the same period in the prior fiscal year. In absolute dollar terms, general and administrative expenses increased 6 percent for the six months ended July 31, 1997 from the same period of the prior fiscal year, primarily because of increased employee-related expenses as well as the costs associated with the integration of Softdesk with Autodesk operations.

Charge for acquired in-process research and development. On March 31, 1997, the Company exchanged 2.9 million shares of its common stock for all of the outstanding stock of Softdesk. This transaction was accounted for using the purchase method of accounting with the purchase price being principally allocated to capitalized software, purchased technologies, and intangible assets. Approximately $55.1 million of the total purchase price represented the value of in-process research and development that had not yet reached technological feasibility and had no alternative future use. Approximately $3.0 million of technology acquired from another third party during the first quarter of the current fiscal year also represented the value of in-process research and development that had not yet reached technological feasibility and had no alternative future use. The $55.1 million and the $3.0 million were charged to operations in the first quarter of fiscal year 1998. A one-time charge of $3.2 million for acquired in-process research and development was recorded in the second quarter of the prior fiscal year associated with the acquisition of Teleos Research.

Interest and other income. Interest and other income for the six months ended July 31, 1997 was $4.8 million as compared to $2.9 million for the same period in the prior fiscal year. The increase reflected higher interest income than in the same period of the prior fiscal year resulting from higher average cash balances and higher interest rates on the Company's investment portfolio.

Provision for income taxes. The Company's effective income tax rate, excluding the one-time charges for acquired in-process research and development, was 36.0 percent for the first half of fiscal year 1998 as compared to 35.0 percent for the same period in the prior fiscal year. The increase in the effective income tax rate was due to a change in the geographic mix of operations. Actual tax rates differ from the effective tax rates due to the acquired in-process research and development, which is not deductible for tax purposes.

CERTAIN RISK FACTORS WHICH MAY IMPACT FUTURE OPERATING RESULTS

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

Fluctuations in quarterly operating results. From time to time, the Company experiences fluctuations in its quarterly operations as a result of periodic release cycles, competitive factors, and general economic conditions among other things. In addition, the Company has experienced fluctuations in operating results in interim periods in certain geographic regions due to seasonality. The Company's operating results in Europe during the third fiscal quarter are usually impacted by a slow summer period while the Asia/Pacific operations typically experience seasonal slowing in the third and fourth fiscal quarters.

The Company typically receives and fulfills a majority of its orders within a particular quarter, with these orders frequently concentrated in the last weeks or days of a fiscal quarter. As a result, the Company may not learn of revenue shortfalls until late in a fiscal quarter. Additionally, the Company's operating expenses are based in part on its expectations of 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 the Company's consolidated results of operations and financial condition.

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

Product concentration. Autodesk derives a substantial portion of its revenues from sales of AutoCAD software, AutoCAD updates, and adjacent products which are interoperable with AutoCAD. As such, any factor adversely affecting sales of AutoCAD and AutoCAD updates, including such factors as product life cycle, market acceptance, product performance and reliability, reputation, price competition, and the availability of third-party applications, could have a material adverse effect on the Company's business and consolidated results of operations.

Product development and introduction. The software industry is characterized by rapid technological change as well as changes in customer requirements and preferences. The software products offered by the Company are complex and, despite extensive testing and quality control, may contain errors on or defects ("bugs"), especially when first introduced. There can be no assurance that defects or errors will not be discovered in software products offered by the Company. Such defects or errors could result in corrective releases to the Company's software products, damage to Autodesk's reputation, loss of revenues, an increase in product returns, or lack of market acceptance of its products, any of which could have a material and adverse effect on the Company's business and consolidated results of operations.

The Company believes that its future results will depend largely upon its ability to offer products that compete favorably with respect to price, reliability, performance, range of useful features, continuing product enhancements, reputation, and training. The discovery of product defects could result in the delay or cancellation of planned development projects, and could have a material and adverse effect on the Company's business and consolidated results of operations. Further, increased competition in the market for design, mapping, multimedia, data management, or data publishing software products could also have a negative impact on the Company's business and consolidated results of operations.

Certain of the Company's historical product development activities have been performed by independent firms and contractors, while other technologies are licensed from third parties. Autodesk generally either owns or has an exclusive license for use of the software developed by third parties. Because talented development personnel are in high demand, there can be no assurance that independent developers, including those who have developed products for the Company in the past, will be able to provide development support to the Company in the future. Similarly, there can be no assurance that the Company will be able to obtain and renew license agreements on favorable terms, if at all, and any failure to do so could have a material adverse effect on the Company's business and consolidated results of operations.

International revenues   The Company anticipates that international revenues will continue to account for a significant portion of its consolidated revenues. Risks inherent in the Company's international sales include the following: the impact of fluctuating exchange rates between the US dollar and foreign currencies in markets where Autodesk does business; unexpected changes in regulatory practices and tariffs; difficulties in staffing and managing foreign operations; longer collection cycles; potential changes in tax laws; and greater difficulty in protecting intellectual property. During the first half of fiscal year 1998, changes in exchange rates from the same period of the prior fiscal year adversely impacted revenues, principally due to changes in the Japanese yen, the German mark and the French franc. The Company's international results may also be impacted by general economic and political conditions in these foreign markets. There can be no assurance that these and other factors will not have a material adverse effect on the Company's future international sales and consequently, on the Company's business and consolidated results of operations.

Dependence on distribution channels   The Company sells its software products primarily to distributors and dealers (value-added resellers, or "VARs"). Autodesk's ability to effectively distribute products depends in part upon the financial and business condition of its VAR network. Although the Company has not, to date, experienced any material problems with its VAR network, computer software dealers and distributors are typically not highly capitalized and have experienced difficulties during times of economic contraction and may do so in the future. The loss of or a significant reduction in business with any one of the Company's major international distributors or large US dealers could have a material adverse effect on the Company's business and consolidated results of operations in future periods.

Product returns   With the exception of certain European distributors, agreements with the Company's VARs do not contain specific product-return privileges. However, Autodesk permits its VARs to return product in certain instances, generally during periods of product transition and during update cycles. While the Company experienced a decrease in product returns both in absolute dollars and as a percentage of consolidated revenues during the first half of fiscal year 1998 as compared to the same period in the prior fiscal year, management anticipates that product returns in future periods will continue to be impacted by product update cycles, new product releases, and software quality.

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

Intellectual property   The Company relies on a combination of patent, copyright and trademark laws, trade secrets, confidentiality procedures, and contractual provisions to protect its proprietary rights. Despite such efforts to protect the Company's proprietary rights, unauthorized parties may attempt to copy aspects of the Company's software products or to obtain and use information that Autodesk regards as proprietary. Policing unauthorized use of the Company's software products is time-consuming and costly. Although the Company is unable to measure the extent to which piracy of its software products exists, software piracy can be expected to be a persistent problem. There can be no assurance that the Company's means of protecting its proprietary rights will be adequate or that its competitors will not independently develop similar technology. The Company expects that software product developers will be increasingly subject to infringement claims as the number of products and competitors in its market grows and the functionality of products in different market segments overlap. There can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted against the Company or that any such assertions will not have a material adverse effect on its business. Any such claims, whether with or without merit, could be time-consuming, result in costly litigation and diversion of resources, cause product shipment delays, or require the Company to enter into royalty or licensing agreements. Such royalty or license agreements, if required, may not be available on acceptable terms, if at all, which could have a material adverse effect on the Company's business and consolidated results of operations.

The Company also relies on certain software that it licenses from third parties, including software that is integrated with internally developed software and used in its products to perform key functions. There can be no assurance that these third-party software licenses will continue to be available on commercially reasonable terms, or that the software will be appropriately supported, maintained, or enhanced by the licensors. The loss of licenses, or inability to support, maintain, and enhance any such software, could result in increased costs, or in delays or reductions in product shipments until equivalent software could be developed, identified, licensed, and integrated, which would have a material adverse effect on the Company's business and consolidated results of operations.

Risks associated with recent acquisitions and investments   Autodesk consummated several acquisitions in fiscal year 1997, including acquisitions of Teleos Research, Argus Technologies, Inc., and Creative Imaging Technologies, Inc., as well as the March 1997 acquisition of Softdesk. The Company is integrating the operations acquired in the Softdesk merger with its own. There can be no assurance that the anticipated benefits of the Softdesk merger or other business combinations completed in fiscal year 1997 or 1998 will be realized. The Softdesk merger entails a number of risks, including managing a larger and more geographically disparate business. In addition, the Softdesk merger could require significant additional management attention. If Autodesk is unsuccessful in integrating and managing the Softdesk business and the businesses of other recently acquired entities, the Company's business and consolidated results of operations in future periods could be adversely affected.

The Company periodically invests in and acquires businesses, software products and technologies which are complementary to the Company's business through strategic alliances, debt and equity investments, joint ventures and the like. The risks associated with such investments include, among others, the difficulty of assimilating the operations and personnel of the companies, the failure to realize anticipated synergies and merger-related expenses. There can be no assurance that the Company will be successful in overcoming such risks or that such investments and acquisitions will not have a material adverse impact upon the Company's business, financial condition or results of operations. In addition, such investments and acquisitions may contribute to potential fluctuations in quarterly results of operations due to merger-related costs and charges associated with eliminating redundant expenses or write-offs of impaired assets recorded in connection with business combinations, any of which could negatively impact results of operations for a given period or cause lack of linearity quarter to quarter in the Company's operating results or financial condition.

LIQUIDITY AND CAPITAL RESOURCES

Working capital, which consists principally of cash, cash equivalents, marketable securities, and accounts receivable was $182.3 million at July 31, 1997, compared to $160.4 million at January 31, 1997. Cash, cash equivalents, and marketable securities, which consist primarily of high-quality municipal bonds, tax-advantaged money market instruments, and US treasury notes, totaled $327.6 million at July 31, 1997, compared to $286.3 million at January 31, 1997. The $41.3 million increase in cash, cash equivalents, and marketable securities was due primarily to cash generated from operations ($54.9 million) and cash proceeds from the issuance of shares through employee stock option and stock purchase programs ($29.3 million). This increase was partially offset by cash used to repurchase shares of the Company's common stock under an ongoing, systematic repurchase program ($38.2 million); to pay dividends on the Company's common stock ($5.7 million); to effect business combinations ($5.8 million); and to purchase computer equipment, furniture, and leasehold improvements ($7.9 million).

The Company has an unsecured $40 million bank line of credit that may be used from time to time to facilitate short-term cash flow. At July 31, 1997, there were no borrowings outstanding under this credit agreement, which expires in January 1999.

The Company's principal commitments at July 31, 1997 consisted of obligations under operating leases for facilities.

Longer-term cash requirements, other than normal operating expenses, are anticipated for development of new software products and enhancement of existing products; financing anticipated growth; dividend payments; repurchases of the Company's common stock; and the acquisition of businesses, software products, or technologies complementary to the Company's business. The Company believes that its existing cash, cash equivalents, marketable securities, available line of credit, and cash generated from operations will be sufficient to satisfy its currently anticipated cash requirements for fiscal year 1998.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the Form 10-Q filed with the Securities and Exchange Commission for the period ended April 30, 1997.

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

At the Company's Annual Meeting of Stockholders held on June 26, 1997, the following individuals were elected to the Board of Directors:

	Votes For	Votes Withheld
Carol A. Bartz	39,787,957	8,204,374
Mark A. Bertelsen	39,702,394	8,289,937
Crawford W. Beveridge	39,342,600	8,649,731
J. Hallam Dawson	39,861,088	8,131,243
Mary Alice Taylor	39,861,870	8,130,461
Morton Topfer	39,857,305	8,135,026

The following proposal was approved at the Company's Annual Meeting:

	Affirmative Votes	Negative Votes	Votes Withheld
1. Ratify the appointment of Ernst & Young LLP as independent auditors for the fiscal year ending January 31, 1998.	40,294,578	33,182	7,664,571

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter ended July 31, 1997.

SIGNATURES

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

DATED: September 12, 1997

AUTODESK, INC.

(Registrant)

/s/ CAROL A. BARTZ

Carol A. Bartz
Chairman and Chief Executive Officer

/s/ STEVE CAKEBREAD

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

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6-MOS
JAN-31-1998
JUL-31-1997
37,166
187,965
96,073
10,214
6,548
371,948
130,777
87,318
577,858
189,633
0
0
0
263,317
25,921
577,858
273,080
273,080
34,766
265,607
0
1,034
0
(23,553)
11,357
(34,910)
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