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

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
---- EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED JANUARY 31, 1995

COMMISSION FILE NUMBER: 0-14338

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

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

111 MCINNIS PARKWAY, SAN RAFAEL, CALIFORNIA 94903
(Address of principal executive offices) (Zip Code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

<table>
<thead>
<tr>
<th>Name of each exchange</th>
<th>Title of each class</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

COMMON STOCK, $0.01 PAR VALUE

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [__]

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant, based upon the closing sale price of the Common Stock on April 24, 1995 as reported on the Nasdaq National Market, was approximately $1,122,467,000. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of April 24, 1995, Registrant had outstanding 47,610,000 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Stockholders for the fiscal year ended January 31, 1995 are incorporated by reference into Parts II and IV. Portions of the Proxy Statement for Registrant's 1995 Annual Meeting of Stockholders to be held June 30, 1995 are incorporated by reference in Part III.
ITEM 1. BUSINESS
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GENERAL

Autodesk, Inc. ("Autodesk" or the "Company") develops, markets, sells and supports a family of design-automation and multimedia software and component technologies for use on personal computers and workstations. The Company is the world's leading volume supplier of computer-aided design (CAD) and desktop multimedia software and the world's fifth-largest PC-software company. Customers use Autodesk's software products for tasks ranging from mechanical design and facilities management to digital terrain modeling and videography. The Company's software products are sold worldwide, primarily through a network of dealers and distributors.

PRODUCTS

Autodesk provides a family of desktop solutions for every phase of the design process-from the inception, evolution, visualization and animation of an idea through the manufacturing or construction of a finished product. The Company's product offerings focus on two software families: Design Automation and Multimedia.

DESIGN AUTOMATION

Autodesk's diverse and growing product family is centered around AutoCAD, the industry-standard, design-automation software package. Building on its foundation in the design and drafting markets, the Company offers several design-automation software products that address the product development process enabling users to quickly and efficiently take ideas from concept to production. Beyond these art-to part design products, Autodesk offers complementary software that can be used for such tasks as facilities infrastructure maintenance, automating design-process workflow and for GIS (Geographic Information Systems) and mapping functions.

AutoCAD
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AutoCAD software is a general-purpose CAD tool used in fields ranging from architecture and mechanical design to plant design and mapping. Professionals utilize AutoCAD for design, modeling, drafting, mapping, rendering and management tasks. The most current version, AutoCAD Release 13, was introduced in the US in November 1994. The Company shipped AutoCAD Release 13 in 10 languages during the first quarter of its availability. AutoCAD runs on DOS, Windows, Windows NT and certain UNIX operating systems and has an installed base in excess of 1.1 million units. Because AutoCAD .DWG files are portable across many platforms and operating systems, it is a viable solution for customers with multiple computer systems and a need to exchange drawing files in such an environment.

AutoCAD software's open-system architecture lets users adapt AutoCAD to unique professional requirements with more than 5,000 independently developed add-on applications. Advanced AutoCAD functionality includes a comprehensive 2D and 3D drafting feature set. AutoCAD also has integrated 3D solid modeling, rendering, extensive 2D geometry such as NURBS (nonuniform rational B-splines) and ellipses, associative hatching, streamlined dimensioning and text editing with a built-in spell checker. With its rearchitected core technology, AutoCAD Release 13 incorporates object-oriented programming to provide a foundation for the development of custom, market-specific applications.

Sales of AutoCAD and AutoCAD updates accounted for approximately 80 percent of revenues in fiscal year 1995 as compared to approximately 85 percent in fiscal years 1994 and 1993.
Autodesk is committed to enhancing AutoCAD software's core technology while at the same time extending the Company's reach with complementary products of varying price and functionality.

Beyond AutoCAD, the Company offers a range of interoperable design-automation products. These products are discussed below.

**AutoCAD LT**

AutoCAD LT for Windows is a low-cost CAD package offering a wide range of 2D and basic 3D drafting capabilities. AutoCAD LT, which the Company began shipping in the fourth quarter of fiscal year 1994, is ideally suited for CAD managers, designers and engineers who need a powerful, stand-alone CAD tool, but who do not require the advanced AutoCAD feature set. AutoCAD LT software contains an extensive 2D drafting toolset as well as 3D lines and polylines with quick shading and hidden-line removal. Other features include aerial view for panning and zooming and paper space for scaling, annotating and assembling multiple drawing views before plotting. Operating in the Windows environment with pull-down menus, customizable toolbar, toolbox, menus and scripts, as well as dialog boxes and icons, AutoCAD LT is easy to learn and use. AutoCAD LT supports the Windows Clipboard, as well as Object Linking and Embedding, which allows users to link AutoCAD LT drawings to other Windows applications such as Microsoft Word or Excel. With its AutoCAD .DWG file format, AutoCAD LT has complete data compatibility with AutoCAD Release 11 and Release 12, which allows the exchange of drawings with other AutoCAD users with no loss of 2D geometry data.

**AutoSketch**

AutoSketch for Windows combines CAD power and precision with ease of use. It delivers a low-cost, entry-level 2D drafting package that can be used for creating technical diagrams, informational graphics and presentations, concept sketches, architectural layouts, electrical drawings, patterns and templates. AutoSketch offers easy tool customization, a wide variety of drawing options, extensive editing capabilities, double-precision geometry, associative dimensioning, the capability to write .DWG files for AutoCAD and AutoCAD LT users and 13 library packs with more than 2,000 predrawn symbols.

The Company's CAD products also include various mechanical design and data management products, which are described below.

**AutoCAD Designer**

AutoCAD Designer software delivers the power of parametric-feature-based, solid modeling to the desktop and is completely integrated with AutoCAD software. Users of AutoCAD Designer can sketch in the industry-standard 2D AutoCAD environment and automatically create a 3D parametric solid model using "intelligent" shapes such as holes, fillets and protrusions. AutoCAD Designer is suited for drafters, designers and engineers involved in the conceptualization, design or drafting of mechanical parts in a variety of manufacturing industries including automotive, electrical equipment, machinery, plastics and aerospace. AutoCAD Designer .DWG files can be used with other AutoCAD software applications as well as with Autodesk visualization products and independently developed applications.
AutoSurf software provides customers with sophisticated, yet easy-to-use, 3D surface-modeling tools for use on PCs and UNIX-based engineering workstations. With its integrated 3D wireframe and NURBS technology, AutoSurf brings advanced CAD/CAM capabilities to the desktop with powerful features for 2D and 3D design and detailing and free-form surface modeling. AutoSurf helps customers design complex mechanical component parts such as sophisticated consumer products, automotive products, molds, turbines and propellers. AutoSurf software, part of Autodesk's mechanical CAD product family, is integrated with AutoCAD, AutoCAD Designer and AutoVision software.

Autodesk WorkCenter

Windows-based Autodesk WorkCenter software is an easily customized system for managing technical documents and automating workflow for design teams of varying sizes. Its built-in management tools allow users to organize documents according to specific needs; check documents in and out of a secured, multiuser environment; and automatically manage revisions over time.

With workflow automation tools such as electronic notification, document distribution, approvals and task routing with all relevant documents attached, Autodesk WorkCenter permits users to track projects easily and manage the flow of workgroup information. And, with its customizable interface and unique SmartView Folders feature, users can tailor the program using terminology and document/project organization schemes that work for them, whether they are in architecture, mechanical engineering or plant design.

Fully integrated with AutoCAD for Windows, Autodesk WorkCenter software offers CAD-document redlining and extensive viewing capabilities and works with more than 100 types of electronic documents, including text, spreadsheet, graphics, database and CAD files. Thus, managers can readily and easily view CAD drawings, for instance, even though they may be unfamiliar with CAD software. The software also allows users to compare two drawings, and it highlights their differences.

AutoCAD Data Extension

AutoCAD Data Extension (ADE) software is a powerful add-on program that incorporates AutoCAD drawings with database records and other documents into one integrated environment. The graphical information created with ADE allows users to locate data within AutoCAD drawings based upon entity location; properties such as color, layer or linetype; or associated data. Ideal for multiuser work environments, ADE software provides simultaneous access to an organization's entire drawing database. Entity-locking and user-access controls monitor changes to source drawings and prevent accidental overwrites. Other features include custom thematic-drawing capabilities and support for map coordinate projections and map-drawing cleanup.
MULTIMEDIA:

The company's Multimedia product family focuses on visualization, animation and simulation software and includes the products discussed below.

3D Studio
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3D Studio software is a graphics package for creating professional-quality 3D graphics and animations. This PC-based product provides a full complement of modeling, animation and rendering tools that help users create richly textured, workstation-quality images and animations. In addition, 3D Studio and AutoCAD files are easily exchanged and allow for the development of advanced engineering or architectural visualizations.

3D Studio Release 4, which began shipping in the third quarter of fiscal year 1995, is targeted at a diverse group of customers, including video producers and customers involved in multimedia title development, video-game production and applications such as medical visualization. This product is well suited for animation designers and can be used to create corporate presentations, broadcast animations, industrial design visualizations, crime reenactments, architectural walk-throughs and for education and training. With 3D Studio Release 4 users can animate their work for digital delivery or recording to film, print or videotape.

The company also offers the 3D Studio Plug-In Toolkit which enables 3D Studio customers and independent application developers to create their own special effects, either for proprietary use or commercial resale to other 3D Studio users. The 3D Studio Plug-Ins are accessed and run from within 3D Studio software and have an interface resembling the one in 3D Studio. The 3D Studio Plug-In Toolkit allows for the creation of highly graphic, interactive user interfaces, which can include real-time previewing capabilities. In this way, the effect that a plug-in will have on an image or animation can be seen and adjusted before rendering.

AutoVision
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AutoVision software helps users create photorealistic still renderings and is integrated completely within AutoCAD software. With AutoVision, AutoCAD customers can produce high-impact images; render and light multiple views of a single drawing; and compare them. AutoVision is compatible with Autodesk 3D Studio and the company's Texture Universe software, a collection of ready-to-use, digitized textures and backgrounds, which offers further visualization capabilities, available on CD-ROM.

Autodesk Animator Studio
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Autodesk Animator Studio, the Windows-based successor to Animator Pro software, offers a combination of 24-bit 2D paint and animation, digital video and audio tools for creating and editing components of many multimedia applications. Autodesk Animator Studio reads and writes all standard still-image file formats, as well as animation formats. An intuitive filmstrip displays the frames of an animation so that users can view images in sequence. Other features allow users to open multiple animations simultaneously, then cut, copy and paste among them. Autodesk Animator Studio offers an integrated studio for recording, editing and synchronizing audio from sources such as CDs, tapes and external microphones. Animator Studio also ships with a CD-ROM digital clip library containing professional-quality backgrounds, animation and sound clips which can be viewed, edited and incorporated into user productions.
Autodesk also licenses its industry-standard component technologies to selected developers through the Autodesk OEM (Original Equipment Manufacturer) Program. Currently, the OEM Program includes a CAD engine, a graphics engine, a rendering tool, a virtual-reality engine and a drawing-access engine. The Company's OEM Program provides the technology for developers to create highly specialized applications for niche markets. It also leverages Autodesk's technological and market leadership, enables developers to take cost-effective advantage of a growing trend in software engineering technology and provides customers with an opportunity to migrate to fully extensible, custom, high-end Autodesk solutions.

PRODUCT DEVELOPMENT AND ENHANCEMENT

The computer industry is characterized by rapid technological change in computer hardware, operating systems and software. To keep pace with this change, Autodesk maintains an aggressive program of new product development. The Company dedicates considerable resources to research and development to further enhance its existing products and to create new products and technologies. During fiscal years 1995, 1994 and 1993, the Company incurred $65,176,000, $56,231,000 and $51,481,000, respectively (excluding capitalized software development costs of approximately $2,100,000 and $1,100,000 in fiscal years 1995 and 1993; no software development costs were capitalized during fiscal year 1994), for software design, development, product localization and project-management activities.

The majority of the Company's basic research and product development has been performed in the US, while translation and localization of foreign-market versions are generally performed by development teams or contractors in the local market. In fiscal year 1993, the Company centralized its European product-related functions, including software development, localization, quality assurance, technical publications and production in Neuchatel, Switzerland.

The Company intends to continue to recruit and hire experienced software developers and to consider the acquisition of complementary software businesses and technologies. In addition, Autodesk will continue to actively collaborate with and support independent software developers who offer products that enhance and complement AutoCAD software and other products the Company offers.

From time to time, the Company has delayed or briefly suspended product shipments to make programming corrections. These corrections, which are not unusual in the software industry, have generally been made to fix errors or "bugs" in the software. Additionally, there can be no assurance that the Company's development efforts will result in the timely introduction of new products or that such new products will be commercially successful. Failure to successfully develop new products or delays in the introduction of these new products or lower-than-anticipated demand for these products could have a material and adverse effect on the Company's business.
MARKETING AND SALES

Autodesk's customer-related operations are divided into three geographic regions: the Americas, Europe and Asia/Pacific. To support continued expansion and growth in these geographies, the Company realigned its internal marketing organization in February 1995 around the five key market groups that most closely match Autodesk's customer base: Architecture, Engineering and Construction/Facilities Management (AEC/FM); Mechanical Computer-Aided Design (MCAD); Geographic Information Systems (GIS); Data Management (DM); and Multimedia. In addition to these market groups, the Company has also formed the Advanced Products Group, which focuses on providing a new generation of tools for a much broader market. The goal of this group is to add to Autodesk's traditional design-automation customer base—architects, engineers—by creating products for individuals in associated trades, such as landscaping and interior design.

Autodesk's products are marketed through a network of domestic and foreign offices, creating a worldwide distribution system. The Company's products are sold in more than 115 countries through authorized dealers, distributors and via direct sales. Dealers and distributors, including both owners and computer store franchisees, are supported by the Company and its subsidiaries through technical training, direct telephone support, periodic publications and through the Autodesk Forum, an electronic bulletin board on the CompuServe network.

The Company works directly with dealer and distributor sales organizations, computer manufacturers, other software developers and peripherals manufacturers through cooperative advertising, promotions and trade-show presentations. Autodesk also holds annual "Expos" throughout the world. These dedicated trade shows, incorporated within major industry trade shows, highlight the Company's products, as well as a number of third-party products. The Company also employs mass-marketing techniques such as direct mailings and advertising in business and trade journals. Further, Autodesk supports user groups dedicated to the exchange of information related to the use of the Company's products.

Domestically, the Company distributes its products primarily through its authorized dealer network. Other domestic sales are made principally to large corporations, governmental agencies, educational institutions and, for certain low-end CAD products, end-users. Substantially all of the Company's international sales are made to dealers and distributors, which are supported by the Company's foreign subsidiaries and international sales organizations. Certain international sales result from direct exports from the US.

The Company's ability to effectively distribute its products depends in part upon the financial and business condition of its network of dealers and distributors. Although the Company has not, to date, experienced any material problems with this network, computer software dealers and distributors typically are not highly capitalized and have experienced difficulties during economic recessions or in times of economic contraction and may do so in the future, which could negatively impact the Company's business.

The Company intends to continue to make its products available in foreign languages and expects that foreign sales will continue to contribute a significant portion of its consolidated revenues. Foreign revenues, including export sales from the US to foreign customers, accounted for approximately 61 percent, 58 percent and 57 percent of revenues in fiscal years 1995, 1994 and 1993, respectively.

During fiscal years 1995, 1994 and 1993, no single customer accounted for more than 10 percent of the Company's consolidated revenues.
CUSTOMER AND DEALER SUPPORT

Autodesk requires each authorized dealer and distributor to provide a professional level of technical support to customers by employing full-time, trained, technical-support personnel. The Company supports its dealers and distributors through technical-product training, sales training classes and direct telephone support.

The Company supports customers with direct-support contracts in addition to providing technical support through its customer support telephone lines for certain low-cost CAD products. Autodesk also offers direct on-line support to customers who log onto the Autodesk Forum on CompuServe. The three Autodesk Forums are the AutoCAD Forum, the Autodesk Multimedia Forum and the Autodesk Retail Products Forum. These forums provide answers to technical questions and tips and techniques to assist users of Autodesk products. The Autodesk Forum also allows the Company to make important product-support information available simultaneously to dealers and customers.

Customers have formed AutoCAD user groups as forums for education and to offer suggestions for product enhancements and new product developments. The North American Autodesk User Group (NAAUG), officially recognized by Autodesk, sponsors an annual meeting held concurrently with the Autodesk University user show; publishes a quarterly newsletter; independently evaluates Autodesk products; compiles user feature and functionality requirements; and offers telecourses taught by its membership on CompuServe.

As of January 31, 1995, the Company had more than 800 Autodesk Training Center (ATC) sites throughout the world. These accredited training centers offer in-depth education and training in computer-aided design skills on AutoCAD and other Autodesk products, as well as on related, independently developed software.

DEVELOPER PROGRAMS

One of the Company's key strategies is to maintain an "open-architecture" software product design to facilitate third-party development of peripheral and complementary products. This open-architecture design enables users, customers and third parties to customize the Company's products for a wide variety of highly specific uses. Autodesk offers several programs that provide marketing, sales and technical support and programming tools to over 2,500 Autodesk Registered Developers worldwide who have, to date, developed more than 5,000 commercially available add-on applications for Autodesk products. Although Autodesk derives no direct revenue from these application developers, the Company believes that the availability and use of such add-on products enhance sales opportunities for the Company's core products.

To support the growth of third-party developers worldwide whose applications extend and enhance the functionality of the Company's products, Autodesk established the Virtual Corporation Partner Program (VCPP) during fiscal year 1995. This program provides sales, marketing, technical and financial support to Autodesk Strategic Developers whose efforts broaden and enhance the functionality of Autodesk software products.

BACKLOG

The Company typically ships product within one to two weeks after receipt of an order, which is common in the computer software industry. Accordingly, backlog as of any particular date is not representative of actual sales for any succeeding period.
The Company is a leading supplier of design-automation and desktop multimedia software for use on personal computers and workstations. The software industry has limited barriers to entry and the availability of desktop computers that have continually expanding capabilities, at progressively lower prices, contributes to the ease-of-market entry. Because of these and other factors, competitive conditions in the future are likely to intensify. Increased competition could result in price reductions, reduced profit margins and loss of market share, which would adversely affect the Company’s operating results.

The AutoCAD family of products competes directly with other CAD software, including that of MicroStation by Bentley Systems, Inc.; Personal Designer and CADDS by Computervision Corporation; Micro CADAM which is developed and supported by CADAM Systems Company, Inc.; and CADKEY by Cadkey, Inc. Domestically, the Company's mechanical design products compete with Parametric Technology Corporation's Pro/ENGINEER and Pro/JR.; the Master Series from Structural Dynamics Research Corporation; ANVIL-5000 by MCS; and the CATIA and CADAM products offered by Paris-based Dassault Systemes and sold by IBM. Autodesk's competitors in the data management market include AM Workflow from Cyco's and AutoEDMS from ACS Telecom. The Company also faces competition in its foreign markets from a number of products offered by foreign-based companies. Additionally, CAD vendors who have historically developed products for the mainframe and minicomputer markets can be expected to improve the price/performance characteristics of their products and to develop lower-cost products. Some of these existing and potential competitors have substantially greater financial, marketing and technical resources than Autodesk.

Autodesk’s primary multimedia products, 3D Studio, AutoVision and Animator Studio software, are currently available on IBM PCs and compatible computers. The primary competition in the multimedia software market consists of products available on personal computers and computer systems offered by Silicon Graphics, Inc. Products competing with the Company's 3D Studio software include Lightwave by Newtek and Truespace by Caligari. With its most current release, Release 4, 3D Studio is also a viable alternative in many applications to much costlier graphics systems available only on computers offered by Silicon Graphics, Inc. Animator Studio faces competition from various products including Painter 4.0 by Fractal Design and After Effects from Adobe. AutoVision software competes with two third-party add-on products, AccuRender from Robert McNeel and RenderStar by RenderStar Technologies.

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

In addition, the Company competes for its distribution channels based on buyer preferences, profit margins, product training, marketing support and credit terms. See the "Marketing and Sales" discussion presented earlier in this document.
PROPRIETARY RIGHTS AND LICENSES

The Company regards its software as proprietary and relies primarily on a combination of copyrights and trade-secret laws to establish its proprietary interest and maintain the confidentiality of its software products. The Company also has registered various trademarks.

The Company retains ownership rights to all software it develops. All software is licensed to users and provided in object code pursuant to either shrink-wrap-type licenses or executed license agreements. These agreements contain restrictions on duplication, disclosure and transferability.

The Company copyrights its software and related user documentation, but copyright laws afford only limited practical protection against unauthorized duplication of the software media and related user manuals. For all AutoCAD sales outside of North America, the Company uses software protection locks to inhibit unauthorized copying. However, even with such a device, competitors or users can still illegally copy parts of the Company's products or obtain information that the Company regards as trade secrets.

The Company believes that because of the limitations of protective laws and the rapid, ongoing technological change in both the computer hardware and software industries, it must rely principally upon software engineering and marketing skills to maintain and enhance its competitive market position.

Autodesk has an in-house antipiracy program focused on pursuing companies and individuals who illegally duplicate, sell or install the Company's software products. Software piracy is viewed as theft, and, in some cases, is a felony under US federal law, which allows copyright and patent holders to protect and enforce their rights as owners of intellectual property. In addition, Autodesk and several other leading software companies belong to the Business Software Alliance, which was formed in 1988 to protect the legal rights of software developers and to promote antipiracy awareness, education and legislation around the world.

PRODUCTION

Production of Autodesk software products involves duplication of various electronic media and the printing of user manuals. The purchase of these media and transfer of the software programs onto these media for distribution to customers are performed by the Company and by licensed subcontractors. Media for the Company's products include CD-ROMs, 5.25-inch floppy disks and 3.5-inch microdisks and are available from multiple sources. User manuals for Autodesk products and packaging materials are produced to Company specifications by outside sources. To date, Autodesk has not experienced any material difficulties or delays in production of its software and documentation. In fiscal year 1996, the Company announced that it had entered into agreements with third parties who will manufacture and distribute Autodesk products in the US and certain international locations. Such outsourcing, expected to be phased in during fiscal year 1996, should favorably impact the Company's gross margin in future periods.
EMPLOYEES

As of January 31, 1995, the Company had 1,788 full-time employees (1,209 in North America, 416 in Europe and 163 in Asia/Pacific), of whom 403 were in software development, 104 in quality assurance, 830 in marketing and sales, 102 in production and 349 in general and administrative positions. The Company believes that its future success will depend, in part, on its ability to continue to attract and retain highly skilled technical, marketing, support and management personnel.

None of the Company's employees are subject to a collective bargaining agreement, and the Company has never experienced a work stoppage. Management believes that its employee relations are good.

ITEM 2. PROPERTIES

The Company's executive offices and those related to product development, domestic marketing and sales and production are located in leased office space in northern California. The Company also leases office space in various locations throughout the US for local sales and technical support personnel. Autodesk's foreign subsidiaries lease office space for their operations. International production is performed in leased facilities in Australia, Japan and Switzerland.

The Company owns substantially all equipment used in its facilities.

ITEM 3. LEGAL PROCEEDINGS

On October 8, 1992, Vermont Microsystems, Inc. filed a complaint against the Company in the US District Court for the District of Vermont, alleging copyright infringement, misappropriation of trade secrets, interference with contractual relations and breach of contract. In October 1994, the case was tried before a Magistrate of the US District Court of Vermont where the Company vigorously contested the claims in the lawsuit. In December 1994, a $25.5 million judgment was entered against the Company. The judgment bears interest until paid (7.22 percent per annum). Management strongly denies any wrongdoing in this matter and has filed an appeal to this judgment.

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

No matters were submitted to a vote of security holders during the fourth quarter of fiscal year 1995.

Executive Officers of the Registrant

The following sets forth certain information regarding the executive officers of the Company as of April 28, 1995:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
<th>Officer Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carol A. Bartz</td>
<td>46</td>
<td>Chairman of the Board, President and Chief</td>
<td>1992</td>
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<tr>
<td></td>
<td></td>
<td>Executive Officer</td>
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<tr>
<td>Robert M. Carr</td>
<td>38</td>
<td>Vice President, Engineering Group</td>
<td>1993</td>
</tr>
<tr>
<td>James D. D'Arezzo</td>
<td>44</td>
<td>Vice President, Corporate Marketing, and GIS and</td>
<td>1994</td>
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<tr>
<td></td>
<td></td>
<td>DM Market Groups</td>
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</tr>
<tr>
<td>Name</td>
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<tr>
<td>Dominic J. Gallello</td>
<td>40</td>
<td>Vice President, Asia/Pacific and Acting Vice President, Mechanical CAD Market Group</td>
<td>1992</td>
</tr>
<tr>
<td>Eric B. Herr</td>
<td>47</td>
<td>Chief Financial Officer and Vice President, Finance and Administration</td>
<td>1992</td>
</tr>
<tr>
<td>John E. Lynch</td>
<td>38</td>
<td>Chief Technology Officer and Vice President, Advanced Products Group</td>
<td>1993</td>
</tr>
<tr>
<td>Stephen McMahon</td>
<td>53</td>
<td>Vice President, Human Resources</td>
<td>1994</td>
</tr>
<tr>
<td>Godfrey R. Sullivan</td>
<td>41</td>
<td>Vice President, the Americas and Acting Vice President, AEC/FM Market Group</td>
<td>1992</td>
</tr>
<tr>
<td>Michael E. Sutton</td>
<td>50</td>
<td>Vice President, Europe</td>
<td>1993</td>
</tr>
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Carol A. Bartz joined the Company in April 1992 and has served as President, Chief Executive Officer and Chairman of the Board since May 1992. Prior to joining Autodesk, she held various positions at Sun Microsystems, Inc., from 1983 to April 1992, including Vice President, Worldwide Field Operations (July 1990 to April 1992) and Vice President of Customer Service and Satisfaction (January 1989 to July 1990).

Robert M. Carr has served as Vice President, Engineering Group since February 1995. Mr. Carr joined the Company in November 1993 and served as Vice President, Core Technology Group through January 1995. From September 1987 to August 1993, Mr. Carr served as Vice President of Software Development of Go Corporation, a company he cofounded.

James D. D'Arezzo has served as Vice President, Corporate Marketing and Vice President, GIS and DM Market Groups since February 1995. Mr. D'Arezzo joined the Company in February 1994 and served as Vice President, Marketing through January 1995. From November 1993 to January 1994, Mr. D'Arezzo served as the Vice President of Corporate Business Development for Banyan Systems. From March 1990 to November 1993, Mr. D'Arezzo served as Banyan's Vice President of Marketing.

Dominic J. Gallello has served as Vice President, Asia/Pacific since October 1992 and as Acting Vice President, Mechanical CAD Market Group since February 1995. From April 1981 to October 1992, he held various positions with Intergraph Corporation, including President, Intergraph Japan from June 1986 to October 1992.

Eric B. Herr has served as Vice President, Finance and Administration since February 1995 and has been the Company's Chief Financial Officer since joining the Company in May 1992. From December 1992 through January 1995, Mr. Herr also served as Vice President, Emerging Businesses. From May 1990 to May 1992, he served as Vice President of Finance and Planning, Sun Microsystems, Inc. From January 1986 to May 1990, Mr. Herr served as Vice President, Managing Partner of Michael Allen Company, a management consulting firm.

John E. Lynch joined Autodesk in May 1986 and has served as Chief Technology Officer and Vice President, Advanced Products Group since February 1995. From April 1993 through January 1995, Mr. Lynch served as Vice President, Product Development Group. From June 1991 to April 1993, Mr. Lynch served as General Manager, AutoCAD Division and from May 1986 to June 1991, as a senior member of Autodesk's technical staff.
Stephen McMahon has served as Vice President, Human Resources since joining the Company in July 1992. From July 1987 to July 1992, Mr. McMahon served as Senior Director, Human Resources for Apple Computer, Inc.

Godfrey R. Sullivan has served as Vice President, the Americas since joining the Company in October 1992 and as Acting Vice President, AEC/FM Market Group since February 1995. Mr. Sullivan held various positions with Apple Computer, Inc. from June 1984 to September 1992, including Vice President and General Manager, Business Markets Division from April 1992 to September 1992 and Vice President and General Manager, US Reseller Operations from July 1991 to March 1992.

Michael E. Sutton has served as Vice President, Europe since June 1993. Mr. Sutton joined the Company in October 1987 as a sales and marketing director in the United Kingdom. Mr. Sutton was the Managing Director of the Company's United Kingdom subsidiary from January 1990 to January 1992. From January 1992 to February 1993, Mr. Sutton served as Northern Region Manager, Europe and from February 1993 to May 1993, he served as acting Vice President, Europe.

PART II

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

The information required by this Item is incorporated by reference to page 38 of the Company's 1995 Annual Report to Stockholders.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this Item is incorporated by reference to page 17 of the Company's 1995 Annual Report to Stockholders.

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

The information required by this Item is incorporated by reference to pages 18 through 23 of the Company's 1995 Annual Report to Stockholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item is incorporated by reference to pages 24 through 37 of the Company's 1995 Annual Report to Stockholders.

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

Not applicable.

13
Certain information required by Part III is omitted from this Report in that the Registrant will file a definitive proxy statement pursuant to Regulation 14A (the "Proxy Statement") not later than 120 days after the end of the fiscal year covered by this Report and certain information included therein is incorporated herein by reference. Only those sections of the Proxy Statement that specifically address the items set forth herein are incorporated by reference. Such incorporation does not include the Compensation Committee Report or the Performance Graph included in the Proxy Statement.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT
--------------------------------------------------
The information concerning the Company's directors required by this Item is incorporated by reference to the Company's Proxy Statement.

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

The information regarding compliance with Section 16 of the Securities and Exchange Act of 1934 is to be set forth in the Proxy Statement and is hereby incorporated by reference.

ITEM 11. EXECUTIVE COMPENSATION
----------------------
The information required by this Item is incorporated by reference to the Company's Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
--------------------------------------------------------------------------------
The information required by this Item is incorporated by reference to the Company's Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS
---------------------------------------------------------
The information required by this Item is incorporated by reference to the Company's Proxy Statement.
ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

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

1. Financial Statements: The following Consolidated Financial Statements of Autodesk, Inc. and Report of Ernst & Young LLP, Independent Auditors, are incorporated by reference to pages 24 through 37 of the Registrant’s 1995 Annual Report to Stockholders:

   Consolidated Balance Sheet--January 31, 1995 and 1994
   Consolidated Statement of Stockholders' Equity--Three-Year Period Ended January 31, 1995
   Notes to Consolidated Financial Statements
   Report of Ernst & Young LLP, Independent Auditors

2. Financial Statement Schedule: The following financial statement schedule of Autodesk, Inc., for the fiscal years ended January 31, 1995, 1994 and 1993 is filed as part of this Report and should be read in conjunction with the Consolidated Financial Statements of Autodesk, Inc.

   Schedule II Valuation and Qualifying Accounts................. S-1

Schedules not listed above have been omitted because they are not applicable or are not required or the information required to be set forth therein is included in the Consolidated Financial Statements or Notes thereto.
3. Exhibits: The Exhibits listed on the accompanying Index to Exhibits immediately following the financial statement schedules are filed as part of, or incorporated by reference into, this Report.

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

(3) Incorporated by reference to the exhibit filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 1993.

* Denotes a management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K: Report on Form 8-K dated December 23, 1994 with respect to a $25.5 million judgment entered into against the registrant relating to a lawsuit filed against the registrant by Vermont Microsystems, Inc. No financial statements were required to be filed with this report.

With the exception of the information incorporated by reference to the Annual Report to Stockholders in Items 5, 6, 7 and 8 of Part II and Item 14 of Part IV of this Form 10-K, the Company's 1995 Annual Report to Stockholders is not to be deemed filed as a part of this Report.

Autodesk, AutoCAD, AutoSketch, 3D Studio, AutoSurf, and ATC are registered trademarks of Autodesk, Inc. AutoCAD Data Extension, AutoVision, DXF, Texture Universe, Animator Studio and Autodesk WorkCenter are trademarks of Autodesk, Inc. Windows and Microsoft are registered trademarks, and Windows NT is a trademark, of Microsoft.
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

AUTODESK, INC.

By: /s/ CAROL A. BARTZ

----------------------------------------
Carol A. Bartz
President and Chief Executive Officer
Chairman of the Board

Dated: April 28, 1995

POWER OF ATTORNEY

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

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

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ CAROL A. BARTZ</td>
<td>Chief Executive Officer and Director (Principal Executive Officer)</td>
<td>April 28, 1995</td>
</tr>
<tr>
<td>Carol A. Bartz</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ ERIC B. HERR</td>
<td>Chief Financial Officer (Principal Financial and Accounting Officer)</td>
<td>April 28, 1995</td>
</tr>
<tr>
<td>Eric B. Herr</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ MARK A. BERTELSEN</td>
<td>Director</td>
<td>April 28, 1995</td>
</tr>
<tr>
<td>Mark A. Bertelsen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ CRAWFORD W. BEVERIDGE</td>
<td>Director</td>
<td>April 28, 1994</td>
</tr>
<tr>
<td>Crawford W. Beveridge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ J. HALLAM DAWSON</td>
<td>Director</td>
<td>April 28, 1995</td>
</tr>
<tr>
<td>J. Hallam Dawson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ GREGORY P. LUTZ</td>
<td>Director</td>
<td>April 28, 1995</td>
</tr>
<tr>
<td>Gregory P. Lutz</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ JIM C. WARREN</td>
<td>Director</td>
<td>April 28, 1995</td>
</tr>
<tr>
<td>Jim C. Warren</td>
<td></td>
<td></td>
</tr>
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</table>
We consent to the incorporation by reference in this Annual Report (Form 10-K) of Autodesk, Inc. of our report dated February 22, 1995, included in the 1995 Annual Report to Stockholders of Autodesk, Inc.

Our audits also included the financial statement schedule of Autodesk, Inc. listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Post Effective Amendment No. 1 to the Registration Statements (Form S-8 No. 33-54683, No. 33-22656, No. 33-51110, No. 33-41265, No. 33-15675 and No. 33-39458) pertaining to the 1987 Stock Option Plan, 1990 Directors' Option Plan and Employee Qualified Stock Purchase Plan of Autodesk, Inc. of our report dated February 22, 1995 with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of Autodesk, Inc.

/s/ ERNST & YOUNG LLP

ERNST & YOUNG LLP

San Francisco, California
April 27, 1995
## Schedule II

**AUTODESK, INC.**

**VALUATION AND QUALIFYING ACCOUNTS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance at Beginning of Year</th>
<th>Additions--</th>
<th>Deductions</th>
<th>Balance at End of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for doubtful accounts:</td>
<td></td>
<td>Charged to Costs and Expenses</td>
<td>Write-Offs</td>
<td></td>
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<tr>
<td>Fiscal year ended January 31, 1995</td>
<td>$5,204,000</td>
<td>$2,198,000</td>
<td>$945,000</td>
<td>$6,457,000</td>
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<tr>
<td>Fiscal year ended January 31, 1994</td>
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<td>$2,024,000</td>
<td>$958,000</td>
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<td>Fiscal year ended January 31, 1993</td>
<td>$3,273,000</td>
<td>$1,697,000</td>
<td>$832,000</td>
<td>$4,138,000</td>
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* Denotes a management contract or compensatory plan or arrangement.
EXHIBIT 3.1

CERTIFICATE OF INCORPORATION
OF
AUTODESK, INC.

FIRST: The name of the Corporation is Autodesk, Inc. (the "Corporation").

SECOND: The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, zip code 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The Corporation is authorized to issue two classes of stock to be designated respectively Common Stock and Preferred Stock. The total number of shares of all classes of stock which the Corporation has authority to issue is Fifty-Two Million (52,000,000), consisting of Fifty Million (50,000,000) shares of Common Stock, $0.01 par value (the "Common Stock"), and Two Million (2,000,000) shares of Preferred Stock, $0.01 par value (the "Preferred Stock").

The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of each such series of Preferred Stock, including without limitation authority to fix by resolution or resolutions, the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or any of the foregoing.

The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issue of shares of such series then outstanding, subject to the powers, preferences and rights, and the qualifications, limitations and restrictions thereof stated in the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

FIFTH: The name and mailing address of the incorporator are as follows:

   Martin W. Korman
   Wilson Sonsini Goodrich & Rosati
   Two Palo Alto Square
   Palo Alto, CA 94306

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: The election of directors need not be by written ballot unless a stockholder demands election by written ballot at a meeting of stockholders and before voting begins or unless the Bylaws of the Corporation shall so provide.
EIGHTH: The number of directors which constitute the whole Board of Directors of the Corporation shall be designated in the Bylaws of the Corporation.

NINTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized to adopt, alter, amend or repeal the Bylaws of the Corporation.

TENTH: To the fullest extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

Neither any amendment nor repeal of this Article, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article, shall eliminate or reduce the effect of this Article in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ELEVENTH: At the election of directors of the Corporation, each holder of stock of any class or series shall be entitled to one vote for each share held. No stockholder will be permitted to cumulate votes at any election of directors.

TWELFTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the laws of the State of Delaware) outside of the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

THIRTEENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by the laws of the State of Delaware, and all rights conferred herein are granted subject to this reservation.

The undersigned incorporator hereby acknowledges that the foregoing Certificate of Incorporation is his act and deed and that the facts stated herein are true.

Dated: May 5, 1994

/s/ MARTIN W. KORMAN
-------------------------------------
Martin W. Korman
Incorporator
Autodesk, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), pursuant to the provisions of the General Corporation Law of the State of Delaware (the "GCL"), does hereby certify as follows:

FIRST: The Certificate of Incorporation of the Corporation is hereby amended by deleting the second sentence of the first paragraph of ARTICLE FOURTH of the Certificate of Incorporation in its present form and substituting therefor a new second sentence of the first paragraph of ARTICLE FOURTH in the following form:

The total number of shares of all classes of stock which the Corporation has authority to issue is One Hundred Two Million (102,000,000), consisting of One Hundred Million (100,000,000) shares of Common Stock, $0.01 par value (the "Common Stock"), and Two Million (2,000,000) shares of Preferred Stock, $0.01 par value (the "Preferred Stock").

SECOND: The amendment to the Amended and Restated Certificate of Incorporation of the Corporation set forth in this Certificate of Amendment has been duly adopted in accordance with the provisions of Section 242 of the GCL (a) the Board of Directors of the Corporation having duly adopted a resolution setting forth such amendment and declaring its advisability and submitting it to the stockholders of the Corporation for their approval, and (b) the stockholders of the Corporation having duly adopted such amendment by vote of the holders of a majority of the outstanding stock entitled to vote thereon at a special meeting of stockholders called and held upon notice in accordance with Section 222 of the GCL.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by Carol A. Bartz, its Chairman of the Board, President and Chief Executive Officer, this 13th day of October, 1994.

AUTODESK, INC.

By: /s/ CAROL A. BARTZ

Carol A. Bartz
Chairman of the Board, President and Chief Executive Officer
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  1.2 OTHER OFFICES........................................... 1

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4.3 COMMITTEE MINUTES

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5.5 VACANCIES IN OFFICES

5.6 CHAIRMAN OF THE BOARD

5.7 PRESIDENT

5.8 VICE PRESIDENTS

5.9 SECRETARY

5.10 CHIEF FINANCIAL OFFICER

5.11 ASSISTANT SECRETARY

5.12 ADMINISTRATIVE OFFICERS

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ARTICLE IX--AMENDMENTS
ARTICLE I
Corporate Offices

1.1 Registered Office
The registered office of the corporation shall be fixed in the certificate of incorporation of the corporation.

1.2 Other Offices
The board of directors may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to do business.

ARTICLE II
Meetings of Stockholders

2.1 Place of Meetings
Meetings of stockholders shall be held at any place within or outside the State of Delaware designated by the board of directors. In the absence of any such designation, stockholders' meetings shall be held at the principal executive office of the corporation.

2.2 Annual Meeting
The annual meeting of stockholders shall be held each year on a date and at a time designated by the board of directors. In the absence of such designation, the annual meeting of stockholders shall be held on the third Friday in June in each year at 3:00 p.m. However, if such day falls on a legal holiday, then the meeting shall be held at the same time and place on the next succeeding full business day. At the meeting, directors shall be elected, and any other proper business may be transacted.

2.3 Special Meeting
A special meeting of the stockholders may be called at any time by the board of directors, or by the chairman of the board, or by the president, or by one or more stockholders holding shares in the aggregate entitled to cast not less than ten percent (10%) of the votes of all shares of stock owned by stockholders entitled to vote at that meeting.

If a special meeting is called by any person or persons other than the board of directors or the president or the chairman of the board, then the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the chairman of the board, the president, any vice president or the secretary of the corporation. The officer receiving the request shall cause notice to be promptly given to the stockholders entitled to vote, in accordance with the provisions of Sections 2.4 and 2.6 of these bylaws, that a meeting will be held at the time requested by the person or persons calling the meeting, so long as that time is not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, then the person or
persons requesting the meeting may give the notice. Nothing contained in this
paragraph of this Section 2.3 shall be construed as limiting, fixing or
affecting the time when a meeting of stockholders called by action of the board
directors may be held.

2.4 Notice of Stockholders’ Meetings

All notices of meetings of stockholders shall be sent or otherwise given in
accordance with Section 2.5 of these bylaws not less than ten (10) nor more
than sixty (60) days before the date of the meeting. The notice shall specify
the place, date and hour of the meeting and (i) in the case of a special
meeting, the purpose or purposes for which the meeting is called (no business
other than that specified in the notice may be transacted) or (ii) in the case
of the annual meeting, those matters which the board of directors, at the time
of giving the notice, intends to present for action by the stockholders (but
any proper matter may be presented at the meeting for such action). The notice
of any meeting at which directors are to be elected shall include the name of
any nominee or nominees who, at the time of the notice, the board intends to
present for election.

2.5 Advance Notice of Stockholder Nominees and Stockholder Business

To be properly brought before an annual meeting or special meeting,
nominations for the election of directors or other business must be (a)
specified in the notice of meeting (or any supplement thereto) given by or at
the direction of the board of directors, (b) otherwise properly brought before
the meeting by or at the direction of the board of directors or (c) otherwise
properly brought before the meeting by a stockholder.

2.6 Manner of Giving Notice; Affidavit of Notice

Written notice of any meeting of stockholders shall be given either
personally or by first-class mail or by telegraphic or other written
communication. Notices not personally delivered shall be sent charges prepaid
and shall be addressed to the stockholder at the address of that stockholder
appearing on the books of the corporation or given by the stockholder to the
corporation for the purpose of notice. Notice shall be deemed to have been
given at the time when delivered personally or deposited in the mail or sent by
telegram or other means of written communication.

An affidavit of the mailing or other means of giving any notice of any
stockholders’ meeting, executed by the secretary, assistant secretary or any
transfer agent of the corporation giving the notice, shall be prima facie
evidence of the giving of such notice.

2.7 Quorum

The holders of a majority in voting power of the stock issued and outstanding
and entitled to vote thereat, present in person or represented by proxy, shall
constitute a quorum at all meetings of the stockholders for the transaction of
business except as otherwise provided by statute or by the certificate of
incorporation. If such quorum is not present or represented at any
meeting of the stockholders, then either (i) the chairman of the meeting or
(ii) the stockholders entitled to vote thereat, present in person or
represented by proxy, shall have power to adjourn the meeting in accordance
with Section 2.7 of these bylaws.

When a quorum is present at any meeting, the vote of the holders of a
majority of the stock having voting power present in person or represented by
proxy shall decide any question brought before such meeting, unless the
question is one upon which, by express provision of the laws of the State of
Delaware or of the certificate of incorporation or these bylaws, a different
vote is required, in which case such express provision shall govern and control
the decision of the question.

If a quorum be initially present, the stockholders may continue to transact
business until adjournment, notwithstanding the withdrawal of enough
stockholders to leave less than a quorum, if any action taken is approved by a
majority of the stockholders initially constituting the quorum.
2.8 Adjourned Meeting; Notice

When a meeting is adjourned to another time and place, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.9 Voting

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.11 of these bylaws, subject to the provisions of Sections 217 and 218 of the General Corporation Law of Delaware (relating to voting rights of fiduciaries, pledgors and joint owners, and to voting trusts and other voting agreements).

Except as may be otherwise provided in the certificate of incorporation or these bylaws, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder.

2.10 Stockholder Action by Written Consent Without a Meeting

Any action required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing setting forth the action so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Such consents shall be delivered to the corporation by delivery to its registered office in the state of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

2.11 Record Date for Stockholder Notice; Voting

For purposes of determining the stockholders entitled to notice of any meeting or to vote thereat, the board of directors may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors and which shall not be more than sixty (60) days nor less than ten (10) days before the date of any such meeting, and in such event only stockholders of record on the date so fixed are entitled to notice and to vote, notwithstanding any transfer of any shares on the books of the corporation after the record date.

If the board of directors does not so fix a record date, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the business day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting unless the board of directors fixes a new record date for the adjourned meeting, but the board of directors shall fix a new record date if the meeting is adjourned for more than thirty (30) days from the date set for the original meeting.

The record date for any other purpose shall be as provided in Section 8.1 of these bylaws.
2.12 Proxies

Every person entitled to vote for directors, or on any other matter, shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the secretary of the corporation, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A proxy shall be deemed signed if the stockholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, telefacsimile or otherwise) by the stockholder or the stockholder's attorney-in-fact. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212(e) of the General Corporation Law of Delaware.

2.13 Organization

The president, or in the absence of the president, the chairman of the board, shall call the meeting of the stockholders to order, and shall act as chairman of the meeting. In the absence of the president, the chairman of the board, and all of the vice presidents, the stockholders shall appoint a chairman for such meeting. The chairman of any meeting of stockholders shall determine the order of business and the procedures at the meeting, including such matters as the regulation of the manner of voting and the conduct of business. The secretary of the corporation shall act as secretary of all meetings of the stockholders, but in the absence of the secretary at any meeting of the stockholders, the chairman of the meeting may appoint any person to act as secretary of the meeting.

2.14 List of Stockholders Entitled to Vote

The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

ARTICLE III

Directors

3.1 Powers

Subject to the provisions of the General Corporation Law of Delaware and to any limitations in the certificate of incorporation or these bylaws relating to action required to be approved by the stockholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board of directors.

3.2 Number of Directors

The board of directors shall consist of five (5) members. The number of directors may be changed by an amendment to this bylaw, duly adopted by the board of directors or by the stockholders, or by a duly adopted amendment to the certificate of incorporation.

3.3 Election and Term of Office of Directors

Except as provided in Section 3.4 of these bylaws, directors shall be elected at each annual meeting of stockholders to hold office until the next annual meeting. Each director, including a director elected or appointed to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.
3.4 Resignation and Vacancies

Any director may resign effective on giving written notice to the chairman of
the board, the president, the secretary or the board of directors, unless the
notice specifies a later time for that resignation to become effective. If the
resignation of a director is effective at a future time, the board of directors
may elect a successor to take office when the resignation becomes effective.

Vacancies in the board of directors may be filled by a majority of the
remaining directors, even if less than a quorum, or by a sole remaining
director; however, a vacancy created by the removal of a director by the vote
of the stockholders or by court order may be filled only by the affirmative
vote of a majority of the shares represented and voting at a duly held meeting
at which a quorum is present (which shares voting affirmatively also constitute
a majority of the required quorum). Each director so elected shall hold office
until the next annual meeting of the stockholders and until a successor has
been elected and qualified.

Unless otherwise provided in the certificate of incorporation or these
bylaws:

(i) Vacancies and newly created directorships resulting from any increase
in the authorized number of directors elected by all of the stockholders
having the right to vote as a single class may be filled by a majority of
the directors then in office, although less than a quorum, or by a sole
remaining director.

(ii) Whenever the holders of any class or classes of stock or series
thereof are entitled to elect one or more directors by the provisions of
the certificate of incorporation, vacancies and newly created directorships
of such class or classes or series may be filled by a majority of the
directors elected by such class or classes or series thereof then in
office, or by a sole remaining director so elected.

If at any time, by reason of death or resignation or other cause, the
corporation should have no directors in office, then any officer or any
stockholder or an executor, administrator, trustee or guardian of a
stockholder, or other fiduciary entrusted with like responsibility for the
person or estate of a stockholder, may call a special meeting of stockholders
in accordance with the provisions of the certificate of incorporation or these
bylaws, or may apply to the Court of Chancery for a decree summarily ordering
an election as provided in Section 211 of the General Corporation Law of
Delaware.

If, at the time of filling any vacancy or any newly created directorship, the
directors then in office constitute less than a majority of the whole board (as
constituted immediately prior to any such increase), then the Court of Chancery
may, upon application of any stockholder or stockholders holding at least ten
(10) percent of the total number of the shares at the time outstanding having
the right to vote for such directors, summarily order an election to be held to
fill any such vacancies or newly created directorships or to replace the
directors chosen by the directors then in office as aforesaid, which election
shall be governed by the provisions of Section 211 of the General Corporation
Law of Delaware as far as applicable.

3.5 Removal of Directors

Unless otherwise restricted by statute, by the certificate of incorporation
or by these bylaws, any director or the entire board of directors may be
removed, with or without cause, by the holders of a majority of the shares then
entitled to vote at an election of directors; provided, however, that, if and
so long as stockholders of the corporation are entitled to cumulative voting,
if less than the entire board is to be removed, no director may be removed
without cause if the votes cast against his removal would be sufficient to
elect him if then cumulatively voted at an election of the entire board of
directors.

3.6 Place of Meetings; Meetings by Telephone

Regular meetings of the board of directors may be held at any place within or
outside the State of Delaware that has been designated from time to time by
resolution of the board. In the absence of such a designation, regular meetings
shall be held at the principal executive office of the corporation. Special
meetings of the board may be held at any place within or outside the State of Delaware that has been designated in the notice of the meeting or, if not stated in the notice or if there is no notice, at the principal executive office of the corporation.

Any meeting of the board, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another; and all such participating directors shall be deemed to be present in person at the meeting.

3.7 First Meetings

The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

3.8 Regular Meetings

Regular meetings of the board of directors may be held without notice at such time as shall from time to time be determined by the board of directors. If any regular meeting day shall fall on a legal holiday, then the meeting shall be held at the same time and place on the next succeeding full business day.

3.9 Special Meetings; Notice

Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman of the board, the president, any vice president, the secretary or any two directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first-class mail, telecopy or telegram, charges prepaid, addressed to each director at that director's address as it is shown on the records of the corporation. If the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. If the notice is delivered personally or by telephone, telecopy or telegram, it shall be delivered personally or by telephone or to the telegraph company at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose or the place of the meeting, if the meeting is to be held at the principal executive office of the corporation.

3.10 Quorum

A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 3.12 of these bylaws. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board of directors, subject to the provisions of the certificate of incorporation and applicable law.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the quorum for that meeting.

3.11 Waiver of Notice

Notice of a meeting need not be given to any director (i) who signs a waiver of notice, whether before or after the meeting, or (ii) who attends the meeting other than for the express purpose of objecting at the
beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. All such waivers shall be filed with the corporate records or made part of the minutes of the meeting. A waiver of notice need not specify the purpose of any regular or special meeting of the board of directors.

3.12 Adjournment

A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting of the board to another time and place.

3.13 Notice of Adjournment

Notice of the time and place of holding an adjourned meeting of the board need not be given unless the meeting is adjourned for more than twenty-four (24) hours. If the meeting is adjourned for more than twenty-four (24) hours, then notice of the time and place of the adjourned meeting shall be given before the adjourned meeting takes place, in the manner specified in Section 3.9 of these bylaws, to the directors who were not present at the time of the adjournment.

3.14 Board Action by Written Consent Without a Meeting

Any action required or permitted to be taken by the board of directors may be taken without a meeting, provided that all members of the board individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the board of directors. Such written consent and any counterparts thereof shall be filed with the minutes of the proceedings of the board of directors.

3.15 Fees and Compensation of Directors

Directors and members of committees may receive such compensation, if any, for their services and such reimbursement of expenses as may be fixed or determined by resolution of the board of directors. This Section 3.15 shall not be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee or otherwise and receiving compensation for those services.

3.16 Approval of Loans to Officers

The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or any of its subsidiaries, including any officer or employee who is a director of the corporation or any of its subsidiaries, whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the corporation. The loan, guaranty or other assistance may be with or without interest and may be unsecured, or secured in such manner as the board of directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing contained in this section shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

3.17 Sole Director Provided by Certificate of Incorporation

In the event only one director is required by these bylaws or the certificate of incorporation, then any reference herein to notices, waivers, consents, meetings or other actions by a majority or quorum of the directors shall be deemed to refer to such notice, waiver, etc., by such sole director, who shall have all the rights and duties and shall be entitled to exercise all of the powers and shall assume all the responsibilities otherwise herein described as given to the board of directors.
ARTICLE IV

Committees

4.1 Committees of Directors

The board of directors may, by resolution adopted by a majority of the authorized number of directors, designate one (1) or more committees, each consisting of two or more directors, to serve at the pleasure of the board. The board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the authorized number of directors. Any committee, to the extent provided in the resolution of the board, shall have and may exercise all the powers and authority of the board, but no such committee shall have the power or authority to (i) amend the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in Section 151(a) of the General Corporation Law of Delaware, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation), (ii) adopt an agreement of merger or consolidation under Sections 251 or 252 of the General Corporation Law of Delaware, (iii) recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, (iv) recommend to the stockholders a dissolution of the corporation or a revocation of a dissolution or (v) amend the bylaws of the corporation; and, unless the board resolution establishing the committee, the bylaws or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law of Delaware.

4.2 Meetings and Action of Committees

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the following provisions of Article III of these bylaws: Section 3.6 (place of meetings; meetings by telephone), Section 3.8 (regular meetings), Section 3.9 (special meetings; notice), Section 3.10 (quorum), Section 3.11 (waiver of notice), Section 3.12 (adjournment), Section 3.13 (notice of adjournment) and Section 3.14 (board action by written consent without meeting), with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the board of directors and its members; provided, however, that the time of regular meetings of committees may be determined either by resolution of the board of directors or by resolution of the committee, that special meetings of committees may also be called by resolution of the board of directors, and that notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

4.3 Committee Minutes

Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

ARTICLE V

Officers

5.1 Officers

The Corporate Officers of the corporation shall be a president, a secretary and a chief financial officer. The corporation may also have, at the discretion of the board of directors, a chairman of the board, one or more vice presidents (however denominated), one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 5.3 of these bylaws. Any number of offices may be held by the same person.
In addition to the Corporate Officers of the Company described above, there may also be such Administrative Officers of the corporation as may be designated and appointed from time to time by the president of the corporation in accordance with the provisions of Section 5.12 of these bylaws.

5.2 Election of Officers

The Corporate Officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 or Section 5.5 of these bylaws, shall be chosen by the board of directors, subject to the rights, if any, of an officer under any contract of employment, and shall hold their respective offices for such terms as the board of directors may from time to time determine.

5.3 Subordinate Officers

The board of directors may appoint, or may empower the president to appoint, such other Corporate Officers as the business of the corporation may require, each of whom shall hold office for such period, have such power and authority, and perform such duties as are provided in these bylaws or as the board of directors may from time to time determine.

The president may from time to time designate and appoint Administrative Officers of the corporation in accordance with the provisions of Section 5.12 of these bylaws.

5.4 Removal and Resignation of Officers

Subject to the rights, if any, of a Corporate Officer under any contract of employment, any Corporate Officer may be removed, either with or without cause, by the board of directors at any regular or special meeting of the board or, except in case of a Corporate Officer chosen by the board of directors, by any Corporate Officer upon whom such power of removal may be conferred by the board of directors.

Any Corporate Officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the Corporate Officer is a party.

Any Administrative Officer designated and appointed by the president may resign at any time by giving written notice to the president. Any Administrative Officer may resign at any time by giving written notice to the president or to the secretary of the corporation.

5.5 Vacancies in Offices

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these bylaws for regular appointments to that office.

5.6 Chairman of the Board

The chairman of the board, if such an officer be elected, shall, if present, preside at meetings of the board of directors and exercise such other powers and perform such other duties as may from time to time be assigned to him by the board of directors or as may be prescribed by these bylaws. If there is no president, then the chairman of the board shall also be the chief executive officer of the corporation and shall have the powers and duties prescribed in Section 5.7 of these bylaws.

5.7 President

Subject to such supervisory powers, if any, as may be given by the board of directors to the chairman of the board, if there be such an officer, the president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, have general supervision, direction and control of the
business and the officers of the corporation. He or she shall preside at all meetings of the stockholders and, in the absence or nonexistence of a chairman of the board, at all meetings of the board of directors. He or she shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or these bylaws.

5.8 Vice Presidents

In the absence or disability of the president, and if there is no chairman of the board, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors, these bylaws, the president or the chairman of the board.

5.9 Secretary

The secretary shall keep or cause to be kept, at the principal executive office of the corporation or such other place as the board of directors may direct, a book of minutes of all meetings and actions of the board of directors, committees of directors and stockholders. The minutes shall show the time and place of each meeting, whether regular or special (and, if special, how authorized and the notice given), the names of those present at directors' meetings or committee meetings, the number of shares present or represented at stockholders' meetings and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office of the corporation or at the office of the corporation's transfer agent or registrar, as determined by resolution of the board of directors, a share register or a duplicate share register, showing the names of all stockholders and their addresses, the number and classes of shares held by each, the number and date of certificates evidencing such shares and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the board of directors required to be given by law or by these bylaws. He or she shall keep the seal of the corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by these bylaws.

5.10 Chief Financial Officer

The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and shares. The books of account shall at all reasonable times be open to inspection by any director for a purpose reasonably related to his position as a director.

The chief financial officer shall deposit all money and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the board of directors. He or she shall disburse the funds of the corporation as may be ordered by the board of directors, shall render to the president and directors, whenever they request it, an account of all of his or her transactions as chief financial officer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or these bylaws.

5.11 Assistant Secretary

The assistant secretary, if any, or, if there is more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election)
shall, in the absence of the secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

5.12 Administrative Officers

In addition to the Corporate Officers of the corporation as provided in Section 5.1 of these bylaws and such subordinate Corporate Officers as may be appointed in accordance with Section 5.3 of these bylaws, there may also be such Administrative Officers of the corporation as may be designated and appointed from time to time by the president of the corporation. Administrative Officers shall perform such duties and have such powers as from time to time may be determined by the president or the board of directors in order to assist the Corporate Officers in the furtherance of their duties. In the performance of such duties and the exercise of such powers, however, such Administrative Officers shall have limited authority to act on behalf of the corporation as the board of directors shall establish, including but not limited to limitations on the dollar amount and on the scope of agreements or commitments that may be made by such Administrative Officers on behalf of the corporation, which limitations may not be exceeded by such individuals or altered by the president without further approval by the board of directors.

5.13 Authority and Duties of Officers

In addition to the foregoing powers, authority and duties, all officers of the corporation shall respectively have such authority and powers and perform such duties in the management of the business of the corporation as may be designated from time to time by the board of directors.

ARTICLE VI

Indemnification of Directors, Officers, Employees and Other Agents

6.1 Indemnification of Directors and Officers

The corporation shall, to the maximum extent and in the manner permitted by the General Corporation Law of Delaware as the same now exists or may hereafter be amended, indemnify any person against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with any threatened, pending or completed action, suit, or proceeding in which such person was or is a party or is threatened to be made a party by reason of the fact that such person is or was a director or officer of the corporation. For purposes of this Section 6.1, a "director" or "officer" of the corporation shall mean any person (i) who is or was a director or officer of the corporation, (ii) who is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or (iii) who was a director or officer of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

The corporation shall be required to indemnify a director or officer in connection with an action, suit, or proceeding (or part thereof) initiated by such director or officer only if the initiation of such action, suit, or proceeding (or part thereof) by the director or officer was authorized by the board of Directors of the corporation.

The corporation shall pay the expenses (including attorneys' fees) incurred by a director or officer of the corporation entitled to indemnification hereunder in defending any action, suit or proceeding referred to in this Section 6.1 in advance of its final disposition; provided, however, that payment of expenses incurred by a director or officer of the corporation in advance of the final disposition of such action, suit or proceeding shall be made only upon receipt of an undertaking by the director or officer to repay all amounts advanced if it should ultimately be determined that the director or officer is not entitled to be indemnified under this Section 6.1 or otherwise.
The rights conferred on any person by this Article shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the corporation's Certificate of Incorporation, these bylaws, agreement, vote of the stockholders or disinterested directors or otherwise.

Any repeal or modification of the foregoing provisions of this Article shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

6.2 Indemnification of Others

The corporation shall have the power, to the maximum extent and in the manner permitted by the General Corporation Law of Delaware as the same now exists or may hereafter be amended, to indemnify any person (other than directors and officers) against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with any threatened, pending or completed action, suit, or proceeding, in which such person was or is a party or is threatened to be made a party by reason of the fact that such person is or was an employee or agent of the corporation. For purposes of this Section 6.2, an "employee" or "agent" of the corporation (other than a director or officer) shall mean any person (i) who is or was an employee or agent of the corporation, (ii) who is or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or (iii) who was an employee or agent of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

6.3 Insurance

The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of the General Corporation Law of Delaware.

ARTICLE VII

Records and Reports

7.1 Maintenance and Inspection of Records

The corporation shall, either at its principal executive office or at such place or places as designated by the board of directors, keep a record of its stockholders listing their names and addresses and the number and class of shares held by each stockholder, a copy of these bylaws as amended to date, accounting books and other records of its business and properties.

Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the corporation's stock ledger, a list of its stockholders, and its other books and records and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent is the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing that authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in Delaware or at its principal place of business.
7.2 Inspection by Directors

Any director shall have the right to examine the corporation's stock ledger, a list of its stockholders and its other books and records for a purpose reasonably related to his or her position as a director.

7.3 Annual Statement to Stockholders

The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

7.4 Representation of Shares of Other Corporations

The chairman of the board, if any, the president, any vice president, the chief financial officer, the secretary or any assistant secretary of this corporation, or any other person authorized by the board of directors or the president or a vice president, is authorized to vote, represent and exercise on behalf of this corporation all rights incident to any and all shares of the stock of any other corporation or corporations standing in the name of this corporation. The authority herein granted may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

7.5 Certification and Inspection of Bylaws

The original or a copy of these bylaws, as amended or otherwise altered to date, certified by the secretary, shall be kept at the corporation's principal executive office and shall be open to inspection by the stockholders of the corporation, at all reasonable times during office hours.

ARTICLE VIII

General Matters

8.1 Record Date for Purposes Other Than Notice and Voting

For purposes of determining the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted and which shall not be more than sixty (60) days before any such action. In that case, only stockholders of record at the close of business on the date so fixed are entitled to receive the dividend, distribution or allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date so fixed, except as otherwise provided by law.

If the board of directors does not so fix a record date, then the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board of directors adopts the applicable resolution.

8.2 Checks; Drafts; Evidences of Indebtedness

From time to time, the board of directors shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the corporation, and only the persons so authorized shall sign or endorse those instruments.
8.3 Corporate Contracts and Instruments: How Executed

The board of directors, except as otherwise provided in these bylaws, may authorize and empower any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation; such power and authority may be general or confined to specific instances. Unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

8.4 Stock Certificates; Transfer; Partly Paid Shares

The shares of the corporation shall be represented by certificates, provided that the board of directors of the corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Notwithstanding the adoption of such a resolution by the board of directors, every holder of stock represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to have a certificate signed by, or in the name of the corporation by, the chairman or vice-chairman of the board of directors, or the president or vice-president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of such corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Certificates for shares shall be of such form and device as the board of directors may designate and shall state the name of the record holder of the shares represented thereby; its number; date of issuance; the number of shares for which it is issued; a summary statement or reference to the powers, designations, preferences or other special rights of such stock and the qualifications, limitations or restrictions of such preferences and/or rights, if any; a statement or summary of liens, if any; a conspicuous notice of restrictions upon transfer or registration of transfer, if any; a statement as to any applicable voting trust agreement; if the shares be assessable, or, if assessments are collectible by personal action, a plain statement of such facts.

Upon surrender to the secretary or transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

8.5 Special Designation on Certificates

If the corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the corporation shall issue to represent such class or series of stock; provided, however, that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing
requirements there may be set forth on the face or back of the certificate that
the corporation shall issue to represent such class or series of stock a
statement that the corporation will furnish without charge to each stockholder
who so requests the powers, the designations, the preferences and the relative,
participating, optional or other special rights of each class of stock or
series thereof and the qualifications, limitations or restrictions of such
preferences and/or rights.

8.6 Lost Certificates

Except as provided in this Section 8.6, no new certificates for shares shall
be issued to replace a previously issued certificate unless the latter is
surrendered to the corporation and cancelled at the same time. The board of
directors may, in case any share certificate or certificate for any other
security is lost, stolen or destroyed, authorize the issuance of replacement
certificates on such terms and conditions as the board may require; the board
may require indemnification of the corporation secured by a bond or other
adequate security sufficient to protect the corporation against any claim that
may be made against it, including any expense or liability, on account of the
alleged loss, theft or destruction of the certificate or the issuance of the
replacement certificate.

8.7 Transfer Agents and Registrars

The board of directors may appoint one or more transfer agents or transfer
clers, and one or more registrars, each of which shall be an incorporated bank
or trust company -- either domestic or foreign, who shall be appointed at such
times and places as the requirements of the corporation may necessitate and the
board of directors may designate.

8.8 Construction; Definitions

Unless the context requires otherwise, the general provisions, rules of
construction and definitions in the General Corporation Law of Delaware shall
govern the construction of these bylaws. Without limiting the generality of
this provision, as used in these bylaws, the singular number includes the
plural, the plural number includes the singular, and the term "person" includes
both an entity and a natural person.

ARTICLE IX

Amendments

The original or other bylaws of the corporation may be adopted, amended or
repealed by the stockholders entitled to vote; provided, however, that the
corporation may, in its certificate of incorporation, confer the power to
adopt, amend or repeal bylaws upon the directors. The fact that such power has
been so conferred upon the directors shall not divest the stockholders of the
power, nor limit their power to adopt, amend or repeal bylaws.

Whenever an amendment or new bylaw is adopted, it shall be copied in the book
of bylaws with the original bylaws, in the appropriate place. If any bylaw is
repealed, the fact of repeal with the date of the meeting at which the repeal
was enacted or the filing of the operative written consent(s) shall be stated
in said book.
1. Purposes of the Plan. The purposes of this Directors' Option Plan are to attract and retain highly skilled individuals as Directors of the Company, to provide additional incentive to the Outside Directors of the Company to serve as Directors, and to encourage their continued service on the Board.

All options granted hereunder shall be "non-statutory stock options".

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

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


c. "Common Stock" means the Common Stock of the Company, par value $0.01 per share.


e. "Director" means a member of the Board.

f. "Employee" means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. The payment of a Director's fee or consulting fee by the Company shall not be sufficient in and of itself to constitute "employment" by the Company unless the Director and the Company agree that, as a result of payment of such fees in connection with services rendered, such Director should not be considered an Outside Director.


h. "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

   (i) If the Common Stock is listed on any established stock exchange or national market system, including without limitation the Nasdaq National Market, the Fair Market Value as amended March 9, 1995.

As amended March 9, 1995.
Value of a Share of Common Stock shall be the closing sale price for such stock
(or the closing bid, if no sales were reported), as quoted on such system or
exchange (or, if more than one, on the exchange with the greatest volume of
trading in the Company’s Common Stock) on the day of determination, as reported
in the Wall Street Journal or such other source as the Board deems reliable;

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

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

i. "Option" means an option to purchase Common Stock granted pursuant
to the Plan.

j. "Optioned Stock" means the Common Stock subject to an Option.

k. "Optionee" means an Outside Director who receives an Option.

l. "Outside Director" means a Director who is not an Employee.

m. "Plan" means this 1990 Directors' Option Plan.

n. "Share" means a share of the Common Stock, as adjusted in
accordance with Section 10 of the Plan.

3. Stock Subject to the Plan. Subject to the provisions of Section 10 of
the Plan, the maximum aggregate number of Shares which may be optioned and sold
under the Plan is 190,000 Shares (the "Pool") of Common Stock. The Shares may
be authorized, but unissued, or reacquired Common Stock.

If an Option should expire or become unexercisable for any reason
without having been exercised in full, the unpurchased Shares which were subject
thereto shall, unless the Plan shall have been terminated, become available for
future grant under the Plan.
4. Administration of and Grants of Options under the Plan.

a. Administrator. Except as otherwise required herein, the Plan shall be administered by the Board. No discretion concerning decisions regarding the Plan shall be afforded to any person who is not a "disinterested person" (as defined in Rule 16b-3 under the Exchange Act).

b. Procedure for Grants. All grants of Options hereunder shall be automatic and non-discretionary and shall be made strictly in accordance with the following provisions:

(i) No person shall have any discretion to select which Outside Directors shall be granted Options or to determine the number of Shares to be covered by Options granted to Outside Directors.

(ii) Each Outside Director who joins the Board on or after June 30, 1995 shall be automatically granted an Option to purchase 15,000 Shares (the "Initial Option") upon the date of the first meeting of the Board at which such person first serves as a Director (which shall be (i) in the case of a director elected by the stockholders of the Company, the first meeting of the Board of Directors after the meeting of stockholders at which such director was elected or (ii) in the case of a director appointed by the Board to fill a vacancy, the meeting of the Board at which such director is appointed); provided, however, that no Option shall become exercisable under the Plan until stockholder approval of the Plan has been obtained in accordance with Sections 16 hereof.

(iii) Each Outside Director shall automatically receive an additional Option to purchase 10,000 Shares (the "Annual Option") on June 30 of each year, provided that (1) the Annual Option shall be granted only to an Outside Director who has served on the Board for at least six full months prior to the date of grant and (2) the grant of an Annual Option shall be subject to the person's continued service as an Outside Director.

(iv) The terms of each Option granted hereunder shall be as follows:

a. Each Option shall terminate, if not previously exercised or otherwise terminated, on a date six (6) years after the date of grant.

b. Each Option shall be exercisable only while the Outside Director remains a Director of the Company, except as set forth in Section 8 hereof.
c. The exercise price per Share of each Option shall be 100% of the Fair Market Value per Share on the date of grant of the Option.

d. Each Option shall become exercisable in installments cumulatively as to one-third \((\frac{1}{3})\) of the Optioned Stock on the first anniversary of the date of grant of the Option and as to one-thirty sixth \((\frac{1}{36})\) of the Optioned Stock at the end of each month thereafter, for a total vesting period of three (3) years.

(v) In the event that any Option granted under the Plan would cause the number of Shares subject to outstanding Options plus the number of Shares previously purchased upon exercise of Options to exceed the Pool, then each such automatic grant shall be for that number of Shares determined by dividing the total number of Shares remaining available for grant by the number of Outside Directors on the automatic grant date. No further grants shall be made until such time, if any, as additional Shares become available for grant under the Plan through action of the stockholders to increase the number of Shares which may be issued under the Plan or through cancellation or expiration of Options previously granted hereunder.

c. Powers of the Board. Subject to the provisions and restrictions of the Plan, the Board shall have the authority, in its discretion: (i) to determine, upon review of relevant information and in accordance with Section 2(h) of the Plan, the Fair Market Value of the Common Stock; (ii) to interpret the Plan; (iii) to prescribe, amend and rescind rules and regulations relating to the Plan; (iv) to authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Option previously granted hereunder; and (v) to make all other determinations deemed necessary or advisable for the administration of the Plan.

d. Effect of Board's Decision. All decisions, determinations and interpretations of the Board shall be final.

5. Eligibility. Options may be granted only to Outside Directors. All Options shall be automatically granted in accordance with the terms set forth in Section 4(b) hereof.

The Plan shall not confer upon any Optionee any right with respect to continuation of service as a Director or nomination to serve as a Director, nor shall it interfere in any way with any rights which the Director or the Company may have to terminate his directorship at any time.

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6. Term of Plan. The Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company as described in Section 16 of the Plan. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 12 of the Plan.

7. Exercise Price and Consideration.

a. Exercise Price. The per Share exercise price for Optioned Stock shall be 100% of the Fair Market Value per Share on the date of grant of the Option.

b. Form of Consideration. The consideration to be paid for the Shares to be issued upon exercise of an Option may consist of (i) cash, (ii) check or (iii) other shares of the Company's Common Stock which, in the case of Shares acquired upon exercise of an Option, either have been owned by the Optionee for more than six (6) months on the date of surrender or were not acquired, directly or indirectly, from the Company, and have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised.

8. Exercise of Option.

a. Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder shall be exercisable at such times as are set forth in Section 4(b) hereof; provided, however, that no Options shall be exercisable until stockholder approval of the Plan in accordance with Section 16 hereof has been obtained.

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

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been received by the Company. Full payment may consist of any consideration and method of payment allowable under Section 7(b) of the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. A share certificate for the number of Shares so acquired shall be issued to the Optionee as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.
Exercise of an Option in any manner shall result in a decrease in the number of Shares which thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

b. Rule 16b-3. Options granted to Outside Directors must comply with the applicable provisions of Rule 16b-3 promulgated under the Exchange Act or any successor thereto and shall contain such additional conditions or restrictions as may be required thereunder to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

c. Termination of Status as a Director. If an Outside Director ceases to serve as a Director, he may, but only within seven (7) months after the date he ceases to be a Director of the Company, exercise his Option to the extent that he was entitled to exercise it at the date of such termination. Notwithstanding the foregoing, in no event may the Option be exercised after its term has expired. To the extent that the Director was not entitled to exercise an Option at the date of such termination, or if he does not exercise such Option (which he was entitled to exercise) within the time specified herein, the Option shall terminate.

d. Disability of Optionee. Notwithstanding the provisions of Section 8(c) above, in the event an Optionee is unable to continue his service as a Director as a result of his total and permanent disability (as defined in Section 22(e)(3) of the Code), he may, but only within twelve (12) months from the date of termination, exercise his Option to the extent he was entitled to exercise it at the date of such termination. Notwithstanding the foregoing, in no event may the Option be exercised after its term has expired. To the extent that he was not entitled to exercise the Option at the date of termination, or if he does not exercise such Option (which he was entitled to exercise) within the time specified herein, the Option shall terminate.

e. Death of Optionee. In the event of the death of an Optionee during the term of an Option, the Option may be exercised, at any time within twelve (12) months following the date of death, by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of death. Notwithstanding the foregoing, in no event may the option be exercised after its term has expired.

9. Non-Transferability of Options. The Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.
10. Adjustments Upon Changes in Capitalization or Merger. Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Option, and the number of Shares which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per Share covered by each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the aggregate number of issued Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of Shares of stock of any class, or securities convertible into Shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option.

In the event of the proposed dissolution or liquidation of the Company, all outstanding Options will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board. The Board may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Board and give each Optionee the right to exercise his Option as to all or any part of the Optioned Stock, including Shares as to which the Option would not otherwise be exercisable.

In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding Option shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Board determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, that the Optionee shall have the right to exercise the Option as to all of the Optioned Stock, including Shares as to which the Option would not otherwise be exercisable. If the Board makes an Option fully exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Company shall notify the Optionee that the Option shall be fully exercisable for a period of thirty (30) days from the date of such notice, and the Option will terminate upon the expiration of such period.
11. Amendment and Termination of the Plan.

a. Amendment and Termination. The Board may at any time amend, alter, suspend, or discontinue the Plan, but no amendment, alteration, suspension, or discontinuation shall be made which would impair the rights of any Optionee under any grant theretofore made, without his or her consent. In addition, to the extent necessary and desirable to comply with Rule 16b-3 under the Exchange Act (or any other applicable law or regulation), the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required. Notwithstanding the foregoing, the provisions set forth in Section 4(b) of this Plan (and any additional Sections of this Plan by Rule 16b-3) shall not be amended more than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder.

b. Effect of Amendment or Termination. Any such amendment or termination of the Plan shall not affect Options already granted and such Options shall remain in full force and effect as if this Plan had not been amended or terminated.

12. Time of Granting Options. The date of grant of an Option shall, for all purposes, be the date determined in accordance with Section 4(b) hereof. Notice of the determination shall be given to each Outside Director to whom an Option is so granted within a reasonable time after the date of such grant.

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

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

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

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

15. Option Agreement. Options shall be evidenced by written option agreements in such form as the Board shall approve.

16. Stockholder Approval. Continuance of the Plan shall be subject to approval by the stockholders of the Company at or prior to the first annual meeting of stockholders held subsequent to the granting of an Option hereunder. Such stockholder approval shall be obtained in the degree and manner required under applicable state and federal law.
EXHIBIT 10.4

AUTODESK, INC.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is effective as of August 4, 1994, by and between Autodesk, Inc., a Delaware corporation (the "Company"), and 1 - ("Indemnitee").

WHEREAS, Autodesk, Inc., a California corporation, and Indemnitee are parties to an indemnification agreement;

WHEREAS, effective as of the date hereof, Autodesk, Inc., a California corporation, is reincorporating into Delaware;

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

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

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

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

WHEREAS, in connection with the Company's reincorporation, the Company and Indemnitee desire to continue to have in place the additional protection provided by an indemnification agreement, with such changes as are required to conform the existing agreement to Delaware law and to provide indemnification and advancement of expenses to the Indemnitee to the maximum extent permitted by Delaware law;

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


(a) "Change in Control" shall mean, and shall be deemed to have occurred if, on or after the date of this Agreement, (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company acting in such capacity or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing more than 50% of the total voting power represented by the Company’s then outstanding Voting Securities, (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company’s stockholders was approved by a vote of at least two thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of related transactions) all or substantially all of the Company's assets.

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

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

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

(e) "Expenses" shall mean any and all expenses (including attorneys' fees and all other costs, expenses and obligations incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, to be a witness in or to participate in, any action, suit, proceeding, alternative dispute resolution mechanism, hearing, inquiry or investigation), judgments, fines, penalties and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld), actually and reasonably incurred, of any Claim and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement.

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

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

(h) References to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on Indemnitee with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or its beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.
(i) "Reviewing Party" shall mean, subject to the provisions of Section 2(d), any person or body appointed by the Board of Directors in accordance with applicable law to review the Company's obligations hereunder and under applicable law, which may include a member or members of the Company's Board of Directors, Independent Legal Counsel or any other person or body not a party to the particular Claim for which Indemnitee is seeking indemnification.

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

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

2. Indemnification.
-------------------

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

(b) Review of Indemnification Obligations. Notwithstanding the foregoing, in the event any Reviewing Party shall have determined (in a written opinion, in any case in which Independent Legal Counsel is the Reviewing Party) that Indemnitee is not entitled to be indemnified hereunder under applicable law, (i) the Company shall have no further obligation under Section 2(a) to make any payments to Indemnitee not made prior to such determination by such Reviewing Party, and (ii) the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all Expenses theretofore paid in indemnifying Indemnitee; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee is entitled to be indemnified hereunder under applicable law, any determination made by any Reviewing Party that Indemnitee is not entitled to be indemnified hereunder under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expenses theretofore paid in indemnifying Indemnitee until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). Indemnitee's obligation to reimburse the Company for any Expenses shall be unsecured and no interest shall be charged thereon.

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

(d) Selection of Reviewing Party; Change in Control. If there has not been a Change in Control, any Reviewing Party shall be selected by the Board of Directors, and if there has been such a Change in Control (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control), any Reviewing Party with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnification of Expenses under this Agreement or any other agreement or under the Company's Certificate of Incorporation or Bylaws as now or hereafter in effect, or under any other applicable law, if desired by Indemnitee, shall be Independent Legal Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be entitled to be indemnified hereunder under applicable law and the Company agrees to abide by such opinion. The Company agrees to pay the reasonable fees of the Independent Legal Counsel referred to above and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. Notwithstanding any other provision of this Agreement, the Company shall not be required to pay Expenses of more than one Independent Legal Counsel in connection with all matters concerning a single Indemnitee, and such Independent Legal Counsel shall be the Independent Legal Counsel for any or all other Indemnitees unless (i) the Company otherwise determines or (ii) any Indemnitee shall provide a written statement setting forth in detail a reasonable objection to such Independent Legal Counsel representing other Indemnitees.

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

3. Expense Advances.

(a) Obligation to Make Expense Advances. Upon receipt of a written undertaking by or on behalf of the Indemnitee to repay such amounts if it shall ultimately be determined that the Indemnitee is not entitled to be indemnified therefor by the Company, the Company shall make Expense Advances to Indemnitee.

(b) Form of Undertaking. Any written undertaking by the Indemnitee to repay any Expense Advances hereunder shall be unsecured and no interest shall be charged thereon.
(c) Determination of Reasonable Expense Advances. The parties agree that
for the purposes of any Expense Advance for which Indemnitee has made
written demand to the Company in accordance with this Agreement, all Expenses included
in such Expense Advance that are certified by affidavit of Indemnitee's counsel
as being reasonable shall be presumed conclusively to be reasonable.


(a) Timing of Payments. All payments of Expenses (including without
limitation Expense Advances) by the Company to the Indemnitee pursuant to this
Agreement shall be made to the fullest extent permitted by law as soon as
practicable after written demand by Indemnitee therefor is presented to the
Company, but in no event later than forty-five (45) business days after such
written demand by Indemnitee is presented to the Company, except in the case of
Expense Advances, which shall be made no later than twenty (20) business days
after such written demand by Indemnitee is presented to the Company.

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

(c) No Presumptions; Burden of Proof. For purposes of this Agreement, the
termination of any Claim by judgment, order, settlement (whether with or without
court approval) or conviction, or upon a plea of nolo contendere, or its
equivalent, shall not create a presumption that Indemnitee did not meet any
particular standard of conduct or have any particular belief or that a court has
determined that indemnification is not permitted by this Agreement or applicable
law. In addition, neither the failure of any Reviewing Party to have made a
determination as to whether Indemnitee has met any particular standard of
conduct or had any particular belief, nor an actual determination by any
Reviewing Party that Indemnitee has not met such standard of conduct or did not
have such belief, prior to the commencement of legal proceedings by Indemnitee
to secure a judicial determination that Indemnitee should be indemnified under
this Agreement or applicable law, shall be a defense to Indemnitee's claim or
create a presumption that Indemnitee has not met any particular standard of
conduct or did not have any particular belief. In connection with any
determination by any Reviewing Party or otherwise as to whether the Indemnitee
is entitled to be indemnified hereunder, the burden of proof shall be on the
Company to establish that Indemnitee is not so entitled.
(d) Notice to Insurers. If, at the time of the receipt by the Company of a notice of a Claim pursuant to Section 4(b) hereof, the Company has liability insurance in effect which may cover such Claim, the Company shall give prompt notice of the commencement of such Claim to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Claim in accordance with the terms of such policies.

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

5. Additional Indemnification Rights; Nonexclusivity.

(a) Scope. The Company hereby agrees to indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's Bylaws or by statute. In the event of any change after the date of this Agreement in any applicable law, statute or rule which expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, employee, agent or fiduciary, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits afforded by such change. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a member of its board of directors or an officer, employee, agent or fiduciary, such change, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder except as set forth in Section 10(a) hereof.
(b) Nonexclusivity. The indemnification and the payment of Expense Advances provided by this Agreement shall be in addition to any rights to which Indemnitee may be entitled under the Company’s Certificate of Incorporation, its Bylaws, any other agreement, any vote of stockholders or disinterested directors, the General Corporation Law of the State of Delaware, or otherwise. The indemnification and the payment of Expense Advances provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though subsequent thereto Indemnitee may have ceased to serve in such capacity.

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

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

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

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

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

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

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

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

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

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

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

14. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and signed for by the party addressed, on the date of such delivery, or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.
15. Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be commenced, prosecuted and continued only in the Court of Chancery of the State of Delaware in and for New Castle County, which shall be the exclusive and only proper forum for adjudicating such a claim.

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

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

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

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

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

21. No Construction as Employment Agreement. Nothing contained in this Agreement shall be construed as giving Indemnitee any right to be retained in the employ of the Company or any of its subsidiaries or affiliated entities.
IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement as of the date first above written.

Autodesk, Inc.

By:______________________________
Name:____________________________
Title:____________________________
Address: Autodesk, Inc.
2320 Marinship Way
Sausalito, California 94965

AGREED TO AND ACCEPTED

INDEMNITEE:

_______________________________
(signature)

2 -

3 -

12
Circular photo collage with multiple images—a drawing, a PC monitor, a section of film strip, an airplane landing gear, with a building atrium and clouds in the background.
A commitment to technical innovation and quality has made Autodesk the world’s leading supplier of computer-aided design-automation and desktop multimedia software, and the world’s fifth-largest PC-software company. Currently, three million customers worldwide use Autodesk's software products for tasks ranging from mechanical design and facilities management to digital terrain modeling and videography.

The Company develops, markets, sells, and supports a family of design-automation and professional multimedia software and component technologies for use on personal computers and workstations. A global company since its founding in 1982, Autodesk now sells its products in more than 115 countries and in 18 languages. Through an extensive global network of Authorized Autodesk Dealers, Distributors, Autodesk Registered Independent Application Developers, Autodesk Training Centers, and a diverse product family, Autodesk helps customers “transform ideas into reality.”
SELECTED FINANCIAL DATA

Fiscal year ended January 31,

(In thousands, except per share data, percentages, and employees)

<table>
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<tr>
<th></th>
<th>1995</th>
<th>1994</th>
<th>Change</th>
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<tr>
<td>Net revenues</td>
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<td>Income from operations</td>
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<tr>
<td>Net income*</td>
<td>$56,606</td>
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<td>(8.9%)</td>
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<tr>
<td>Net income per share*</td>
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* Fiscal year 1995 results include a pre-tax litigation charge of approximately $26 million resulting in a $0.33 reduction in earnings per share.

Two financial charts

The first chart depicts net revenues, in millions:
1993-$353.2
1994-$405.6
1995-$454.6

The second chart depicts income for operations, in millions
1993-$63.2
1994-$89.7
1995-$107.4
LETTER TO STOCKHOLDERS

For Autodesk, fiscal year 1995 was a year of growth and success--milestones were achieved, goals met and exceeded, and our strategic focus further developed and executed.

Last year we shared some very exciting news with you--we attained the number-one position in the design-automation software industry. Dataquest, a leading market-research firm, recently had this to say about Autodesk: "When Autodesk earned the #1 market position in CAD this time last year, we described the company's lead as unstoppable. Our view has not changed."* Our view has not changed either. With the achievements of fiscal year 1995, we took another giant step forward and are well on our way to our goal of becoming a one-billion-dollar software company.

In the past fiscal year, we concentrated on better serving our customers and the core markets--design automation and multimedia--in which they work. We now provide a more robust, cohesive, and customer-driven product family. This strategy has meant releasing not only new products, but the right products.

We also undertook a measured investment in our worldwide infrastructure. We opened new offices, secured exceptional management talent, developed and acquired complementary products and technologies, and created market-driven programs. The soundness of these continuing investments was proven in Autodesk's fiscal year 1995 results.

We reported net revenues for the fiscal year ended January 31, 1995, of $454.6 million, an increase of 12 percent over net revenues of $405.6 million for the previous fiscal year. These figures reflect a tremendous fourth quarter in which revenues increased by 27 percent, growing from $102.1 million for the same quarter in the prior fiscal year to $129.6 million. Our increase in net revenues during fiscal year 1995 was attributable to solid revenue growth in all geographies. For example, in Autodesk's fourth quarter, net revenues in the Americas increased by 13 percent, Asia/Pacific net revenues increased by 31 percent, and Europe posted a record 45 percent gain over the same period in the prior fiscal year.

Excluding the impact of a onetime charge of approximately $26 million, net income for fiscal year 1995 was $73.1 million or $1.47 per share compared to $62.2 million or $1.25 per share in fiscal 1994. The onetime charge, related to a judgment in a trade-secrets lawsuit, reduced fiscal year 1995 net income per share by $0.33. We are appealing the ruling.

Strong demand for AutoCAD(R)/ software, including AutoCAD Release 13, which began shipping at the end of November 1994, also contributed to our success. With its rearchitected core technology,

AutoCAD Release 13 is the most powerful, customer-driven AutoCAD software ever and serves as the technical cornerstone of our product and market expansion.

The initial adoption rate of AutoCAD Release 13 has been strong, partly because of more rapid product localization. For the first time, we were able to ship AutoCAD in 10 major languages on two platforms during the first quarter of its availability. And, since the installation process for AutoCAD Release 13 in the US now requires authorization codes, we can register nearly 100 percent of these AutoCAD customers. This is another important first for us, one which provides a tremendous opportunity to market back to our growing customer base.

We are reaching these customers with several new software products targeted for specific market applications—in a variety of languages and for numerous hardware and software operating systems. For example, to meet the growing demand for data management software, we introduced Autodesk WorkCenter/(TM)/ which allows our customers to easily streamline the flow of documents and files. We also launched powerful, new releases of 3D Studio/(R)/ and AutoVision/(TM)/ our popular multimedia and visualization products. And, to further expand our mechanical design offerings, we shipped AutoCAD/(R)/ Designer for PCs and workstations. These products, along with those of our Autodesk Registered Independent Application Developer partners, provide customers with a wealth of functionality and play a key role in extending Autodesk technology into new and complementary markets.

The breadth and strength of our product family resulted in the expansion of our customer base around the world. We achieved a significant milestone when Consolidated Edison, a major New York utility, became our one-millionth AutoCAD customer. Avondale Industries, one of the US Navy's largest shipbuilders, also turned to our cohesive solutions, while in Europe, the Swiss Federal Railroad Company, SBB, standardized on Autodesk/(R)/ products for its design work. And in Asia, the Japan Airline Co., Ltd. (JAL), and Kansai International Airport Co., Ltd., rely on AutoCAD software for ongoing design and maintenance.

To position Autodesk for continued market expansion and growth, we organized the Company around key market groups at the beginning of fiscal year 1996. Each of these groups is chartered with bringing customer-specific products to market, which we believe will result in broader market coverage and greater selection for our customers.

Today, Autodesk leads the design-automation and multimedia markets. With our rearchitected core technology, increased customer focus, strong balance sheet, and the passion and dedication of our nearly 1,800 employees, we believe that we are poised to achieve even greater success. We thank our stockholders, customers, partners, and employees for their support as we continue to transform the world's most innovative ideas into tomorrow's realities.

/s/ Carol Bartz

Carol Bartz, President,
Chief Executive Officer, and
Chairman of the Board
"The Autodesk franchise supports our successful expansion into a variety of markets and industries, while keeping us close to our customers."

AUTODESK--EXTENDING THE FRANCHISE

Photo image of a classroom.

Every year, more than one million students and teachers are trained on the Autodesk product family.

Since its founding in 1982, Autodesk has become a technology and market leader. Today Autodesk is the world's largest design-automation software company, the world's fifth-largest PC-software company, and a leader in multimedia technology. Autodesk software products are used for tasks ranging from architectural and mechanical design, construction and manufacturing, to forensic animation and computer-games development. In fact, AutoCAD software has become the de facto standard for computer-aided design around the world.

Photo image of an individual working on a PC.

Autodesk's diverse customers range from small businesses to some of the world's largest corporations.

The Autodesk franchise is built upon a layered structure of complementary businesses, markets, educational institutions, and software developers that form a virtual corporation. Our network of partners now totals more than 4,300 Authorized Autodesk Dealers and Distributors, 2,500 Independent Application Developers, 800 Authorized Autodesk Training Center (ATC/(R)/) sites, 300 User Groups, and 5,000 independently developed applications created around our leading-edge products and technologies.

This flexible, synergistic business model extends Autodesk's global reach and allows us to focus on quick, market-driven innovation and
easily enter new and strategic markets. Perhaps most importantly, the Autodesk franchise supports the diversity of three million customers with a wealth of resources that help them work more efficiently and productively.

Autodesk's goal is to secure and extend this franchise. We will accomplish this, in part, by remaining the design automation leader, with continued product development and innovative marketing programs, and by striving for the number-one or number-two position in each market we enter.

To extend the franchise, Autodesk has realigned its internal organization around the five key market groups that most closely match our customer base: Architecture, Engineering, and Construction/Facilities Management; Mechanical Computer-Aided Design; Geographic Information Systems; Data Management; and Multimedia. Together with our partners, we believe we are well positioned to provide complete, integrated solutions to customers in these markets at a variety of price points. This increased focus on customers will help us achieve broader penetration in each market we target.

By providing solutions to universal design challenges, Autodesk's strengths easily transfer across markets and geographies. And, with localized software and regional partners, we continue to expand the franchise on a global basis. Autodesk increased its international presence in fiscal year 1995 by adding new offices and additional resources in Indonesia, Malaysia, Poland, Hungary, China, and the United Arab Emirates. Autodesk products are now used by customers in more than 115 countries and in 18 languages.

Our worldwide technical and market leadership allows us to support the specialized needs of design-automation and multimedia professionals. The Autodesk franchise continues to present new opportunities for our customers to transform their ideas into reality.

Photo image of two individuals working on PCs.

Our more than 2,500 Autodesk Registered Independent Application Developers create specialized products that provide Autodesk customers with a broad range of software tools and solutions.
Robert Carr,  
Vice President,  
Engineering Group

"We continue to strengthen, refine, and diversify Autodesk technology through internal innovation and strategic acquisitions and partnerships, always looking for optimal solutions to meet our customers' requirements."

TECHNOLOGY LEADERSHIP

At the heart of Autodesk's diverse and rapidly growing product family is AutoCAD, the industry-standard, design-automation software package. More than one million AutoCAD customers and thousands of developers have transformed the AutoCAD .DWG file format into the standard that unites design teams around the world.

Our latest AutoCAD release represents a significant technology investment, incorporating leading-edge technology components, such as an object-oriented database, an enhanced and fully customizable user interface, and a powerful, integrated solid modeler. This modular approach translates into flexibility, security, and growth for Autodesk customers worldwide. It also enables the development of an increasing number of applications by the independent developers who work with us to meet the diverse needs of our customers.

Much of Autodesk's success stems from its expertise in geometry and graphics technology, the core elements of design automation and multimedia. Both product areas share many underlying technologies, such as geometry creation and editing, 3D graphics, user interfaces, and rendering. We apply this geometry and graphics technology to a wide range of uses, from simple consumer applications to highly sophisticated design and visualization tools.

At the same time, Autodesk has continued its strategy of providing an open software architecture by making its products progressively more extensible--allowing customers and partners to build applications to serve their specific needs. In keeping with its focus on component technology, Autodesk now licenses a range of scalable, embedded Autodesk component technology to Autodesk Registered Developers. Using these Autodesk technology components, developers can easily and cost-effectively create new, market-specific applications at a wide range of price points.

Autodesk's technology provides design automation and multimedia customers with sophisticated, practical, and evolving solutions. With this ever-growing family of leading-edge products and technologies, Autodesk customers and developers are limited only by their imaginations.
AFC, a Vienna-based engineering firm, has long used AutoCAD software for large-scale building projects, including the Vienna Airport, the Philips Electronics factory, the National Gallery in Britain, and the National Museum in Mannheim, Germany. Their latest undertaking, the Malaysian Communications Tower, will be the tallest structure in Asia and the third-tallest tower in the world. AutoCAD, 3D Studio, and AFC.CAD, AFC’s internally developed AutoCAD-based application, provide solutions to the challenging 3D analysis and geometric complexity posed by this extensive project.
Eric Herr,  
Chief Financial Officer,  
and Vice President,  
Finance and Administration

"With sophisticated features and functionality, the Autodesk Multimedia product family transforms the PC into a high-end production studio."

PRODUCT DIVERSIFICATION

As in past years, Autodesk continues to focus on diversification and growth in its products, markets, and channels. The expanding Autodesk product family now encompasses a wide range of software tools and permits increasing customer specialization within our core markets.

To expand our penetration of the design-automation market, Autodesk introduced AutoCAD/(R)/ LT software into the retail channel. This product provides 2D design and drafting functionality and easy, low-cost access to AutoCAD drawings. Customer response has been excellent. In the product's first nine months of release, more than 100,000 units of AutoCAD LT were shipped.

Our Multimedia Market Group represents another successful example of our diversification strategy. Within this dynamic market, Autodesk has successfully launched products such as 3D Studio and AutoVision that have become clear market leaders.

Used extensively for tasks related to design automation, such as the visualization and animation of a part prior to manufacture or a walk-through of a house not yet built, our multimedia products also serve markets such as forensic animation, broadcast entertainment, interactive titles, and computer-games development. Increasing market demand has propelled Autodesk to a nearly 50 percent share of all the professional 3D animation software seats installed worldwide.*

Autodesk has also expanded the breadth of its solutions to better facilitate the mechanical design process--from concept to design to final manufacturing--on the desktop. For example, with the addition of AutoSurf/(R)/ software, Autodesk's surface-modeling solution, and AutoCAD/(R)/ Designer, a parametric, feature-based, solid modeler, Autodesk customers now have a more comprehensive mechanical design system.

Three photo images—a rendered image from the game, "Shadow of Atlantis"; a rendered image of a building; and a rendered image from the motion picture "Johnny Mnemonic."

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Autodesk visualization and multimedia products are used by a variety of customers, from architectural firms such as Anshen + Allen, who rely on 3D Studio to add perspective, photorealism, and animation to their AutoCAD-based architectural designs, to SONY Pictures Imageworks (SPI), an industry pioneer in state-of-the-art digital imaging for motion pictures. For the motion picture Johnny Mnemonic, 3D Studio allowed visual-effects technicians to develop high-resolution images on the PC for direct output to film—a first in an industry that has relied traditionally on more expensive, high-end systems. And in the computer-games market, 3D Studio has become the industry standard. Leading companies, including Sega of America, have developed titles such as "Jurassic Park(TM)" and "Shadow of Atlantis(TM)" with Autodesk Multimedia products.
“Customers increasingly rely on Autodesk's ability to offer specialized, scalable solutions. We remain committed to meeting their requirements by building our internal organization, value-added reseller channel, and other support functions around a customer-focused model.”

FOCUS ON CUSTOMERS, EDUCATION, AND PARTNERS

Autodesk is committed to delivering the products and services that meet the needs of our customers. This customer-focused approach resonates throughout every level of the Autodesk franchise, where innovative programs and initiatives support Autodesk's partners in diversifying, specializing, and working more closely with customers.

Autodesk has always recognized the key role that education plays in growing a customer base and contributing to the global economic community. We demonstrate our commitment to educational institutions around the globe with ongoing programs for students and teachers. Thousands of schools and universities have now standardized on Autodesk software. This acceptance, combined with the efforts of more than 800 Autodesk Training Centers, means that more than one million new students are trained each year on Autodesk products.

Autodesk also works closely with its dealers to help them supply complete solutions to customers throughout all phases of the design automation and multimedia spectrums. Through the Autodesk Systems Center Program, we are able to recognize those dealers with exceptional levels of market and product expertise.

To nurture the innovations of our Autodesk Registered Developers, Autodesk has established several important programs. The Virtual Corporation Partner Program provides sales, marketing, technical, and financial support to Autodesk Strategic Developers whose efforts broaden and enhance the functionality of Autodesk software products.

Autodesk is also extending its franchise into the multimedia market with the Multimedia Plug-In Partnership. Our 3D Studio software is now sold by more than 700 Authorized Dealers and Distributors, and 200 Independent Application Developers provide 3D Studio "plug-in" applications.

Autodesk continues to strengthen its relationships with customers, educators, and partners, as it operates on a more customer-driven model for the future.
Marvin Windows, the world's leading manufacturer of made-to-order wood windows and doors, uses AutoCAD and the Marvin Design System (MDS) to offer customers the option of selecting from 11,000 different standard sizes or the ability to customize designs. For example, customers can sketch any window shape they desire in AutoCAD. Their sketch is then interpreted by MDS to create a custom window design. Marvin has distributed more than 10,000 copies of its AutoCAD-based MDS application to customers and business prospects.
"Our customers are as diverse as our product family, ranging from architects, engineers, and facilities managers to game developers, film producers, and site planners. Our software solutions are created with their specific market and geographic needs in mind."

OPPORTUNITIES FOR FUTURE GROWTH

With our leveraged business model and continuing product releases that closely meet our customers' changing needs, we are dramatically expanding the opportunity for Autodesk to grow across broad market segments. At the same time, we are continually pursuing business opportunities to propel us into new areas of technology development and market expansion.

The technical data management field provides one of our most exciting opportunities. The trend toward workgroup computing means Autodesk customers increasingly work in large design teams and require sophisticated tools to manage information flow. The release of breakthrough products such as Autodesk WorkCenter responds to this trend. A customizable, Windows/(R)/-based, technical document management and workflow automation system, Autodesk WorkCenter helps us assume a leading role in shaping the technical data management market.

Our entry into the content-publishing market, signaled by the formation of the Autodesk Data Publishing unit, represents another promising new business opportunity. Through partnerships with leading manufacturing companies, Autodesk markets CD-ROM-based "libraries" of intelligent, preformatted graphic and nongraphic data, which can be shared and reused. Provided on a subscription basis, these parts and materials are meeting customer needs for ready access to current data and are key to reaching our market and volume goals.

In addition to these significant opportunities, we are constantly improving our distribution and marketing efforts. Our expansion into retail channels, enhanced direct marketing, and technology-licensing programs have improved our operational methods and diversified volume distribution. With our extensive global reach and continuing progress against international software piracy, we also remain well positioned to benefit from emerging markets around the world.

We believe these ongoing efforts to further establish Autodesk as the design-automation and multimedia volume leader will create favorable opportunities for future growth.
Using a range of Autodesk products, including AutoCAD, AutoCAD Designer, AutoSurf, and 3D Studio software, Digicon S.A. of Brazil has moved from manual drafting methods to complete art-to-part design and manufacture of sophisticated components and equipment. Among Digicon's products is a cash-dispensing mechanism (top photo) that uses vacuum power to mete out currency notes. Comprised of nearly 3,000 parts, this product is the core of more than 13,000 automated teller machines in Brazil.
"Autodesk's family of design automation and multimedia products offers customers unlimited design possibilities. Our software has become the standard used in creating the tools that build our world."

VISION FOR THE FUTURE

As design automation and multimedia technology converge to form one robust, integrated, intuitive design environment, we are entering a new era of creativity and productivity. We believe only Autodesk, with its open technology foundation, flexible business model, diverse product family, customer-focused organization, and content-creation tools, is poised to lead these markets into the future.

Using the Autodesk product family, architects, engineers, and designers create more than just skyscrapers and automobiles—they create a wealth of information in digital form that lives on long after a project is completed. This intelligent digital content allows objects to be easily modified and manipulated and enables ongoing maintenance, management, and updating of built objects.

Customers and collaborative teams worldwide now develop and share digital content through every phase of the design process. For example, customers in Tokyo can electronically order bicycles built to their exact measurements and specifications based on AutoCAD models, while engineers routinely use Autodesk software to update and change components of mechanical assemblies.

Thirteen years ago, AutoCAD software profoundly changed the way design professionals worked by automating design and drafting tasks. With continuing innovations and technological breakthroughs, Autodesk is introducing a more sophisticated design environment, an environment that more closely mirrors the ways people work, think, and interact.

Autodesk will continue to refine and develop its tools and technologies, empowering customers of all kinds—from home enthusiasts to design professionals and manufacturing engineers—to freely innovate, create, build, and experience their worlds using digital models. And we will better meet the needs of all our customers by forging strong partnerships, with the ultimate goal of being recognized as one of the world's leading technology companies.
Parker Hannifin is a worldwide leader in manufacturing components and systems, serving a broad spectrum of customers in the industrial, automotive, and aerospace markets. By partnering with leading manufacturers like Parker Hannifin, the Autodesk Data Publishing unit provides customers with industry-standard data that can be shared, reused, and updated throughout the design continuum. Parker Hannifin products are now available to designers in the AutoCAD drawing format through the Autodesk Mechanical Library, which includes a CD-ROM-based collection of over 250,000 part drawings and more than 25,000 material types.
**SELECTED FIVE-YEAR FINANCIAL DATA**

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<tbody>
<tr>
<td><strong>For the fiscal year</strong></td>
<td></td>
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<tr>
<td>Revenues</td>
<td>$465,278</td>
<td>$418,720</td>
<td>$367,721</td>
<td>$284,903</td>
<td>$237,850</td>
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<td>Direct commissions</td>
<td>10,666</td>
<td>13,124</td>
<td>14,567</td>
<td>10,929</td>
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<td>Net revenues</td>
<td>454,612</td>
<td>405,596</td>
<td>353,154</td>
<td>273,974</td>
<td>230,403</td>
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<td>Cost of revenues</td>
<td>61,725</td>
<td>63,338</td>
<td>63,652</td>
<td>39,173</td>
<td>27,845</td>
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<td>Marketing and sales</td>
<td>154,562</td>
<td>137,788</td>
<td>119,871</td>
<td>82,520</td>
<td>67,993</td>
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<tr>
<td>Research and development</td>
<td>65,176</td>
<td>56,231</td>
<td>51,481</td>
<td>37,268</td>
<td>29,427</td>
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<td>General and administrative</td>
<td>65,738</td>
<td>58,536</td>
<td>54,953</td>
<td>37,268</td>
<td>29,427</td>
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<td>Income from operations</td>
<td>7,233</td>
<td>5,000</td>
<td>11,566</td>
<td>12,063</td>
<td>11,023</td>
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<tr>
<td>Net income before income</td>
<td>89,144</td>
<td>96,758</td>
<td>69,763</td>
<td>92,294</td>
<td>91,977</td>
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<td>and other income, net</td>
<td>56,606</td>
<td>62,166</td>
<td>43,873</td>
<td>57,794</td>
<td>56,755</td>
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<td>Net cash provided by</td>
<td>104,412</td>
<td>88,853</td>
<td>68,608</td>
<td>72,858</td>
<td>58,446</td>
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<td>operating activities</td>
<td></td>
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<tr>
<td><strong>At year end</strong></td>
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</tr>
<tr>
<td>Cash, cash equivalents, and</td>
<td>$255,373</td>
<td>$217,011</td>
<td>$192,277</td>
<td>$191,330</td>
<td>$149,732</td>
</tr>
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<td>marketable securities</td>
<td></td>
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<tr>
<td>Current assets</td>
<td>373,085</td>
<td>279,557</td>
<td>249,341</td>
<td>247,534</td>
<td>187,631</td>
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<td>Total assets</td>
<td>482,976</td>
<td>484,874</td>
<td>358,283</td>
<td>326,026</td>
<td>265,234</td>
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<td>Current liabilities</td>
<td>154,990</td>
<td>182,316</td>
<td>84,080</td>
<td>56,984</td>
<td>43,773</td>
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<tr>
<td>Total liabilities</td>
<td>158,592</td>
<td>187,995</td>
<td>90,453</td>
<td>66,721</td>
<td>46,949</td>
</tr>
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<td>Stockholders' equity</td>
<td>323,484</td>
<td>296,879</td>
<td>267,833</td>
<td>267,305</td>
<td>218,285</td>
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<td>Working capital</td>
<td>218,995</td>
<td>177,241</td>
<td>165,261</td>
<td>190,554</td>
<td>143,858</td>
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<td>Number of employees</td>
<td>1,788</td>
<td>1,788</td>
<td>1,565</td>
<td>1,272</td>
<td>1,102</td>
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<td><strong>Common stock data</strong></td>
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<tr>
<td>Net income per share</td>
<td>$1.14</td>
<td>$1.25</td>
<td>$0.88</td>
<td>$1.15</td>
<td>$1.15</td>
</tr>
<tr>
<td>Book value per share</td>
<td>$6.85</td>
<td>$6.25</td>
<td>$5.58</td>
<td>$5.44</td>
<td>$4.47</td>
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<tr>
<td>Dividends paid per share</td>
<td>$0.24</td>
<td>$0.24</td>
<td>$0.24</td>
<td>$0.23</td>
<td>$0.20</td>
</tr>
<tr>
<td>Shares used in computing</td>
<td>49,840</td>
<td>49,740</td>
<td>49,800</td>
<td>49,980</td>
<td>49,368</td>
</tr>
<tr>
<td>net income per share</td>
<td>49,840</td>
<td>49,740</td>
<td>49,800</td>
<td>49,980</td>
<td>49,368</td>
</tr>
<tr>
<td>Shares outstanding at year</td>
<td>47,241</td>
<td>47,480</td>
<td>48,022</td>
<td>49,176</td>
<td>48,824</td>
</tr>
<tr>
<td>end</td>
<td></td>
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<tr>
<td><strong>Financial ratios</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Current ratio</td>
<td>2.4</td>
<td>2.7</td>
<td>3.0</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>Return on net revenues</td>
<td>12.5%</td>
<td>15.3%</td>
<td>12.4%</td>
<td>21.1%</td>
<td>24.6%</td>
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<tr>
<td>Return on average assets</td>
<td>12.8%</td>
<td>16.3%</td>
<td>12.8%</td>
<td>19.5%</td>
<td>24.7%</td>
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<tr>
<td>Return on average</td>
<td>18.2%</td>
<td>22.0%</td>
<td>16.4%</td>
<td>23.8%</td>
<td>30.1%</td>
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<tr>
<td>stockholders' equity</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Growth percentages</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Net revenues</td>
<td>12.1%</td>
<td>14.8%</td>
<td>28.9%</td>
<td>18.9%</td>
<td>32.8%</td>
</tr>
<tr>
<td>Net income</td>
<td>(8.9%)</td>
<td>43.7%</td>
<td>(24.1%)</td>
<td>1.8%</td>
<td>22.4%</td>
</tr>
<tr>
<td>Net income per share</td>
<td>(8.9%)</td>
<td>42.0%</td>
<td>(23.5%)</td>
<td>1.8%</td>
<td>21.1%</td>
</tr>
</tbody>
</table>
Autodesk's fiscal year 1995 worldwide net revenues of $454.6 million represent a 12 percent increase over the previous fiscal year. The Company achieved net revenue growth in all sales geographies, the most significant occurring in Asia/Pacific. Growth in net revenues resulted from sales of new products and new releases of existing products, such as AutoCAD/(R)/LT, AutoCAD/(R)/Designer, 3D Studio/(R)/Release 4, AutoVision/(TM)/Release 2; continued growth from sales of AutoCAD software, the Company's flagship product; and to a lesser extent, from favorable movements in foreign currency exchange rates.

The most current release of AutoCAD, Release 13, was introduced in the United States and certain foreign markets in the fourth quarter of fiscal year 1995. The growth in AutoCAD revenues resulted from increased sales of commercial versions in Asia/Pacific, Europe, and Latin America, and an increase in AutoCAD upgrade revenues resulting from strong initial demand for Release 13 updates. Consolidated fiscal year 1995 revenues from AutoCAD and AutoCAD updates increased in absolute dollars from the prior fiscal year but decreased as a percentage of consolidated revenues—from approximately 85 percent in the prior fiscal year to approximately 80 percent in the current fiscal year. Non-AutoCAD revenues increased in absolute dollars and as a percentage of consolidated revenues from the prior fiscal year due to increased sales of AutoCAD LT, AutoCAD Designer, and newer product offerings from the Company's Multimedia Market Group. Fiscal year 1994 net revenues increased 15 percent over fiscal year 1993 resulting primarily from strong worldwide sales of AutoCAD Release 12.

Fiscal year 1995 revenues increased by 25 percent, 15 percent, and 4 percent in Asia/Pacific, Europe, and the Americas, respectively, compared to fiscal year 1994 growth in these regions of 37 percent, 1 percent, and 17 percent. The weaker value of the dollar, relative to international currencies, favorably affected fiscal year 1995 revenues by approximately $12.0 million compared to fiscal year 1994. Conversely, the stronger value of the dollar negatively impacted fiscal year 1994 revenues by approximately $13.0 million compared to those of fiscal year 1993 and significantly impacted European net revenue growth in fiscal year 1994. Foreign revenues, including export sales from the United States to foreign customers, accounted for approximately 61 percent, 56 percent, and 57 percent of revenues in fiscal years 1995, 1994, and 1993, respectively. The Company has a hedging program to minimize foreign exchange gains or losses, where possible, from recorded foreign-denominated transactions. This program involves the use of forward foreign exchange contracts in the primary European and Asian currencies. The Company does not attempt to hedge translation to U.S. dollars of foreign-denominated revenues and expenses not yet incurred.
Substantially all of the Company's European, Asia/Pacific, and US export sales are made through dealers and distributors. In the US, sales to dealers and distributors accounted for approximately 57 percent of US revenues in fiscal year 1995 and 59 percent in fiscal years 1994 and 1993. Prior to the introduction of AutoCAD Release 13 in the fourth quarter, fiscal year 1995 revenue growth had been moderate or flat in the principal domestic sales channels with the most significant increases being in the dealer and educational sales channels.

Direct commissions paid to dealers decreased from $13.1 million in fiscal year 1994 to $10.7 million in fiscal year 1995 due to a reduction in the domestic commission rate, which went into effect during the last half of fiscal year 1994, partially offset by increased sales to national accounts and US educational institutions.

A summary of revenues by geographic area is presented in Note 9, page 36, to the consolidated financial statements.

The percentage of consolidated revenues derived from sales of AutoCAD and AutoCAD updates in fiscal year 1996 is expected to increase from fiscal year 1995, primarily as a result of sales of AutoCAD updates, as well as the availability of localized versions of AutoCAD Release 13. Additionally, the Company expects an increase in revenues from multimedia software products, from vertical-market products such as Autodesk WorkCenter and AutoCAD Designer, and from new and enhanced product offerings planned for fiscal year 1996. Delays in the introduction of new or enhanced products or failure to achieve significant customer acceptance for these new products may have an adverse effect on the Company's revenues and results of operations in future periods. There can be no assurance that the Company will not experience difficulties that could delay or prevent the successful development, introduction, and marketing of new products and product enhancements or that its new products and product enhancements will adequately meet the requirements of the marketplace and achieve market acceptance. In addition, the Company's revenues in future periods could be affected by changes in currency exchange rates or uncertainties in the global economic environment.

**COST OF REVENUES**

<table>
<thead>
<tr>
<th></th>
<th>Percentage of Net Revenues</th>
<th>1995</th>
<th>Change</th>
<th>1994</th>
<th>Change</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenues</td>
<td>$61.7</td>
<td>(3%)</td>
<td>$63.3</td>
<td>0%</td>
<td>$63.7</td>
<td></td>
</tr>
<tr>
<td>Percentage of net revenues</td>
<td>14%</td>
<td>16%</td>
<td>18%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cost of revenues includes the purchase and duplication of software media, printing of technical manuals and associated materials, freight, royalties, amortization of capitalized software-development costs, and, in certain foreign markets, software protection locks. The reduction in cost of revenues as a percentage of net revenues in fiscal years 1995 and 1994 resulted primarily from ongoing cost-control measures in production, particularly in the areas of media duplication, packaging, shipping, and, in fiscal year 1995, the introduction of products on lower-cost compact disc media (CD-ROM). The Company's
cost of revenues percentage in fiscal year 1995 was not materially impacted by the mix of product sales, while cost of revenues in fiscal year 1994 when compared to fiscal year 1993 was favorably impacted by lower sales of AutoCAD updates, which have a lower gross margin than commercial versions of AutoCAD software.

In future periods, the Company expects that cost of revenues as a percentage of net revenues may be impacted by the mix of sales of new products, the geographic distribution of sales, sales of AutoCAD updates, and the volume of software sold on CD-ROM media. Additionally, the Company has entered into agreements with third parties who will manufacture and distribute Autodesk’s products in the US and certain international locations. Outsourcing, expected to be phased in during fiscal year 1996, should favorably impact the Company’s gross margin in future periods.

OPERATING EXPENSES

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>1995</th>
<th>Percentage Change</th>
<th>1994</th>
<th>Percentage Change</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing and sales</td>
<td>$154.6</td>
<td>12%</td>
<td>$137.8</td>
<td>15%</td>
<td>$119.9</td>
</tr>
<tr>
<td>Percentage of net revenues</td>
<td>34%</td>
<td></td>
<td>34%</td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>Research and development</td>
<td>$65.2</td>
<td>16%</td>
<td>$56.2</td>
<td>9%</td>
<td>$51.5</td>
</tr>
<tr>
<td>Percentage of net revenues</td>
<td>14%</td>
<td></td>
<td>14%</td>
<td></td>
<td>15%</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$65.7</td>
<td>12%</td>
<td>$58.5</td>
<td>7%</td>
<td>$55.0</td>
</tr>
<tr>
<td>Percentage of net revenues</td>
<td>14%</td>
<td></td>
<td>14%</td>
<td></td>
<td>16%</td>
</tr>
</tbody>
</table>

Marketing and sales expenses include salaries, sales commissions, and travel and facility costs for the Company’s marketing, sales, dealer training, and support personnel. These expenses also include programs aimed at increasing revenues, such as advertising, trade shows, and expositions as well as various sales and promotional programs designed for specific sales channels. The increase in fiscal year 1995 expenses resulted from spending necessary to support worldwide marketing efforts of new and enhanced product introductions, including the fiscal year 1995 release of AutoCAD Release 13. The increase in marketing and sales expense from fiscal year 1993 to fiscal year 1994 resulted from launch costs related to new products, increased corporate marketing activities, and increased headcount to support expansion into new markets. The Company expects to continue to emphasize marketing and sales of its products to promote Autodesk’s competitive position.

Research and development expenses consist principally of salaries and benefits for software developers, contract development efforts, and expenses associated with computer equipment used in software development. While remaining consistent as a percentage of net revenues, research and development spending in fiscal year 1995, including $2.1 million of capitalized software-development costs, increased from the prior fiscal year by approximately $11.1 million or 20 percent. Increased spending resulted from the development of new and enhanced products, such as AutoCAD Release 13, and expenses related to localization. Research and development expenses increased in fiscal year 1994.
over fiscal year 1993 due to an increase in domestic research personnel, a
full year of operating results of the Company's Mechanical CAD Market Group
formed following the acquisition of Micro Engineering Solutions, Inc., in
October 1992, partially offset by the elimination of expenses upon the
disposition of the Company's Information Systems Division in fiscal year 1993.
The Company anticipates that research and development expenses will increase in
fiscal year 1996 as a result of product offerings scheduled for release during
the year and from expenses associated with localizing certain foreign-language
versions of these products. Additionally, the Company intends to continue
recruiting and hiring experienced software developers and to consider the
acquisition of complementary software technologies and businesses.

General and administrative expenses include the Company's finance,
information systems, human resources, legal, purchasing, and administrative
operations. The increase in these expenses in fiscal year 1995 was due to
increased legal expenses associated with the litigation discussed below and
to higher personnel and facility costs associated with increased operations.
The increase in general and administrative expense in fiscal year 1994 over
fiscal year 1993 resulted from higher personnel and occupancy costs,
partially offset by fiscal year 1993 onetime charges that included a $3.0
million charge associated with the divestiture of two companies comprising
the Company's Information Systems Division; $1.4 million to centralize the
Company's European production facility; and a charge of $1.1 million
resulting from the cancellation of an agreement to purchase land in northern
California.

INTEREST AND OTHER INCOME AND LITIGATION CHARGE

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>1995</th>
<th>Change</th>
<th>1994</th>
<th>Change</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and other income, net</td>
<td>$ 7.2</td>
<td>3%</td>
<td>$ 7.1</td>
<td>(39%)</td>
<td>$11.6</td>
</tr>
<tr>
<td>Percentage of net revenues</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Litigation charge</td>
<td>$25.5</td>
<td></td>
<td>$ 0</td>
<td></td>
<td>$ 5.0</td>
</tr>
<tr>
<td>Percentage of net revenues</td>
<td>6%</td>
<td>0%</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Interest income was $8.0 million, $7.9 million, and $11.1 million for
fiscal years 1995, 1994, and 1993, respectively. The increase in fiscal year
1995 interest income from the prior fiscal year resulted from a greater
average balance of cash, cash equivalents, and marketable securities, and, to
a lesser extent, higher interest rates on the Company's investment portfolio
when compared to the same period in the prior fiscal year. This increase was
partially offset by interest expense of approximately $200,000 associated
with the legal judgment discussed below. Other income, which includes gains and
losses resulting from foreign currency transactions primarily in Europe and
Asia/Pacific, was ($578,000), ($661,000), and $445,000 in fiscal years 1995,
1994, and 1993, respectively.

As discussed in Note 4, page 33, to the consolidated financial
statements, a $25.5 million judgment was entered against the Company in
December 1994 on a claim of trade-secret misappropriation brought by Vermont
Microsystems, Inc. Management
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

strongly denies any wrongdoing in this matter and has filed an appeal to this
judgment. The effect on fiscal year 1995 net income from the judgment,
interest, and certain related expenses was approximately $16.5 million ($0.33
per share). The fiscal year 1993 litigation charge related to the settlement
of a class-action lawsuit filed against the Company in February 1992. Under
the terms of the settlement, the Company paid $5.0 million in an action on
behalf of stockholders who purchased Autodesk common stock between May 6,

PROVISION FOR INCOME TAXES

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>1995</th>
<th>Percentage Change</th>
<th>1994</th>
<th>Percentage Change</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for income taxes</td>
<td>$32.5</td>
<td>(6%)</td>
<td>$34.6</td>
<td>34%</td>
<td>$25.9</td>
</tr>
<tr>
<td>Percentage of net revenues</td>
<td>7%</td>
<td>9%</td>
<td>9%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Effective income tax rate</td>
<td>36.5%</td>
<td>35.8%</td>
<td>37.1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

An analysis of the differences between the US statutory and the
effective income tax rates is presented in Note 3, page 32, to the
consolidated financial statements.

109, "Accounting for Income Taxes," in fiscal year 1993. Adoption of this
standard did not have a material effect on the Company's consolidated
financial statements.

NET INCOME AND NET INCOME PER SHARE

<table>
<thead>
<tr>
<th>(In millions, except per share data)</th>
<th>1995</th>
<th>Percentage Change</th>
<th>1994</th>
<th>Percentage Change</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$56.6</td>
<td>(9%)</td>
<td>$62.2</td>
<td>42%</td>
<td>$43.9</td>
</tr>
<tr>
<td>Percentage of net revenues</td>
<td>12%</td>
<td>15%</td>
<td>15%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Net income per share</td>
<td>$1.14</td>
<td>(9%)</td>
<td>$1.25</td>
<td>42%</td>
<td>$0.88</td>
</tr>
</tbody>
</table>

The Company's consolidated results of operations to date have not been
materially affected by seasonal trends. See Note 8, page 35, to the
consolidated financial statements for unaudited quarterly information for
fiscal years 1995, 1994, and 1993. However, the Company believes that in the
future its results may be impacted by such factors as order deferrals in
anticipation of new product releases, delays in the shipment of new products,
a slower growth rate in the personal-computer CAD and desktop multimedia
software markets, or adverse general economic and industry conditions in any
of the countries in which the Company does business. In addition, with a
significant portion of net revenues and net income contributed by
international operations, fluctuations of the US dollar against foreign
currencies and the seasonality of the European, Asia/Pacific, and other
international markets could impact the Company's results of operations and
financial condition in a particular quarter. Rapid technological change and
the Company's ability to develop, manufacture, and market products that
successfully

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adapt to that change may also impact results of operations. Further, increased market competition for design-automation and multimedia software products could also negatively impact the Company’s results of operations.

Due to these factors, the Company's future earnings and stock price may be subject to significant volatility, particularly on a quarterly basis. Any shortfall in 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. The Company typically receives and fulfills a majority of its orders within the quarter, with a substantial portion occurring in the third month of the fiscal quarter. As a result, the Company may not learn of revenue shortfalls until late in a fiscal quarter, which could result in an even more immediate and adverse effect on the trading price of the Company's common stock.

LIQUIDITY AND CAPITAL RESOURCES

Cash, cash equivalents, and marketable securities, which consist primarily of high-quality municipal bonds and tax-advantaged money market instruments, totaled $255.4 million at January 31, 1995, compared to $217.0 million at January 31, 1994. The increase in cash, cash equivalents, and marketable securities was due primarily to cash generated from operations ($104.4 million) and cash proceeds from the issuance of shares through employee stock option and stock purchase programs ($49.5 million). This increase was partially offset by cash used to repurchase 2,990,000 shares of the Company's common stock under an ongoing systematic repurchase program ($89.9 million); to purchase computer equipment, furniture, and leasehold improvements ($20.0 million); and to pay dividends on the Company's common stock ($11.3 million).

During fiscal years 1995, 1994, and 1993, the Company repurchased and retired 2,990,000, 3,176,000, and 2,404,000 shares of its common stock at average repurchase prices of $30.05, $22.54, and $17.95, respectively, pursuant to a systematic repurchase program approved by its Board of Directors to reduce the dilutive effect of common shares to be issued under the Company's stock option plans.

The Company has an unsecured $40-million bank line of credit, which may be used from time to time to facilitate short-term cash flow requirements. At January 31, 1995, there were no borrowings outstanding under this credit facility. The line of credit expires in June 1995.

The Company's principal commitments at January 31, 1995, 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 possible acquisition of 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 anticipated cash generated from operations will be sufficient to satisfy its currently anticipated cash requirements for fiscal year 1996.

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## Consolidated statement of income

Autodesk, Inc.

Fiscal year ended January 31,

(In thousands, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>1994</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$465,278</td>
<td>$418,720</td>
<td>$367,721</td>
</tr>
<tr>
<td>Direct commissions</td>
<td>10,666</td>
<td>13,124</td>
<td>14,567</td>
</tr>
<tr>
<td>Net revenues</td>
<td>454,612</td>
<td>405,596</td>
<td>353,154</td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>61,725</td>
<td>63,338</td>
<td>63,652</td>
</tr>
<tr>
<td>Marketing and sales</td>
<td>154,562</td>
<td>137,788</td>
<td>119,871</td>
</tr>
<tr>
<td>Research and development</td>
<td>65,176</td>
<td>56,231</td>
<td>51,481</td>
</tr>
<tr>
<td>General and administrative</td>
<td>65,738</td>
<td>58,536</td>
<td>54,953</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>347,201</td>
<td>315,893</td>
<td>289,957</td>
</tr>
<tr>
<td>Income from operations</td>
<td>107,411</td>
<td>89,703</td>
<td>63,197</td>
</tr>
<tr>
<td>Interest and other income, net</td>
<td>7,233</td>
<td>7,055</td>
<td>11,566</td>
</tr>
<tr>
<td>Litigation charge</td>
<td>25,500</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>89,144</td>
<td>96,758</td>
<td>69,763</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>32,538</td>
<td>34,592</td>
<td>25,890</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$56,606</td>
<td>$62,166</td>
<td>$43,873</td>
</tr>
<tr>
<td><strong>Net income per share</strong></td>
<td>$1.14</td>
<td>$1.25</td>
<td>$0.88</td>
</tr>
<tr>
<td>Shares used in computing net income per share</td>
<td>49,840</td>
<td>49,740</td>
<td>49,800</td>
</tr>
</tbody>
</table>

See accompanying notes.
## Consolidated Balance Sheet

**Autodesk, Inc.**

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$195,038</td>
<td>$85,604</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>45,316</td>
<td>92,004</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts of $6,457 ($5,204 in 1994)</td>
<td>86,340</td>
<td>71,245</td>
</tr>
<tr>
<td>Inventories</td>
<td>5,769</td>
<td>8,803</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>29,915</td>
<td>14,052</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>10,707</td>
<td>7,849</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>373,085</td>
<td>279,557</td>
</tr>
<tr>
<td><strong>Marketable securities</strong></td>
<td>15,019</td>
<td>39,403</td>
</tr>
<tr>
<td>Computer equipment, furniture, and leasehold improvements:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer equipment and furniture</td>
<td>91,557</td>
<td>76,165</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>20,848</td>
<td>16,787</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(65,090)</td>
<td>(51,003)</td>
</tr>
<tr>
<td><strong>Net computer equipment, furniture, and leasehold improvements</strong></td>
<td>46,515</td>
<td>41,949</td>
</tr>
<tr>
<td>Capitalized software and purchased technologies</td>
<td>26,406</td>
<td>28,046</td>
</tr>
<tr>
<td>Other assets</td>
<td>21,051</td>
<td>15,919</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$482,076</td>
<td>$404,874</td>
</tr>
<tr>
<td><strong>Liabilities and stockholders' equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$21,535</td>
<td>$17,206</td>
</tr>
<tr>
<td>Accrued compensation</td>
<td>18,165</td>
<td>12,931</td>
</tr>
<tr>
<td>Accrued income taxes</td>
<td>53,202</td>
<td>45,136</td>
</tr>
<tr>
<td>Litigation accrual</td>
<td>25,800</td>
<td>27,043</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>36,288</td>
<td>27,043</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>154,990</td>
<td>102,316</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>2,625</td>
<td>5,096</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>977</td>
<td>583</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders' equity</strong></td>
<td>$482,076</td>
<td>$404,874</td>
</tr>
<tr>
<td><strong>Stockholders' equity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, $0.01 par value, 100,000 shares authorized, 47,241 issued and outstanding (47,480 in 1994)</td>
<td>100,870</td>
<td>43,769</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>215,864</td>
<td>257,052</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>7,550</td>
<td>(3,942)</td>
</tr>
<tr>
<td><strong>Total stockholders' equity</strong></td>
<td>323,484</td>
<td>296,879</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$482,076</td>
<td>$404,874</td>
</tr>
</tbody>
</table>

See accompanying notes.
<table>
<thead>
<tr>
<th>Operating activities</th>
<th>1995</th>
<th>1994</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$56,606</td>
<td>$62,166</td>
<td>$43,873</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>24,989</td>
<td>20,568</td>
<td>16,386</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities, net of business combinations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(15,068)</td>
<td>(8,283)</td>
<td>(11,518)</td>
</tr>
<tr>
<td>Inventories</td>
<td>3,834</td>
<td>8,049</td>
<td>(5,644)</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(18,334)</td>
<td>(9,133)</td>
<td>(2,944)</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>(2,898)</td>
<td>923</td>
<td>1,910</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>48,017</td>
<td>5,031</td>
<td>20,095</td>
</tr>
<tr>
<td>Accrued income taxes</td>
<td>8,066</td>
<td>9,532</td>
<td>6,450</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>104,412</td>
<td>88,853</td>
<td>68,608</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investing activities</th>
<th>1995</th>
<th>1994</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of available-for-sale marketable securities</td>
<td>(74,682)</td>
<td>(438,405)</td>
<td>(231,480)</td>
</tr>
<tr>
<td>Matuities of available-for-sale marketable securities</td>
<td>145,754</td>
<td>426,168</td>
<td>230,581</td>
</tr>
<tr>
<td>Purchases of computer equipment, furniture, and leasehold improvements</td>
<td>(20,019)</td>
<td>(21,503)</td>
<td>(11,008)</td>
</tr>
<tr>
<td>Business combinations, net of cash acquired</td>
<td>(4,469)</td>
<td>(6,536)</td>
<td>(15,037)</td>
</tr>
<tr>
<td>Capitalization of software costs and purchases of software technologies</td>
<td>4,958</td>
<td>(2,479)</td>
<td>(2,782)</td>
</tr>
<tr>
<td>Other</td>
<td>4,642</td>
<td>1,474</td>
<td>(4,970)</td>
</tr>
<tr>
<td>Net cash provided (used) by investing activities</td>
<td>46,268</td>
<td>(41,281)</td>
<td>(34,696)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing activities</th>
<th>1995</th>
<th>1994</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issuance of common stock</td>
<td>59,912</td>
<td>47,899</td>
<td>20,819</td>
</tr>
<tr>
<td>Repurchase of common stock</td>
<td>(89,851)</td>
<td>(71,586)</td>
<td>(43,145)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(11,307)</td>
<td>(11,388)</td>
<td>(11,538)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(41,246)</td>
<td>(35,075)</td>
<td>(33,864)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net increase in cash and cash equivalents</th>
<th>1995</th>
<th>1994</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>85,604</td>
<td>73,107</td>
<td>73,059</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$195,038</td>
<td>$85,604</td>
<td>$73,107</td>
</tr>
</tbody>
</table>

See accompanying notes.
### CONSOLIDATED STATEMENT OF STOCKHOLDERS’ EQUITY

Autodesk, Inc.

**Three-year period ended January 31, 1995**

<table>
<thead>
<tr>
<th>Description</th>
<th>Shares (In thousands)</th>
<th>Amount</th>
<th>Retained earnings</th>
<th>Foreign currency translation adjustment</th>
<th>Total stockholders' equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balances, January 31, 1992</strong></td>
<td>49,176</td>
<td>$89,782</td>
<td>$173,939</td>
<td>$3,584</td>
<td>$267,305</td>
</tr>
<tr>
<td><strong>Common shares issued under stock option and stock purchase plans</strong></td>
<td>1,250</td>
<td>19,292</td>
<td></td>
<td></td>
<td>19,292</td>
</tr>
<tr>
<td><strong>Tax effect of stock options</strong></td>
<td></td>
<td>1,527</td>
<td></td>
<td></td>
<td>1,527</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td></td>
<td>43,873</td>
<td></td>
<td>43,873</td>
</tr>
<tr>
<td><strong>Dividends paid</strong></td>
<td>(2,404)</td>
<td>(43,145)</td>
<td></td>
<td></td>
<td>(43,145)</td>
</tr>
<tr>
<td><strong>Foreign currency translation adjustment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(9,481)</td>
</tr>
<tr>
<td><strong>Balances, January 31, 1993</strong></td>
<td>48,022</td>
<td>67,456</td>
<td>206,274</td>
<td>(5,897)</td>
<td>267,833</td>
</tr>
<tr>
<td><strong>Common shares issued under stock option and stock purchase plans</strong></td>
<td>2,634</td>
<td>41,875</td>
<td></td>
<td></td>
<td>41,875</td>
</tr>
<tr>
<td><strong>Tax effect of stock options</strong></td>
<td></td>
<td>6,024</td>
<td></td>
<td></td>
<td>6,024</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td></td>
<td>62,166</td>
<td></td>
<td>62,166</td>
</tr>
<tr>
<td><strong>Dividends paid</strong></td>
<td>(3,176)</td>
<td>(71,586)</td>
<td></td>
<td></td>
<td>(71,586)</td>
</tr>
<tr>
<td><strong>Foreign currency translation adjustment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,955</td>
</tr>
<tr>
<td><strong>Balances, January 31, 1994</strong></td>
<td>47,480</td>
<td>43,769</td>
<td>257,052</td>
<td>(3,942)</td>
<td>296,879</td>
</tr>
<tr>
<td><strong>Common shares issued under stock option and stock purchase plans</strong></td>
<td>2,751</td>
<td>49,467</td>
<td></td>
<td></td>
<td>49,467</td>
</tr>
<tr>
<td><strong>Tax effect of stock options</strong></td>
<td></td>
<td>10,445</td>
<td></td>
<td></td>
<td>10,445</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td></td>
<td>56,666</td>
<td></td>
<td>56,666</td>
</tr>
<tr>
<td><strong>Dividends paid</strong></td>
<td>(2,990)</td>
<td>(89,851)</td>
<td></td>
<td></td>
<td>(89,851)</td>
</tr>
<tr>
<td><strong>Foreign currency translation adjustment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,492</td>
</tr>
<tr>
<td><strong>Unrealized losses on available-for-sale securities, net of tax</strong></td>
<td></td>
<td></td>
<td></td>
<td>(247)</td>
<td>(247)</td>
</tr>
<tr>
<td><strong>Balances, January 31, 1995</strong></td>
<td>47,241</td>
<td>$100,870</td>
<td>$215,064</td>
<td>$7,558</td>
<td>$323,484</td>
</tr>
</tbody>
</table>

See accompanying notes.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations  Autodesk, Inc. ("Autodesk" or the "Company"), develops, markets, sells, and supports a family of design-automation and professional multimedia software products for use on personal computers and workstations.

Principles of consolidation  The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

The asset and liability accounts of foreign subsidiaries are translated from their respective functional currencies at the rates in effect at the balance sheet date, and revenue and expense accounts are translated at weighted average rates during the period. Foreign currency translation adjustments are reflected as a separate component of stockholders’ equity. Losses resulting from foreign currency transactions, which are included in other income, were $1,043,000, $969,000, and $40,000 in fiscal years 1995, 1994, and 1993, respectively.

In August 1993, the Company acquired the remaining outstanding stock of Ithaca Software and, in November 1993, purchased the net assets of Woodbourne, Inc. The aggregate cash purchase price of these two transactions was approximately $6.5 million. In fiscal year 1995, approximately $3.5 million was paid to the former Ithaca Software stockholders based on product milestones and revenues. Additional consideration may also be payable based on product milestones and future revenues. In October 1992, the Company acquired all of the outstanding stock of Micro Engineering Solutions, Inc., for approximately $15.0 million in cash. These acquisitions were accounted for using the purchase method of accounting with the purchase prices being principally allocated to capitalized software and intangible assets. The results of the acquired entities, which have not been material in relation to those of the Company, have been included in the consolidated financial results from the respective dates of acquisition.

Foreign currency translation  The Company hedges a portion of its exposure on certain intercompany receivables denominated in foreign currencies using forward foreign exchange contracts in European and Asian foreign currencies. Gains and losses associated with exchange rate fluctuations on forward foreign exchange contracts are recorded currently as income or loss as they offset corresponding gains and losses on the foreign currency assets being hedged. The costs of the forward foreign exchange contracts are recorded as interest and other income.

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

 Marketable securities  Marketable securities consist principally of high-quality municipal bonds and tax-advantaged money market instruments. Marketable securities maturing within one year are classified as current assets.

Effective February 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS No. 115"). SFAS No. 115 has been adopted prospectively, and
the financial statements of prior years have not been restated. The cumulative
effect of adopting SFAS No. 115 was not material at February 1, 1994.

Under SFAS No. 115, the appropriate classification of securities is
determined at the time of purchase and reevaluated as of each balance sheet
date. The Company has classified all of its marketable securities as
available-for-sale and carries such securities at fair value, with unrealized
gains and losses, net of tax, reported in stockholders' equity until
disposition.

Concentration of credit risk The Company places its cash, cash equivalents,
and marketable securities with financial institutions with high credit
standing and, by policy, limits the amounts invested with any one institution,
type of security, and issuer. Autodesk's accounts receivables are derived from
software sales to a large number of dealers and distributors in the Americas,
Europe, and Asia/Pacific. The Company performs ongoing evaluations of its
customers' financial condition and limits the amount of credit extended when
deemed necessary but generally requires no collateral.

Inventories Inventories, consisting principally of software media and
technical manuals, are stated at the lower of cost (determined on the
first-in, first-out method) or market.

Depreciation and amortization Computer equipment and furniture are
depreciated using the straight-line method over the estimated useful lives of
the assets, which range from two to ten years. Leasehold improvements are
amortized on a straight-line basis over the shorter of the estimated useful
life or the lease term.

Capitalized software and purchased technologies Costs incurred in the initial
design phase of software development are expensed as incurred. Once the point
of technological feasibility is reached, direct development costs (programming
and testing) are capitalized. Certain software-technology rights acquired are
also capitalized. Capitalized software is amortized ratably as revenues are
recognized, but not less than on a straight-line basis over two- to ten-year
periods. Amortization expense was $7,634,000, $7,478,000, and $5,090,000 in
fiscal years 1995, 1994, and 1993, respectively.

Royalties The Company licenses software used to develop components of
AutoCAD, AutoCAD LT, 3D Studio software, and certain other products. Royalties
are payable to developers of the software at various rates and amounts
generally based on unit sales or revenues. Royalty expense was $5,944,000,
$5,128,000, and $3,390,000 in fiscal years 1995, 1994, and 1993, respectively.
Such costs are included as a component of cost of revenues.

Revenue recognition Autodesk's revenue recognition policy is in compliance
with the provisions of the American Institute of Certified Public Accountants'
Statement of Position 91-1, "Software Revenue Recognition." Revenue is
recognized at the time of shipment, provided that no significant vendor
obligations remain and collection of the resulting receivable is deemed
probable. The Company accrues for estimated product returns at the time
revenue is recognized. A portion of revenues related to certain customer
consulting and training obligations are deferred, while costs associated with
certain post-sales customer obligations are accrued.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net income per share  Net income per share is based on the weighted average number of outstanding common shares and dilutive common stock equivalents.

Common Stock split  In October 1994, Autodesk's stockholders approved an amendment to the Company Certificate of Incorporation to increase the number of authorized shares of Common Stock from 50,000,000 to 100,000,000 shares and to effect a two-for-one split of the Company’s Common Stock in the form of a 100 percent Common Stock dividend. All share and per share amounts have been restated to reflect the stock split.

Reclassifications  Certain fiscal year 1994 and 1993 amounts have been reclassified to conform to the fiscal year 1995 presentation.

NOTE 2. FINANCIAL INSTRUMENTS

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

<table>
<thead>
<tr>
<th></th>
<th>January 31, 1995</th>
<th>January 31, 1994</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount</td>
<td>Fair value</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$195,038</td>
<td>$195,038</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>60,335</td>
<td>60,335</td>
</tr>
<tr>
<td>Forward foreign currency contracts</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

Foreign exchange contracts  The Company enters into forward foreign exchange contracts to hedge the value of recorded foreign currency denominated transactions against fluctuation in exchange rates. The purpose of the Company's foreign exchange policy is to minimize the impact of exchange rate fluctuations on certain intercompany balances. Substantially all forward foreign exchange contracts entered into by the Company have maturities of 60 days or less. The notional amounts of foreign exchange contracts were $16.7 million and $6.3 million at January 31, 1995 and 1994, respectively, and were predominantly to buy Swiss francs. While the contract or notional amount is often used to express the volume of foreign exchange contracts, the amounts potentially subject to credit risk are generally limited to the amounts, if any, by which the counterparties' obligations under the agreements exceed the obligations of the Company to the counterparties.
Autodesk, Inc.

 Marketable securities include the following available-for-sale debt securities as of January 31, 1995:

<table>
<thead>
<tr>
<th></th>
<th>Gross unrealized gains</th>
<th>Gross unrealized losses</th>
<th>Estimated fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>$45,312</td>
<td>$6</td>
<td>$143</td>
</tr>
<tr>
<td>Time deposits</td>
<td>141</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$45,453</td>
<td>6</td>
<td>143</td>
</tr>
<tr>
<td>Long-term:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>$15,271</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$60,724</td>
<td>6</td>
<td>395</td>
</tr>
</tbody>
</table>

The contractual maturities for Autodesk's short-term marketable securities at January 31, 1995, were one year or less while the Company's long-term marketable securities had contractual maturities due between one and two years. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties. Realized gains and losses on sales of available-for-sale securities for the year ended January 31, 1995, were not material.

NOTE 3. INCOME TAXES

The provision for income taxes consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>Fiscal year ended January 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands)</td>
</tr>
<tr>
<td></td>
<td>1995</td>
</tr>
<tr>
<td>Federal:</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>$29,203</td>
</tr>
<tr>
<td>Deferred</td>
<td>(13,169)</td>
</tr>
<tr>
<td>State:</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>9,417</td>
</tr>
<tr>
<td>Deferred</td>
<td>(3,839)</td>
</tr>
<tr>
<td>Foreign:</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>12,252</td>
</tr>
<tr>
<td>Deferred</td>
<td>(1,326)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$32,598</td>
</tr>
</tbody>
</table>

31
The principal reasons that the aggregate income tax provisions differ from the US statutory rate of 35 percent (34 percent in fiscal year 1993) are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax provision at statutory rate</td>
<td>$ 31,200</td>
<td>$ 33,865</td>
<td>$ 23,719</td>
</tr>
<tr>
<td>Tax effect of earnings of foreign subsidiaries</td>
<td>(4,916)</td>
<td>(4,537)</td>
<td>(267)</td>
</tr>
<tr>
<td>State income taxes, net of federal benefit</td>
<td>4,802</td>
<td>5,277</td>
<td>3,093</td>
</tr>
<tr>
<td>Tax-exempt interest</td>
<td>(1,608)</td>
<td>(1,539)</td>
<td>(1,731)</td>
</tr>
<tr>
<td>Other</td>
<td>3,060</td>
<td>1,526</td>
<td>1,076</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>$ 32,538</td>
<td>$ 34,592</td>
<td>$ 25,890</td>
<td></td>
</tr>
</tbody>
</table>

The Company adopted Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes," in fiscal year 1993. In accordance with this statement, deferred income taxes are provided for temporary differences between financial statement income and income for tax purposes using enacted tax laws and rates for the years in which the taxes are expected to be paid. Adoption of this statement did not have a material effect on the Company's consolidated financial statements because the Company had previously adopted the liability method of accounting for income taxes.

Significant sources of the Company's deferred tax assets and liabilities are as follows:

<table>
<thead>
<tr>
<th>January 31,</th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net deferred tax assets:</td>
<td>$ 27,290</td>
<td>$ 8,956</td>
</tr>
<tr>
<td>Accrued state income taxes</td>
<td>$ 4,607</td>
<td>$ 5,173</td>
</tr>
<tr>
<td>Expenses not currently deductible</td>
<td>21,353</td>
<td>6,740</td>
</tr>
<tr>
<td>Other</td>
<td>3,955</td>
<td>2,139</td>
</tr>
<tr>
<td></td>
<td>29,915</td>
<td>14,052</td>
</tr>
</tbody>
</table>

Net deferred tax liabilities:

<table>
<thead>
<tr>
<th>January 31,</th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalized software</td>
<td>4,384</td>
<td>4,857</td>
</tr>
<tr>
<td>Other</td>
<td>(1,759)</td>
<td>239</td>
</tr>
<tr>
<td></td>
<td>2,625</td>
<td>5,096</td>
</tr>
<tr>
<td>Net deferred tax assets</td>
<td>$ 27,290</td>
<td>$ 8,956</td>
</tr>
</tbody>
</table>

32
No provision has been made for federal income taxes on unremitted earnings of certain of the Company's foreign subsidiaries (cumulative $80,493,000 at January 31, 1995) since the Company plans to indefinitely reinvest all such earnings. However, if such earnings were remitted, foreign tax credits of approximately $14.0 million would be available to offset the anticipated US income tax of approximately $35.0 million. Foreign pre-tax income was $34,294,000, $35,840,000, and $32,849,000 in fiscal years 1995, 1994, and 1993, respectively.

Cash payments for income taxes were $32,361,000, $28,157,000, and $20,857,000 for fiscal years 1995, 1994, and 1993, respectively.

NOTE 4. LITIGATION ACCRUAL

In December 1994, a $25.5 million judgment was entered against the Company on a claim of trade-secret misappropriation brought by Vermont Microsystems, Inc. The judgment bears interest until paid (currently 7.22 percent per annum). Management strongly denies any wrongdoing in this matter and has filed an appeal to this judgment. The judgment plus interest through January 31, 1995, and certain related expenses were accrued at year end.

NOTE 5. COMMITMENTS AND CONTINGENCIES

The Company leases office space and equipment under noncancelable lease agreements. The leases generally provide that the Company pays taxes, insurance, and maintenance expenses related to the leased assets. Future minimum lease payments for fiscal years ended January 31 are as follows: $15,831,000 in 1996, $13,051,000 in 1997, $11,590,000 in 1998, $10,818,000 in 1999, $9,448,000 in 2000, and $39,356,000 thereafter.

Rent expense was $18,221,000, $14,806,000, and $14,097,000 in fiscal years 1995, 1994, and 1993, respectively.

The Company has an unsecured $40-million bank line of credit, which may be used from time to time to facilitate short-term cash flow requirements. The line of credit expires in June 1995.

The Company is a party to various legal proceedings arising from the normal course of business activities, none of which, in management's opinion, is expected to have a material adverse impact on the Company's consolidated results of operations or its financial position.

NOTE 6. EMPLOYEE BENEFIT PLANS

Stock option plans Under the Company's stock option plans, incentive and nonqualified stock options may be granted to officers, employees, directors, and consultants to purchase shares of the Company's common stock. A maximum of 16,140,000 common stock options have been authorized for issuance under the plans. The exercise price of the stock options is determined by the Company's Board of Directors on the date of grant. In the case of incentive stock options, the exercise price is at least equal to the fair market value of the stock on the grant date.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock option activity is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Number of shares</th>
<th>Price per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options outstanding at January 31, 1993</td>
<td>9,870,000</td>
<td>$5.29-$25.38</td>
</tr>
<tr>
<td>Granted</td>
<td>2,116,000</td>
<td>$20.25-$28.19</td>
</tr>
<tr>
<td>Exercised</td>
<td>(2,316,000)</td>
<td>$5.29-$25.38</td>
</tr>
<tr>
<td>Canceled</td>
<td>(960,000)</td>
<td>$12.56-$25.38</td>
</tr>
<tr>
<td>Options outstanding at January 31, 1994</td>
<td>8,710,000</td>
<td>$12.56-$28.19</td>
</tr>
<tr>
<td>Granted</td>
<td>2,123,000</td>
<td>$24.25-$38.25</td>
</tr>
<tr>
<td>Exercised</td>
<td>(2,416,000)</td>
<td>$12.56-$25.38</td>
</tr>
<tr>
<td>Canceled</td>
<td>(420,000)</td>
<td>$13.38-$30.25</td>
</tr>
<tr>
<td>Options outstanding at January 31, 1995</td>
<td>7,997,000</td>
<td>$12.56-$38.25</td>
</tr>
<tr>
<td>Options exercisable at January 31, 1995</td>
<td>2,838,000</td>
<td>$12.56-$28.19</td>
</tr>
<tr>
<td>Options available for grant at January 31, 1995</td>
<td>1,301,000</td>
<td></td>
</tr>
</tbody>
</table>

Certain employees have disposed of stock acquired through the exercise of incentive stock options earlier than the mandatory holding period required for such options. The tax benefits allowed to the Company because of these dispositions, together with the tax benefits realized from the exercise of nonqualified stock options, have been recorded as increases to common stock.

Employee stock purchase plan The Company has an employee stock purchase plan for all employees meeting certain eligibility criteria. Under the plan, employees may purchase shares of the Company's common stock, subject to certain limitations, at not less than 85 percent of fair market value as defined in the plan. A total of 2,100,000 shares have been reserved for issuance under the plan. In fiscal years 1995, 1994, and 1993, shares totaling 335,000, 318,000, and 204,000, respectively, were issued under the plan at average prices of $17.90, $14.30, and $13.40 per share. At January 31, 1995, a total of 922,000 shares were available for future issuance under the plan.

Pre-tax savings plans The Company has pre-tax savings plans covering nearly all US employees that qualify under Section 401(k) of the Internal Revenue Code. Under one of the plans, eligible employees may contribute up to 15 percent of their pre-tax salary, subject to certain limitations. Commencing in fiscal year 1993, the Company made voluntary contributions and matched a portion of employee contributions. Company contributions, which can be terminated at the Company's discretion, were $1,474,000, $964,000, and $788,000 in fiscal years 1995, 1994, and 1993, respectively.
NOTE 7. STOCKHOLDERS' EQUITY

Reincorporation  In August 1994, the Company was reincorporated in the state of Delaware. As part of this reincorporation, each outstanding share of the old California Corporation no par common stock was converted to one share of the Delaware Corporation $0.01 par value common stock.

Preferred stock  The Company's Articles of Incorporation authorize two million shares of preferred stock, none of which are issued or outstanding. The Board of Directors has the authority to issue the preferred stock in one or more series and to fix rights, preferences, privileges, and restrictions, including dividends, and the number of shares constituting any series or the designation of such series, without any further vote or action by the stockholders.

Common stock repurchase program  During fiscal years 1995, 1994, and 1993, the Company repurchased and retired 2,990,000, 3,176,000, and 2,404,000 shares of its common stock at average repurchase prices of $30.05, $22.54, and $17.95, respectively, pursuant to a systematic repurchase plan approved by the Company's Board of Directors to reduce the dilutive effect of common shares to be issued under the Company's stock option plans.

NOTE 8. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Summarized quarterly financial information for fiscal years 1995, 1994, and 1993 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
<th>Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiscal year 1995</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenues</td>
<td>$106,578</td>
<td>$110,259</td>
<td>$108,179</td>
<td>$129,596</td>
<td>$454,612</td>
</tr>
<tr>
<td>Gross margin</td>
<td>91,479</td>
<td>95,123</td>
<td>93,994</td>
<td>112,291</td>
<td>392,887</td>
</tr>
<tr>
<td>Income from operations</td>
<td>24,340</td>
<td>24,398</td>
<td>23,230</td>
<td>35,443</td>
<td>107,411</td>
</tr>
<tr>
<td>Net income</td>
<td>16,446</td>
<td>16,587</td>
<td>15,896</td>
<td>7,677</td>
<td>56,606</td>
</tr>
<tr>
<td>Net income per share</td>
<td>0.33</td>
<td>0.34</td>
<td>0.32</td>
<td>0.15</td>
<td>1.14</td>
</tr>
<tr>
<td><strong>Fiscal year 1994</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenues</td>
<td>$101,665</td>
<td>$103,613</td>
<td>$98,176</td>
<td>$102,142</td>
<td>$405,596</td>
</tr>
<tr>
<td>Gross margin</td>
<td>84,661</td>
<td>86,865</td>
<td>83,481</td>
<td>87,251</td>
<td>342,258</td>
</tr>
<tr>
<td>Income from operations</td>
<td>21,830</td>
<td>23,935</td>
<td>21,298</td>
<td>22,640</td>
<td>89,703</td>
</tr>
<tr>
<td>Net income</td>
<td>15,442</td>
<td>16,471</td>
<td>14,928</td>
<td>15,325</td>
<td>62,166</td>
</tr>
<tr>
<td>Net income per share</td>
<td>0.31</td>
<td>0.33</td>
<td>0.30</td>
<td>0.31</td>
<td>1.25</td>
</tr>
<tr>
<td><strong>Fiscal year 1993</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenues</td>
<td>$ 75,360</td>
<td>$ 85,479</td>
<td>$93,755</td>
<td>$ 98,560</td>
<td>$353,154</td>
</tr>
<tr>
<td>Gross margin</td>
<td>63,637</td>
<td>71,448</td>
<td>75,121</td>
<td>79,296</td>
<td>289,502</td>
</tr>
<tr>
<td>Income from operations</td>
<td>11,573</td>
<td>13,912</td>
<td>17,371</td>
<td>20,341</td>
<td>63,197</td>
</tr>
<tr>
<td>Net income</td>
<td>9,313</td>
<td>10,558</td>
<td>12,808</td>
<td>11,194</td>
<td>43,873</td>
</tr>
<tr>
<td>Net income per share</td>
<td>0.19</td>
<td>0.22</td>
<td>0.25</td>
<td>0.22</td>
<td>0.88</td>
</tr>
</tbody>
</table>
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Results for the fourth quarter of fiscal year 1995 included a pre-tax litigation charge of approximately $26.0 million resulting in a $0.33 reduction in earnings per share. Fourth quarter results in fiscal year 1993 included a pre-tax litigation charge of $5.0 million and resulted in a $0.06 reduction in earnings per share.

NOTE 9. INFORMATION BY GEOGRAPHIC AREA

Information regarding the Company's operations by geographic area at January 31, 1995, 1994, and 1993 and for the fiscal years then ended is as follows:

(In thousands)                                                     1995          1994           1993

Revenues:
The Americas
Customers in the United States                                    $ 182,133     $ 177,833      $ 159,431
Customers in Asia/Pacific                                         36,513         26,788          12,726
Customers in Canada                                               15,720         16,173          11,164
Other exports                                                     14,951         11,492          7,450
Intercompany revenues                                             48,539         48,068          39,621
                                                               297,856        280,354        230,332

Europe                                                          159,110        138,317         134,983
Asia/Pacific                                                     56,851         48,117          42,027
Consolidating eliminations                                       (48,539)       (48,068)       (39,621)
                                                               $ 465,278     $ 418,720      $ 367,721

Income from operations:
The Americas                                                      $  71,518     $  56,127      $  36,376
Europe                                                           25,121         24,687          16,770
Asia/Pacific                                                     10,772         8,889           9,051
                                                               $ 107,411     $  89,703      $  63,197

Identifiable assets:
The Americas                                                      $ 336,403     $ 261,347         $ 280,106
Europe                                                           211,056        172,328         195,630
Asia/Pacific                                                     51,761         45,555          15,780
Consolidating eliminations                                       (117,144)      (74,356)       (133,233)
                                                               $ 482,076     $ 404,874        $ 358,283

Intercompany revenues consist of royalty revenue paid by the Company's subsidiaries under software license agreements with the US parent company. At January 31, 1995, 1994, and 1993, total foreign net equity was $88,660,000, $115,025,000, and $87,743,000, respectively.
The Board of Directors and Stockholders
Autodesk, Inc.

We have audited the accompanying consolidated balance sheets of Autodesk, Inc. as of January 31, 1995 and 1994, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended January 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Autodesk, Inc. at January 31, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 31, 1995, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

San Francisco, California
February 22, 1995
MARKET INFORMATION AND DIVIDEND POLICY

MARKET PRICES

The Company's common stock is traded on the Nasdaq National Market under the symbol ACAD. The following table lists the high and low sales price for each quarter in the last three fiscal years (as adjusted for the stock split in October 1994):

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First quarter</td>
<td>$ 30 7/8</td>
<td>$ 24 1/8</td>
</tr>
<tr>
<td>Second quarter</td>
<td>28 1/4</td>
<td>23 1/4</td>
</tr>
<tr>
<td>Third quarter</td>
<td>35</td>
<td>24 5/8</td>
</tr>
<tr>
<td>Fourth quarter</td>
<td>41 1/2</td>
<td>30 3/4</td>
</tr>
<tr>
<td>1994</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First quarter</td>
<td>$ 24 3/8</td>
<td>$ 19 3/8</td>
</tr>
<tr>
<td>Second quarter</td>
<td>28 3/8</td>
<td>19 7/8</td>
</tr>
<tr>
<td>Third quarter</td>
<td>26 7/8</td>
<td>19 7/8</td>
</tr>
<tr>
<td>Fourth quarter</td>
<td>26 1/8</td>
<td>18 1/2</td>
</tr>
<tr>
<td>1993</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First quarter</td>
<td>$ 18</td>
<td>$ 11 5/8</td>
</tr>
<tr>
<td>Second quarter</td>
<td>21 1/4</td>
<td>14 7/8</td>
</tr>
<tr>
<td>Third quarter</td>
<td>26 1/2</td>
<td>19 5/16</td>
</tr>
<tr>
<td>Fourth quarter</td>
<td>28 1/4</td>
<td>22 3/8</td>
</tr>
</tbody>
</table>

DIVIDENDS

The Company paid quarterly dividends of $0.06 per share in fiscal years 1995, 1994, and 1993. The Company currently intends to continue paying regular cash dividends on a quarterly basis.

STOCKHOLDERS

As of March 7, 1995, the approximate number of common stockholders of record was 1,600.

ANNUAL MEETING

The Company's Annual Meeting of Stockholders will be held at 2:00 p.m. on June 30, 1995, at the Embassy Suites Hotel, 101 McInnis Parkway, San Rafael, California.

FORM 10-K

A copy of the Company's Annual Report on Form 10-k for fiscal year 1995 filed with the Securities and Exchange Commission may be obtained without charge by sending a written request to Investor Relations, Autodesk, Inc., 111 McInnis Parkway, San Rafael, CA 94903.
CORPORATE INFORMATION

DIRECTORS
Carol Bartz, Chairman
Mark Bertelsen
Crawford Beveridge
J. Hallam Dawson
Greg Lutz
Jim Warren

OFFICERS
Carol Bartz
President and Chief Executive Officer

John Calonico
Corporate Controller

Robert Carr
Vice President, Engineering Group

Richard Cuneo
Vice President, US Sales

James D'Arezzo
Vice President, Corporate Marketing, and Vice President, GIS and DM Market Groups

Dominic Gallello
Vice President, Asia/Pacific, and Acting Vice President, Mechanical CAD Market Group

Eric Herr
Chief Financial Officer and Vice President, Finance and Administration

John Lynch
Chief Technology Officer and Vice President, Advanced Products Group

Steve McMahon
Vice President, Human Resources

Godfrey Sullivan
Vice President, the Americas, and Acting Vice President, AEC/FM Market Group

Michael Sutton
Vice President, Europe

Christine Tsingos
Treasurer

LEGAL COUNSEL
Wilson, Sonsini, Goodrich & Rosati
650 Page Mill Road
Palo Alto, CA 94304
USA

TRANSFER AGENT
Harris Trust & Savings Bank
c/o Shareholder Services
11th Floor
311 West Monroe Street
Chicago, IL 60606
USA

INDEPENDENT AUDITORS
Ernst & Young LLP
555 California Street
San Francisco, CA 94104
USA

WORLDWIDE OFFICES

CORPORATE HEADQUARTERS
Autodesk, Inc.
111 McInnis Parkway
San Rafael, CA 94903
USA
Autodesk Ltd. Japan
24th Floor, Yebisu Garden Place Tower
4-20-3 Shibuya-ku
Tokyo 150

Korea
Autodesk Korea Limited
Samboo Bldg., 9F1
676 Yuksam-dong, Kangnam-ku
Seoul

Malaysia
Autodesk Asia Pte Ltd
(Malaysia Representative Office)
22nd Floor, Plaza Atrium
Lorong P. Ramlee
50250 Kuala Lumpur

Singapore
Autodesk Asia Pte Ltd
391B Orchard Road
#15-05 Ngee Ann City, Tower B
Singapore 0923

Taiwan
Autodesk, Inc. Taiwan
403 Bank Tower
205 Tun Hwa North Road
Taipei, Taiwan, Republic of China

EUROPE
European Headquarters
Autodesk (Europe) SA
20, route de Pre-Bois
Case Postale 766
CH-1215 Geneva 15
Switzerland

Autodesk Development B.V.
(Technical and Operations)
Rue du Puits-Godet 6
Case Postale 35
CH-2005 Neuchatel

Africa
Autodesk Ltd (Africa)
Hurlingham Office Park,
Block A,
Cnr. William Nicol &
Republic Road
PO Box 782327
RSA-Sandton 2146

Austria
Autodesk Ges.m.b.H.
Traungasse 16
A-4600 Wels

Czechia
Autodesk s.r.o.
Jeseniova 1
CZ-130 00 Prague 3

France
Autodesk, S.a.r.l.
3-5 Avenue du Chemin
de Presles
94410 Saint-Maurice
Paris

Germany and
Eastern Europe
Autodesk GmbH
Hansastrasse 28
D-80686 Munchen

Hungary
Autodesk Ltd. and Autodesk GmbH
Hungary Information and Service Office
Szemlohegy u. 23/b
H-1023 Budapest

Israel
Autodesk Israel GmbH
16 Aba Milel Silver St.
IS-52506 Ramat Gan

Italy
Autodesk S.p.A.
Milanofiori
Strada 4, Palazzo A5
I-20090 Assago MI
The Registrant owns 100% of the outstanding voting securities of the following corporations, all of which are included in the Registrant's consolidated financial statements:

<table>
<thead>
<tr>
<th>Name</th>
<th>Jurisdiction of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autodesk Limited</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Autodesk AG</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Autodesk (Europe) S.A.</td>
<td>Switzerland</td>
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<tr>
<td>Autodesk AB</td>
<td>Sweden</td>
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<td>Autodesk ltd. Japan</td>
<td>Japan</td>
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<tr>
<td>Autodesk International Ltd.</td>
<td>Barbados</td>
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<tr>
<td>Autodesk Australia Pty. Ltd.</td>
<td>Australia</td>
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<tr>
<td>Autodesk GmbH</td>
<td>Germany</td>
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<td>Autodesk Ges.m.b.H.</td>
<td>Austria</td>
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<td>Autodesk S.A.</td>
<td>Spain</td>
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<td>Autodesk S.A.</td>
<td>France</td>
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<td>Autodesk s.r.o</td>
<td>Czechia</td>
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<td>Autodesk Ltd. Hungary</td>
<td>Hungary</td>
</tr>
<tr>
<td>Autodesk Software limitada</td>
<td>Portugal</td>
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<tr>
<td>Autodesk S.p.A.</td>
<td>Italy</td>
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<tr>
<td>Generic Software, Inc.</td>
<td>Washington</td>
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<tr>
<td>Autodesk B.V.</td>
<td>Netherlands</td>
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<tr>
<td>Autodesk R.F.</td>
<td>Russia-C.I.S.</td>
</tr>
<tr>
<td>Autodesk Canada Inc.</td>
<td>Canada</td>
</tr>
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<td>Netherlands</td>
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<tr>
<td>Autodesk Far East Ltd.</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>Autodesk Korea Ltd.</td>
<td>Korea</td>
</tr>
<tr>
<td>Autodesk Asia Pte. Ltd.</td>
<td>Singapore</td>
</tr>
<tr>
<td>Micro Engineering Solutions, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>Autodesk, Inc. Taiwan</td>
<td>Taiwan</td>
</tr>
<tr>
<td>Ithaca Software</td>
<td>California</td>
</tr>
<tr>
<td>Autodesk China</td>
<td>Peoples Republic of China</td>
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<tr>
<td>Date</td>
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</tr>
<tr>
<td>------------</td>
<td>--------</td>
</tr>
<tr>
<td>1,000</td>
<td>0</td>
</tr>
<tr>
<td>56,606</td>
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</table>