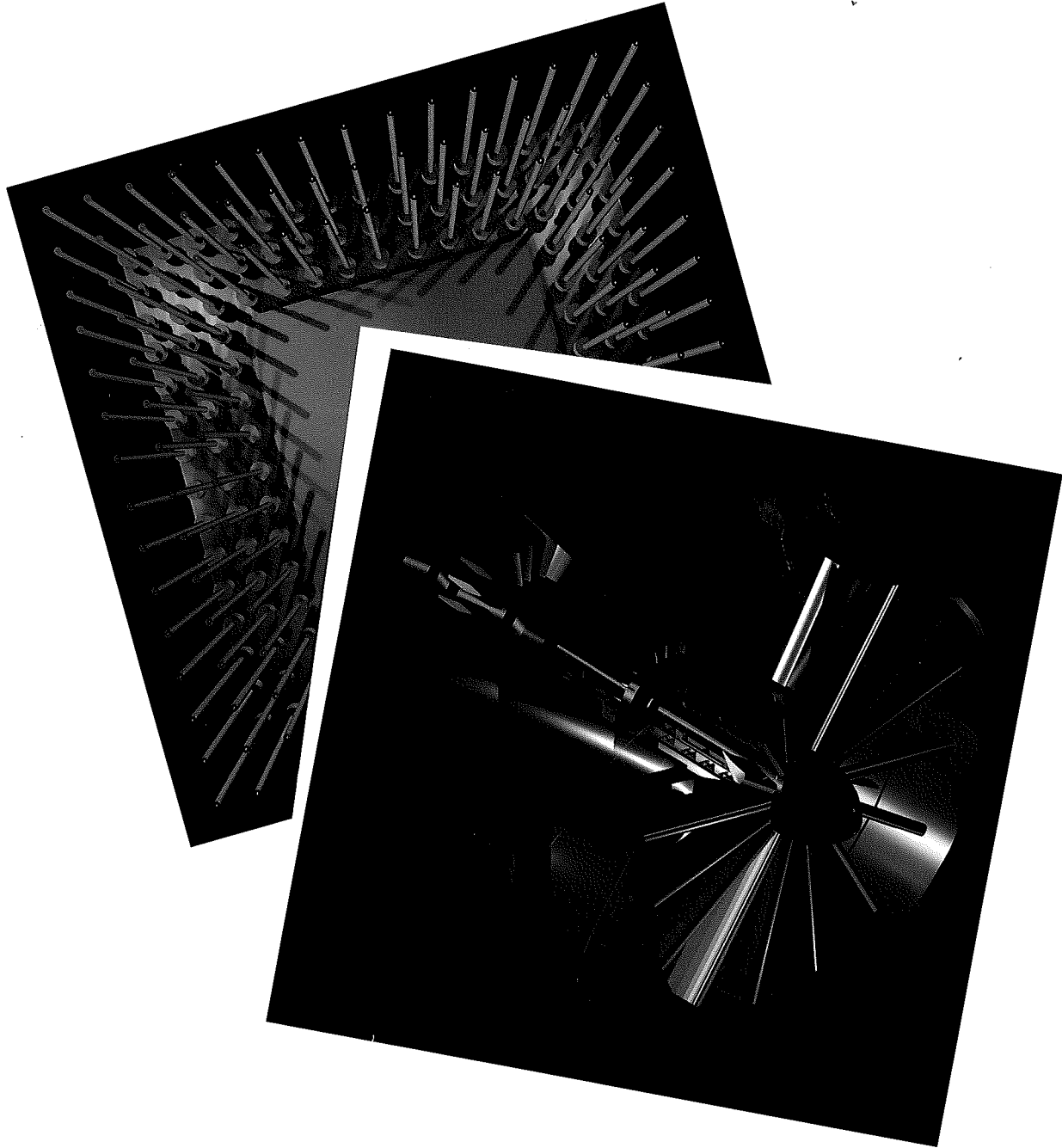


AUTODESK

1991 ANNUAL REPORT



ABOUT THE COMPANY

Autodesk develops, markets and supports computer-aided design, engineering and animation software products for use on desktop computers and workstations. An international company since our founding in 1982, we focus on the needs of a diverse customer base that spans nearly every industry imaginable. Autodesk products include the three best-selling computer-aided design (CAD) software packages in the world: AutoCAD®, the standard for desktop CAD

software, with over 470,000 users; AutoSketch®, a precision drawing program with more than 200,000 users; and Generic CADD®, a family of low-cost design and drafting products with over 260,000 users. A number of other Autodesk CAD products are available. In addition, the Company offers multimedia products, such as Autodesk Animator® and Autodesk 3D Studio™, as well as science-oriented software.

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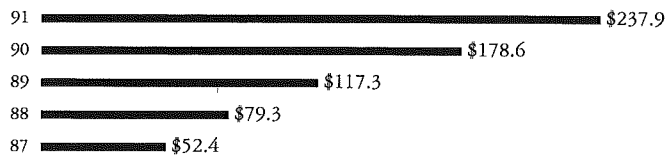
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SELECTED FINANCIAL DATA

Fiscal year ended January 31,	1991	1990	Percentage change
<i>(In thousands, except per share data, percentages and employees)</i>			
Net revenues	\$237,850	\$178,591	+33.2
Net income	\$ 56,755	\$ 46,378	+22.4
Net income per share	\$ 2.30	\$ 1.91	+20.4
Return on net revenues	23.9%	26.0%	- 8.1
Working capital	\$143,858	\$113,951	+26.2
Shareholders' equity	\$218,285	\$159,121	+37.2
Return on average shareholders' equity	30.1%	30.2%	- 0.3
Shares used in computing net income per share	24,684	24,325	+ 1.5
Number of employees	1,102	905	+21.8

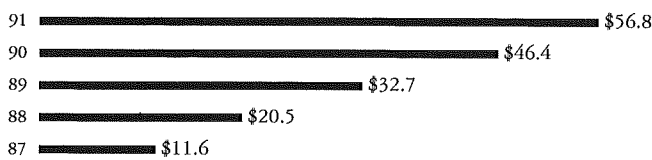
NET REVENUES

In millions

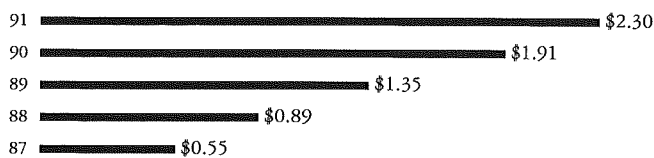


NET INCOME

In millions



NET INCOME PER SHARE



TO OUR SHAREHOLDERS

During our nine year history, Autodesk has become the fourth largest independent PC software company in the U.S., as well as the world's leading developer of design and drafting software for desktop computers and workstations. Our customer base has grown to more than 900,000 and spans a vast array of industries, government agencies, educational institutions and individuals. This past year, we captured 70 percent of the sales for computer-aided design (CAD) software used on PCs (according to industry analyst, Daratech, Inc). We have built a fundamentally strong organization, and we are now expanding both our product line and our base of operations. With the close of fiscal year 1991, this is an appropriate time not only to review the past year but also to provide insight into our strategies for continued success.

NEW AND EMERGING PRODUCTS We increased our position in the design and engineering markets with enhancements to our CAD product family, while expanding in the multimedia and science arenas with entirely new products.

AutoCAD Software. Business remains very good for our flagship product, AutoCAD. The following enhancements were introduced in fiscal year 1991 to take advantage of technological advances and satisfy growing customer needs:

- AutoCAD Release 11 – a major upgrade of our AutoCAD design and drafting software, offering a comprehensive selection of 2-D and 3-D design tools.
- Advanced Modeling Extension™ – an AutoCAD Release 11 option for creating solid models of complex 3-D geometry.

- AutoShade® Version 2 with Autodesk RenderMan® – a companion product that allows customers to create photorealistic renderings of their AutoCAD designs.

Multimedia Software. We continued to diversify our product base by adding two multimedia products:

- Autodesk 3D Studio™ – an integrated, easy-to-use 3-D modeling, rendering and animation software package.

- Autodesk Animator Clips™ – libraries of animations, backgrounds and still images for use as clip art.

Additional New Products. Three other Autodesk products were also introduced during fiscal year 1991:

- Generic CADD® 5.0 – a low-cost, professional-quality 2-D design and drafting package.

- AutoSketch® Version 3 – a precision drawing tool for designers who don't require the more sophisticated CAD capabilities of AutoCAD.

- CHAOS: The Software™ – an interactive graphics product that illustrates many of the chaotic systems in James Gleick's popular book, *Chaos—Making a New Science*.

Future Opportunities. Looking ahead, our research and development efforts will be focused on both the 2-D and 3-D capabilities of CAD packages. Additional products based on emerging technologies also are under development. Among them: a molecular modeling

program for use on PCs, a hypertext filing and retrieval system and an exploration into virtual reality.

GROWING INTERNATIONAL MARKET We market and support Autodesk products in more than 80 countries and in 13 different languages. Sales outside of the U.S. comprised 56 percent of our net revenues in fiscal year 1991. We are the CAD market leader in Japan, where sales rose by 45 percent in fiscal year 1991. We are well positioned in Western Europe, which contributed 34 percent of Autodesk's fiscal year 1991 revenues. Our AutoCAD software is an industry standard in Eastern Europe (where we offer Russian, Czech and Polish language versions). We are also continuing to make inroads into the traditionally closed markets of Latin America.

Expanding European Operations. Autodesk is in the process of converting from a centralized European operation, with subsidiaries in the United Kingdom, Sweden and Switzerland, to decentralized operations with subsidiaries in all key markets. We are currently building Autodesk subsidiaries in Italy, France, Spain, Holland, Germany and Austria. Our intent is to strengthen our worldwide network, develop more direct contact with dealers and better serve customer needs. This expansion is likely to lower Autodesk's operating margins for the short term; but the potential for significant long-term growth is substantial.

Plans for European Technical Center. So that we can benefit from the technical talent available outside of the United States, we are preparing to establish a European technical center. Initially, this center will

WORKING CAPITAL

In millions



focus on making foreign-language versions of AutoCAD and serving as a catalyst for new product development.

Growth in Asian Operations. We have opened a sales office in Singapore to take advantage of opportunities in this promising Asian market, and we expect to open a second sales office in Japan during fiscal year 1992.

Paving the Way in Eastern Europe. Autodesk has nurtured business relationships in Eastern Europe for nearly five years, in anticipation of emerging market opportunities. We hold a majority interest in a Russian software company called Parallel, which distributes Autodesk software in the Soviet Union and provides us with the skills of top Soviet programmers. To further develop the marketplace, we have held CAD exhibitions in Moscow and Prague during the past three years.

MULTIMEDIA GROWTH POTENTIAL The worldwide market for multimedia holds exciting, long-term potential for Autodesk. Multimedia combines still images, text, sound and animation. The primary roadblock to success in this evolving field is the integration of components that were not designed to work together. We define this integration as both a product and distribution opportunity – one which Autodesk is uniquely equipped to handle because of our open archi-

tecture approach to software design and our experience in developing a knowledgeable dealer channel.

ADDITIONAL MARKET OPPORTUNITIES Our core business remains centered around AutoCAD, which was responsible for 88 percent of Autodesk's sales in fiscal year 1991. At the same time, we are leveraging our technological leadership and PC software expertise in new ways.

Harnessing Technical Advances. In line with our goal to expand into new market segments, Autodesk obtained an exclusive worldwide marketing and distribution license for molecular modeling software developed by Hypercube, Inc. We expect to adapt this technology for PC applications in the field of molecular simulation. Because of the broad market potential of this technology, Autodesk also purchased an equity interest in the company.

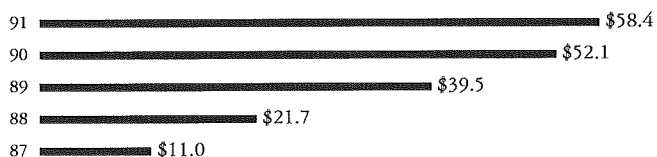
Identifying New Business Prospects. Also during fiscal year 1991, we formed a Business Development Unit focused on worldwide opportunities that will enable us to continue offering exceptional software products.

Strengthening Third-Party Relationships. This past year, we established the Autodesk Strategic Developer Program to provide in-depth technical and marketing assistance to a select group of qualified developers. Our goal is to foster the development of application and utility software and speed the emergence of new products that extend AutoCAD's capabilities.

STRONG FINANCIAL PICTURE Autodesk's success in the marketplace continues to yield significant financial rewards. Fiscal year 1991 net revenues

CASH PROVIDED BY OPERATING ACTIVITIES

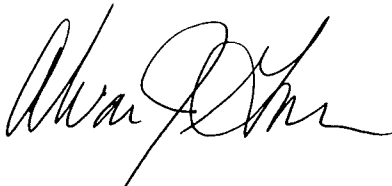
In millions



increased by 33 percent to \$237.9 million compared to \$178.6 million for fiscal year 1990. Net income also rose substantially, to \$56.8 million from \$46.4 million for the previous fiscal year, and net income per share increased to \$2.30 from \$1.91. These gains occurred despite a reduction in fourth quarter operating margins, which was due largely to expenses related to our expansion in Europe and the complexities involved in introducing foreign language versions of AutoCAD Release 11. Return on average shareholders' equity was 30 percent during fiscal year 1991. Cash and marketable securities amounted to \$149.7 million on January 31, 1991.

IN CONCLUSION Fiscal year 1991 was another year of accomplishments for Autodesk and we remain optimistic about our prospects for continued growth.

Autodesk has established a solid foundation of top-quality products. We are now building on this foundation – developing new technologies, diversifying our product lines and expanding our market presence worldwide. As we move forward, we intend to continue the pioneering, market-driven approach that has been so instrumental to our success. We hope you will be with us for the long term. Your support and confidence are much appreciated.



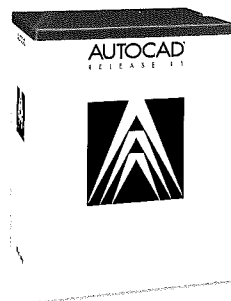
Alvar J. Green
*Chairman of the Board,
President and Chief Executive Officer*

INCREASING THE POWER OF DESKTOP COMPUTING

Autodesk's mission is to develop and introduce exceptional software products that satisfy unmet user needs and become industry standards; to retain our leadership position through continued innovation; and to maintain our commitment to satisfying diverse customer needs. Toward this end, we have created a variety of software applications that complement one another and provide sophisticated design, engineering, scientific and animation capabilities.

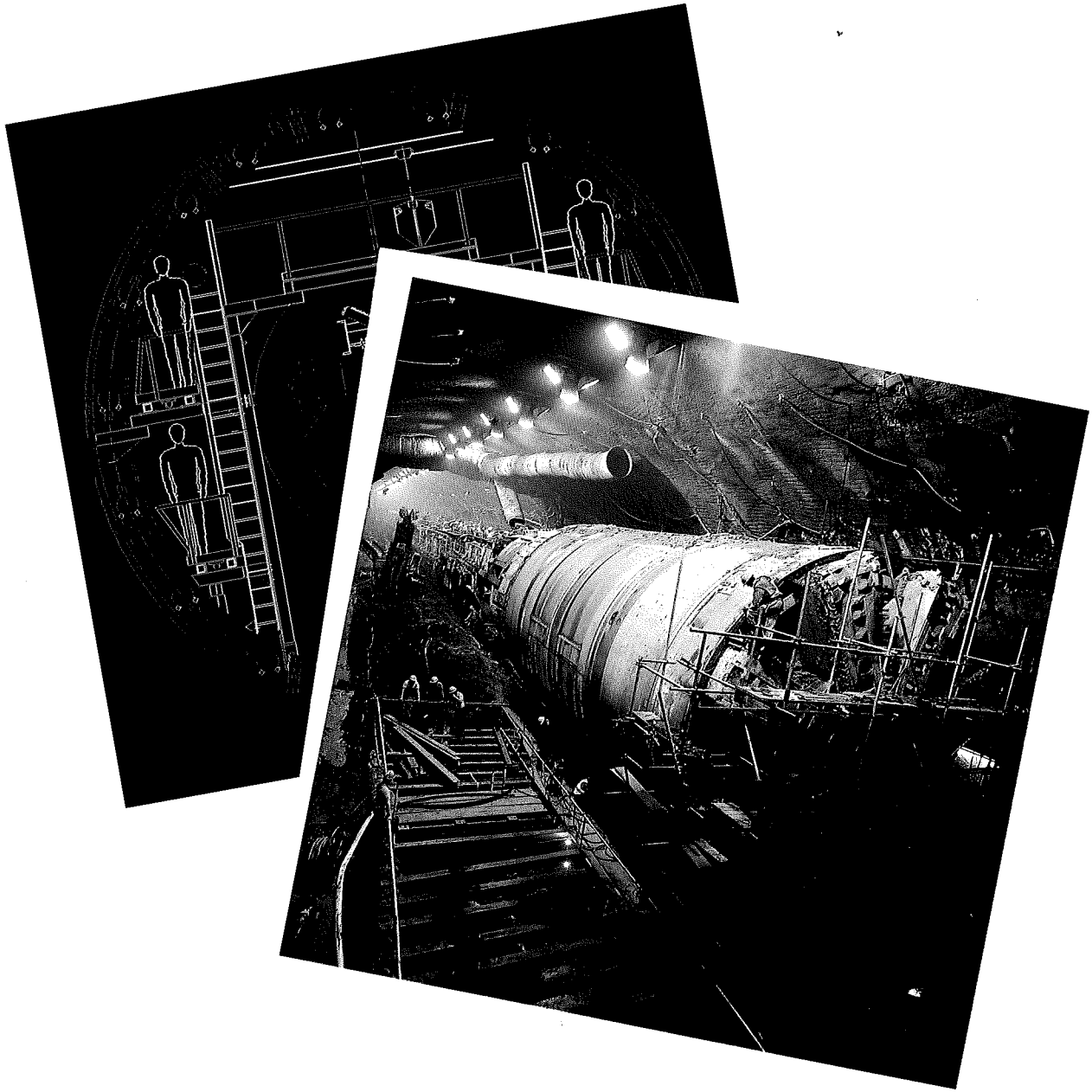
THE CAD MARKET Attesting to the effectiveness of our approach is the tremendous success of Autodesk's flagship product, AutoCAD, and associated products for the computer-aided design (CAD) market. CAD technology is used in a wide variety of professions and industries, ranging from architecture and community planning, to mechanical design and manufacturing, to graphic design and technical publishing.

AutoCAD. Now in its eleventh release, AutoCAD has helped to shape the future of desktop computing and is the recognized standard for the personal design and engineering workstation market worldwide. It offers comprehensive



2-D design and 3-D visualization tools that enable professionals to produce complex drawings with ease. In addition, its flexibility and open architecture allow users to tailor the software to meet specific needs.

AutoCAD runs under 9 different operating systems – including MS-DOS®, Sun UNIX®, Apollo AEGIS®, DEC ULTRIX®, Apple Macintosh® and SCO UNIX®. This powerful design and engineering tool also serves as a graphics engine, working in tandem with more than 900 companion programs – many of them industry standards themselves.



Engineering and construction — When the decision was made to drill a tunnel under the English Channel, creating a rail link between England and France, tunnel boring machines had to be built. This job was undertaken

by a team of companies — Robbins of Seattle (USA), Markham of Chesterfield (UK), and Bennett Associates of Rotherham (UK), who used AutoCAD to produce about 900 design drawings in under nine months. Even after the huge, complicated machines were in operation, AutoCAD played an important part. With

AutoCAD, design alterations could be made quickly and easily to accommodate unforeseen ground conditions and operational changes. Today, drilling is progressing at an average rate of 1,200 feet per week. Tunnel boring should be complete by mid-1991 and the tunnel is scheduled to open in 1993.

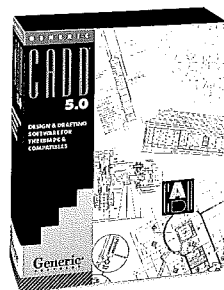
Advanced Modeling Extension. This improved version of AutoSolid® is a fully integrated solid modeling option for AutoCAD Release 11. It enables designers to create, manipulate and analyze a computer model of solid objects. Solid models eliminate the ambiguity of 2-D and wireframe models, allowing designers to visualize and analyze their designs more quickly and accurately. Once the design has been refined, working drawings can be quickly generated from the solid model.

AutoShade. AutoShade is a sophisticated color rendering product that works in conjunction with AutoCAD to add perspective, shading and specular reflection to 3-D models.



The newest release, AutoShade Version 2 with Autodesk RenderMan, incorporates Pixar's PhotoRealistic RenderMan™ to transform 3-D models into renderings that are so realistic they resemble photographs. The accompanying AutoFlix™ Version 2 can be used to produce "walk throughs" and kinetic animations.

Generic CADD. For computer-aided design and drafting (CADD), Generic CADD is a high-quality, low-cost solution. Now in Release 5.0 on MS-DOS, this product offers powerful 2-D editing and design tools for customers who do not require the high-end capabilities of AutoCAD. A fully conforming Macintosh version of Generic CADD was launched in 1990. The Generic CADD family of products has been developed, marketed and supported by Generic Software, an Autodesk subsidiary.



AutoSketch. Generic Software also distributes AutoSketch, which was designed and developed by Autodesk as a low-cost, easy-to-use, precision drawing package. AutoSketch Version 3, released in mid-1990, gives nontechnical people the ability to quickly produce professional-looking mechanical, electrical, civil and architectural drawings, as well as illustrations and line art for desktop publishing.

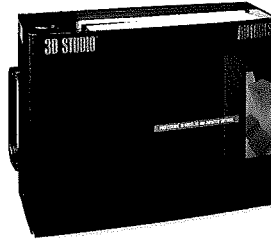


Mechanical and electrical design — When SJ, the Swedish state railway, placed an order with ABB Traction for 20 high speed trains, it set in motion one of the largest Nordic projects in which AutoCAD has played a central role.

The design work for the trains was carried out on AutoCAD workstations linked to a large network, so that an extraordinary amount of information could be processed electronically. For example, hundreds of drawings were created just to document the control computer for each train. Once circuit diagrams were drawn, the company's in-house soft-

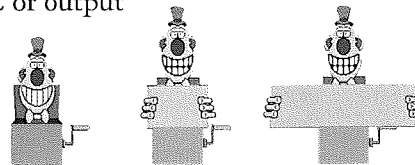
ware created tables for the thousands of connections. That data was then automatically linked to the correct locations on the AutoCAD drawings, streamlining the design process and saving considerable time. As a result, the first train began operating out of Stockholm last fall.

THE MULTIMEDIA MARKET We first entered the multimedia market in fiscal year 1990, with Autodesk Animator®. The product earned rave reviews from industry analysts and several awards from leading PC magazines, leading to brisk sales in the corporate presentation, advertising, graphics and video/film production markets. Encouraged by this success, we formed a Multimedia Business Unit during fiscal year 1991 specifically to develop and market software products that integrate sound, visuals and motion.

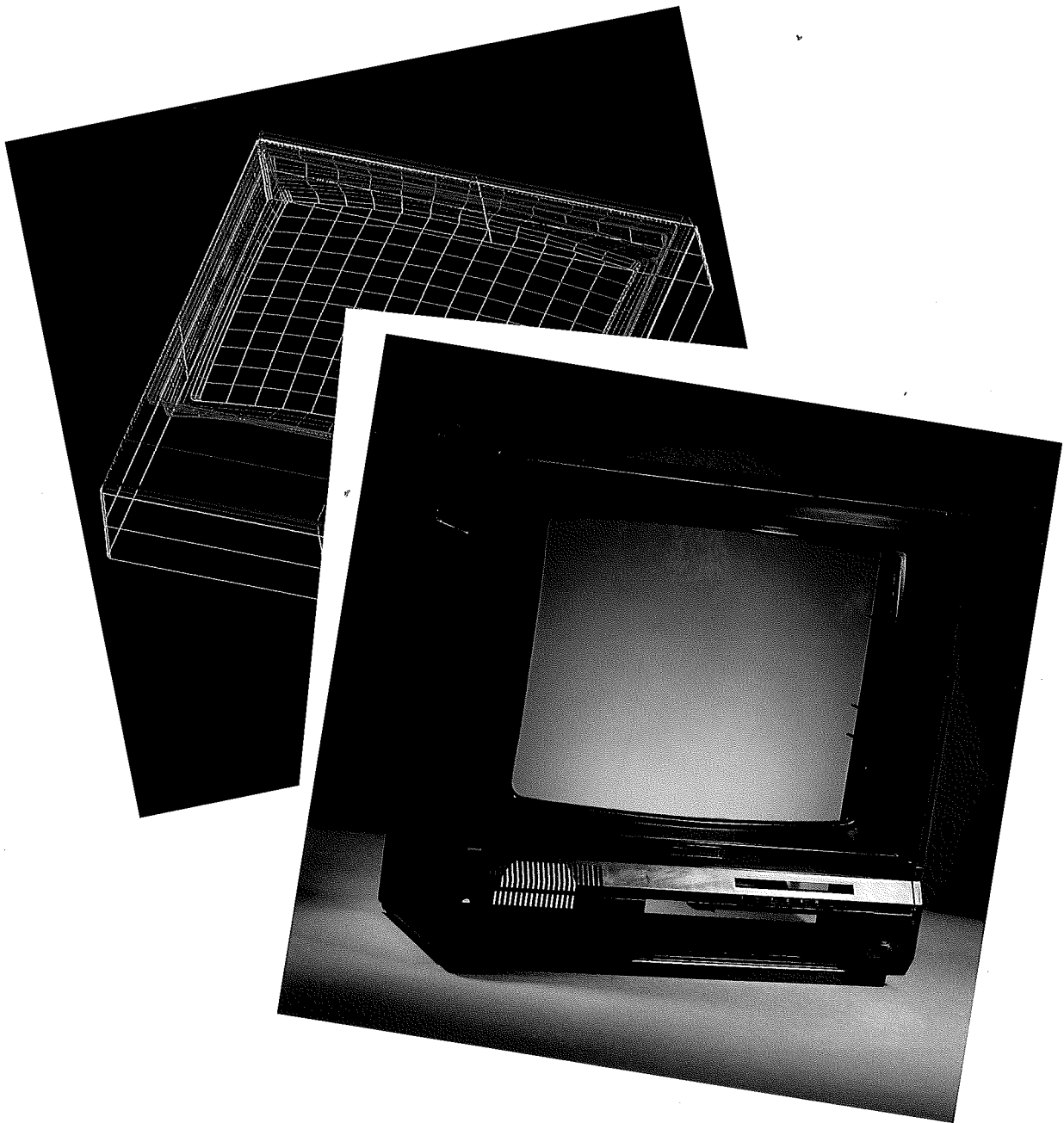


Autodesk 3D Studio. This new interactive graphics software package provides professional-quality imaging and animation capabilities, and it establishes a dramatic new price/performance standard. Previously, the creation of 3-D images and animation was the domain of dedicated workstations and high-cost computer systems. Now, with Autodesk 3D Studio, anything from bouncing balls to complex robotic assemblies can be modeled, animated and rendered on a PC.

Autodesk Animator. Winner of *PC Magazine's* "Technical Excellence Award for 1989" and *PC/Computing's* "Most Valuable Product of 1989 Award," among others, Autodesk Animator is already one of the IBM PC market's best-selling multimedia software products. It includes a comprehensive set of software tools that enable users to create sophisticated images and animation sequences that can be replayed on a PC or output to videotape.



Autodesk Animator Clips. This new series of clip art and clip animation libraries was designed for use with Autodesk Animator, to enhance business presentations, classroom lessons and audio/visual productions. Titles include Business Communication, Animals/Fantasy, Weddings, ImageCELS™ Volume I and Volume II (collections of textures and images), Toons (cartoon characters and special effects) and Holidays.



Manufacturing — The Hong Kong Productivity Council is a government-funded organization providing methods for industries to increase their productivity and better utilize their resources. For the plastics

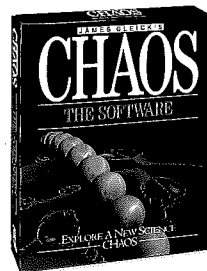
and mold industry, the Council developed an AutoCAD application to improve design and manufacturing operations. This CAD/CAE/CAM system takes advantage of the flexibility of AutoCAD and enables companies to eliminate much of the time-consuming work associated with design calculations and materials specifications. Now

designers can use a PC to create mold assembly and components drawings, make plastic flow calculations that improve molding quality, and even depict sculptured surfaces. The designers can also make use of a materials database and electronic library of standard mold-base information throughout the design process.

THE SCIENTIFIC MARKET With advances in hardware technology, opportunities have opened up for PC and desktop computer applications for scientists. Among them:

CA Lab™. Our first scientific product was CA Lab, which uses programs called cellular automata to produce self-generating computer graphics. For research scientists, cellular automata serve as powerful simulators of complex physical and life processes such as turbulence, heat flow, fluid dynamics and population growth. For graphic designers and home computer enthusiasts, CA Lab can generate a fascinating variety of animated graphics.

Chaos: The Software. Working with James Gleick, author of the best-selling book *Chaos – Making a New Science*, Autodesk transformed some of the most famous chaos equations into a series of six interactive computer programs that let the user create stunning visual patterns in high-resolution color and sound. Released during fiscal year 1991, the programs can serve as teaching aids about the science of chaos. They can also generate intricate backgrounds or special effects for use in multimedia video productions.



Molecular Modeling Technology. Through an agreement with Hypercube, Inc. we are developing a desktop application of a sophisticated molecular modeling software – which is currently very expensive, difficult to use and typically confined to large computers. We plan to bring this software to market in a form that can be used cost effectively on a PC or workstation. Molecular modeling enables scientists and engineers to design and analyze the properties of molecules. It is useful in fields such as genetic engineering, chemistry, metallurgy and pharmaceutical product development.

NEW MARKET OPPORTUNITIES Autodesk's long-term research and development programs address entirely new fields and new technologies.

Xanadu Database Technology. For the information market, we are designing a new "hypertext" technology that provides a more natural



Multimedia presentation — Northern Telecom, a global company, has a vision of the future called FiberWorld™, a communications infrastructure to put videoconferencing and other multimedia services at the fingertips of

businesses and individuals everywhere. This vision is realized through their S/DMS® product family, intelligent networking products that manage these services through software. To market this concept to network planners, Northern Telecom turned to a videotape producer who used Autodesk 3D Studio and

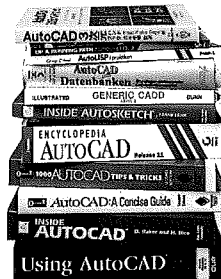
AutoCAD to illustrate their software's capabilities with colorful 3-D animations. To deliver an effective presentation at a reasonable cost, it was important to have both Autodesk programs. Not only did they serve as high-quality design tools, but the animator could build on pre-existing drawings, saving both time and money.

way of filing and retrieving computerized information. Linking text, video and all other forms of data, this technology is expected to provide a powerful new way of navigating through a forest of information.

Cyberspace. Further in the future is an artificial or "virtual" reality system for creating stereoscopic environments that users can "enter" and interact with for entertainment, physical fitness, education or business purposes. Such a system might be linked to AutoCAD so that an architect, for example, might "walk" inside of a building design and "experience" it as though the design actually exists in a 3-D space.

MAKING AN IMPACT IN THE MARKETPLACE No discussion of Autodesk products is complete without recognizing the market infrastructure built around them. Our authorized distribution channel is composed of a network of highly trained, specialized resellers who handle product distribution and provide technical support to customers. For AutoCAD alone, this group represents over 4,000 authorized resellers.

Educational programs are offered worldwide by more than 350 independent training centers, most of which are associated with academic institutions. In addition, software companies have developed hundreds of products to operate in tandem with Autodesk products and



hardware companies are working to ensure equipment compatibility. Due to the value-added contribution of this large infrastructure outside of Autodesk, industry analyst D.H. Brown Associates estimates that our company's market impact is nearly ten times our revenues. The magnitude of this impact reflects not only the importance of third-party and distributor support; it also attests to the widespread popularity of Autodesk products, which can be tailored to meet customer needs in an array of industries and professions.



Interior design — London-based McNeece, the UK's leading interior design consultant for passenger ships, is using AutoCAD in much of its design work. The firm's first major shipping project involving AutoCAD

began in 1988, with the observation lounge, shopping mall and bar, casino nightclub and discotheque on Celebrity Cruises' new MV Horizon. For McNeece and its client, AutoCAD proved especially useful in the design of complex areas, where optimal use of every square foot was essential for passenger comfort and safety. Since the MV Horizon, McNeece

has gone on to use AutoCAD in a variety of other interior design projects, including approximately 30 vessels during the past year alone. Among their clients are Royal Caribbean Cruise Lines, Celebrity Cruises, Cunard, NYK, P&O, Royal Cruise Line, Sally Line, Sitmar, SCNF and Sealink.

SELECTED FIVE YEAR FINANCIAL DATA

Fiscal year ended January 31,	1991	1990	1989	1988	1987
<i>(In thousands, except per share data, percentages and employees)</i>					
FOR THE YEAR					
Net revenues	\$237,850	\$178,591	\$117,302	\$ 79,257	\$52,382
Cost of revenues	27,645	22,487	14,507	10,552	7,864
Marketing and sales	75,440	46,848	31,859	19,641	12,465
Research and development	24,384	21,308	10,921	7,206	3,366
General and administrative	29,427	20,922	13,098	10,649	7,049
Income from operations	80,954	67,026	46,917	31,209	21,638
Interest and other income, net	11,023	9,390	7,248	3,838	1,287
Income before income taxes	91,977	76,416	54,165	35,047	22,925
Net income	56,755	46,378	32,695	20,541	11,620
Net cash provided by operating activities	58,446	52,080	39,532	21,731	11,021
AT YEAR END					
Cash, cash equivalents and marketable securities	\$149,732	\$117,725	\$124,015	\$ 96,631	\$24,301
Current assets	187,631	145,016	133,055	113,576	35,472
Total assets	265,234	194,314	169,893	125,451	40,347
Current liabilities	43,773	31,065	18,608	8,858	5,555
Total liabilities	46,949	35,193	22,159	10,686	6,365
Shareholders' equity	218,285	159,121	147,734	114,765	33,981
Working capital	143,858	113,951	114,447	104,718	29,917
Number of employees	1,102	905	576	414	300
COMMON STOCK DATA					
Net income per share	\$ 2.30	\$ 1.91	\$ 1.35	\$ 0.89	\$ 0.55
Book value per share	8.94	6.56	6.15	4.82	1.65
Shares used in computing net income per share	24,684	24,325	24,140	23,180	21,030
Shares outstanding at year end	24,412	24,245	24,005	23,824	20,575
KEY FINANCIAL RATIOS					
Current ratio	4.29	4.67	7.15	12.82	6.39
Return on net revenues	23.9%	26.0%	27.9%	25.9%	22.2%
Return on average assets	24.7%	25.5%	22.1%	24.8%	35.7%
Return on average shareholders' equity	30.1%	30.2%	24.9%	27.6%	42.1%
GROWTH PERCENTAGES					
Net revenues	33.2%	52.2%	48.0%	51.3%	77.4%
Net income	22.4%	41.9%	59.2%	76.8%	78.2%
Net income per share	20.4%	41.5%	51.7%	61.8%	61.8%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NET REVENUES

<i>(In millions)</i>	1991	Increase	1990	Increase	1989
Net Revenues	\$237.9	33%	\$178.6	52%	\$117.3

Autodesk's growth trend continued during fiscal year 1991, with net revenues increasing 33 percent over the previous year. This growth was primarily attributable to the continued market acceptance of the Company's flagship product, AutoCAD, both domestically and abroad. AutoCAD's success has been influenced by a general expansion of the personal computer CAD software market, which has stimulated both new orders as well as sales of product updates. AutoCAD has been widely recognized as the market standard for personal computer CAD software. Sales of AutoCAD, including the new Release 11 version, accounted for approximately 88 percent of the Company's net revenues in fiscal years 1991 and 1990, and approximately 93 percent of net revenues in fiscal year 1989. In addition to AutoCAD sales, net revenues were favorably impacted by a full year of sales from Generic Software, Inc., which was purchased by Autodesk in May 1989. The release of Generic CADD Version 5.0, Generic CADD for the MAC and AutoSketch Version 3 contributed to Generic's net revenue increase. Net revenue growth was also affected by Autodesk's continued focus on the emerging multimedia market with the introduction of Autodesk 3D Studio and related products, and the continued success of Autodesk Animator.

The Company's European and Pacific Basin operations continued to reflect strong growth throughout fiscal year 1991. European net revenues for fiscal year 1991 increased approximately 39 percent over fiscal year 1990, which had increased approximately 71 percent over fiscal year 1989. Pacific Basin net revenues for fiscal year 1991 increased approximately 31 percent over fiscal year 1990, which had increased approximately 74 percent over fiscal year 1989. Foreign net revenues, including export sales from the United States to foreign customers, accounted for approximately 56 percent, 55 percent and 48 percent of net revenues in fiscal years 1991, 1990 and 1989, respectively.

Virtually all of the Company's international sales are made through dealers and distributors. The Company is continuing to focus on increasing overseas sales by expanding the European sales and marketing forces and increasing sales and marketing resources in the Pacific Basin.

Domestically, Autodesk sells its products primarily through dealers and distributors. These channels have accounted for approximately 59 percent, 68 percent and 75 percent of domestic net revenues in fiscal years 1991, 1990 and 1989, respectively. The Company has been developing additional distribution channels through its sales departments that specialize in major national accounts, federal and state government agencies and educational institutions. The Company has also expanded sales offices in several states to increase its national presence and customer support.

For an analysis of net revenues by geographic area, see Note 9 to the consolidated financial statements.

COST OF REVENUES

<i>(In millions)</i>	1991	Increase	1990	Increase	1989
Cost of Revenues	\$27.6	23%	\$22.5	55%	\$14.5
Percentage of net revenues	12%		13%		12%

Cost of revenues is composed of royalty payments, production of technical manuals and associated materials, the purchase of blank disks, the cost of transferring the software programs onto these disks, the amortization of capitalized software development costs and, in foreign markets, software protection locks. Cost of revenues increased 23 percent in fiscal year 1991 over fiscal year 1990 principally as a result of the increase in net revenues. Cost of revenues as a percentage of net revenues decreased by one percentage point from fiscal year 1990. This decrease was primarily due to fewer sales of AutoCAD updates during fiscal year 1991. Updates are sold at significantly lower margins than regular packages. AutoCAD Release 11 updates, together with mass market products, are expected to increase cost of revenues as a percentage of net revenues in the next year.

OPERATING EXPENSES

<i>(In millions)</i>	1991	Increase	1990	Increase	1989
Marketing and Sales	\$75.4	61%	\$46.8	47%	\$31.9
Percentage of net revenues	32%		26%		27%
Research and Development	\$24.4	15%	\$21.3	95%	\$10.9
Percentage of net revenues	10%		12%		9%
General and Administrative	\$29.4	41%	\$20.9	60%	\$13.1
Percentage of net revenues	12%		12%		11%

Marketing and sales expenses include compensation, national account commissions paid to dealers, and travel and facility costs for the Company's marketing, sales, dealer training and product support personnel. Also included in marketing and sales expenses are programs aimed at increasing revenues, such as advertising, trade shows and expositions held worldwide and various sales programs designed for the educational and government markets. Internationally, marketing and sales expenses increased both in absolute terms and as a percentage of net revenues. This increase was primarily the result of the expansion of the marketing and sales activities in an effort to create a greater local presence throughout Europe. Domestically, personnel costs to support expanded marketing, product support and customer service programs contributed to the increase in domestic expenses. Also, the continued growth in sales to major national accounts resulted in an increase in direct dealer commissions to \$7.4 million in fiscal year 1991 from \$5.1 million in fiscal year 1990 and \$2.9 million in fiscal year 1989.

Research and development expenses consist principally of salary costs for software developers, facilities costs and expenses associated with computer equipment used in software development. These expenses have increased throughout fiscal year 1991 primarily due to the addition of software development personnel necessary for the release of new products and product enhancements. Total research and development costs, including capitalized software development costs, were \$27.8 million, \$22.6 million and \$13.9 million, amounting to 12 percent, 13 percent and 12 percent of net revenues in fiscal years 1991, 1990 and 1989, respectively. The Company plans to open a European

research and development center in fiscal year 1992 which will focus on advanced technology developed in that region and improved translation techniques for existing Autodesk products. Autodesk intends to continue to recruit and hire experienced software developers while at the same time considering the acquisition of complementary software technologies.

General and administrative expenses include the finance, accounting, legal, purchasing, facilities and administrative operations of the Company. These expenses increased due to higher personnel and facilities costs both domestically and abroad, including the establishment of the European headquarters in Geneva. Additionally, in the fourth quarter of fiscal year 1991, the Company recorded a one-time charge of \$1 million associated with the reduction of redundant functions and facilities related to the expansion in Europe. The increase in general and administrative expenses as a percentage of net revenues from fiscal year 1989 to fiscal year 1990 was primarily the result of costs of approximately \$1 million resulting from the consolidation of the MCAE Development Group from Atlanta to Northern California.

INTEREST AND OTHER INCOME

<i>(In millions)</i>	1991	Increase	1990	Increase	1989
Interest and Other Income	\$11.0	17%	\$9.4	30%	\$7.2
Percentage of net revenues	5%		5%		6%

Net interest income was \$10.7 million, \$8.8 million and \$6.6 million, respectively, for fiscal years 1991, 1990 and 1989. The growth in interest income was attributable to a higher investment portfolio balance resulting from funds provided by operations and higher interest rates in the current fiscal year. Interest income increased despite the payment of cash dividends of \$9.7 million in fiscal year 1991 and \$38.7 million in fiscal year 1990 and the Company's ongoing investment in capital equipment.

PROVISION FOR INCOME TAXES

<i>(In millions)</i>	1991	Increase	1990	Increase	1989
Provision for Income Taxes	\$35.2	17%	\$30.0	40%	\$21.5
Percentage of net revenues	15%		17%		18%
Effective income tax rate	38%		39%		40%

The Company's consolidated effective income tax rate decreased from fiscal year 1990 as a result of a reduction of foreign tax rates and tax benefits of \$1.1 million associated with the repatriation of foreign earnings. The Company adopted Financial Accounting Standards Board Statement No. 96, "Accounting for Income Taxes," in fiscal year 1990. The statement did not have a material effect on the Company's financial position or results of operations.

For an analysis of the differences between the statutory and the effective income tax rate, see Note 3 to the consolidated financial statements.

NET INCOME AND NET INCOME PER SHARE

<i>(In millions, except per share data)</i>	1991	Increase	1990	Increase	1989
Net Income	\$56.8	22%	\$46.4	42%	\$32.7
Percentage of net revenues	24%		26%		28%
Net Income Per Share	\$2.30	20%	\$1.91	41%	\$1.35

The Company's results of operations to date have not been measurably affected by seasonal trends. See Note 8 to the consolidated financial statements for unaudited quarterly information for fiscal years 1991, 1990 and 1989. However, the Company believes that in the future its results of operations in a quarterly period could be impacted by factors such as order deferrals in anticipation of new product releases, delays in the shipment of new products, slower growth rate in the personal computer CAD market or adverse changes in general economic 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 U.S. dollar against foreign currencies and the seasonality of the European, Pacific Basin and other international markets could impact results of operations and financial conditions in a particular quarter. Rapid technological change and the Company's ability to manufacture products that adapt to that change may also have an impact on the results of operations. Further, increased competition in the market for computer-aided design and multimedia software products could have a negative impact on the Company's results of operations.

LIQUIDITY AND CAPITAL RESOURCES

Working capital, which consists principally of cash, cash equivalents and marketable securities, was \$143.9 million at January 31, 1991 compared to \$114.0 million at January 31, 1990. The ratio of current assets to current liabilities was 4.3:1 at January 31, 1991 as compared to 4.7:1 at January 31, 1990. The decrease in the current ratio was primarily due to an increase in income taxes payable resulting from the timing of tax payments, capital asset acquisitions and dividend payments during fiscal year 1991.

Cash flows provided by operations during fiscal year 1991 totaled \$58.4 million, of which \$32.0 million was retained as cash, cash equivalents and marketable securities and \$21.1 million was used to purchase computer equipment, furniture and leasehold improvements. Total cash, cash equivalents and marketable securities as of January 31, 1991 was \$149.7 million and was invested primarily in short-term municipal bonds, money market preferred stock and U.S. Government notes.

During fiscal year 1990, cash flows provided from operations totaled \$52.1 million. In fiscal year 1990, cash was used to pay dividends of \$38.7 million, purchase Generic Software, Inc. for \$6.3 million and purchase \$13.4 million of computer equipment, furniture and leasehold improvements.

The Company's principal commitments at January 31, 1991 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 and the possible acquisition of software products or technologies complementary to the Company's business. Additionally, the Company is investigating the consolidation of the Northern California offices into a single office complex which could result in additional lease commitments or purchase of real property. The Company believes that its existing cash, cash equivalents and marketable securities and cash generated from operations will be sufficient to satisfy its currently anticipated cash requirements for fiscal year 1992 and the foreseeable future.

CONSOLIDATED STATEMENT OF INCOME

Fiscal year ended January 31,	1991	1990	1989
<i>(In thousands, except per share data)</i>			
Net revenues	\$237,850	\$178,591	\$117,302
Costs and expenses:			
Cost of revenues	27,645	22,487	14,507
Marketing and sales	75,440	46,848	31,859
Research and development	24,384	21,308	10,921
General and administrative	29,427	20,922	13,098
	156,896	111,565	70,385
Income from operations	80,954	67,026	46,917
Interest and other income, net	11,023	9,390	7,248
Income before income taxes	91,977	76,416	54,165
Provision for income taxes	35,222	30,038	21,470
Net income	\$ 56,755	\$ 46,378	\$ 32,695
Net income per share	\$ 2.30	\$ 1.91	\$ 1.35
Shares used in computing net income per share	24,684	24,325	24,140

See accompanying notes.

CONSOLIDATED BALANCE SHEET

January 31,	1991	1990
<i>(In thousands)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 52,198	\$ 59,548
Marketable securities	72,268	46,085
Accounts receivable, net of allowance for doubtful accounts of \$3,008 (\$2,390 in 1990)	40,354	26,403
Inventories	10,588	4,044
Deferred income taxes	3,251	3,758
Prepaid expenses and other current assets	8,972	5,178
Total current assets	187,631	145,016
Marketable securities	25,266	12,092
Computer equipment, furniture and leasehold improvements, at cost:		
Computer equipment and furniture	45,220	28,529
Leasehold improvements	10,368	6,006
Less accumulated depreciation	(22,428)	(12,571)
Net computer equipment, furniture and leasehold improvements	33,160	21,964
Capitalized software	5,841	4,834
Other assets	13,336	10,408
	\$265,234	\$194,314
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 8,439	\$ 6,611
Accrued compensation	5,590	3,619
Other accrued liabilities	7,010	4,822
Income taxes payable	22,734	16,013
Total current liabilities	43,773	31,065
Deferred income taxes	2,800	3,568
Other liabilities	376	560
Commitments		
Shareholders' equity:		
Common stock, no par value; 50,000,000 shares authorized, 24,412,000 shares issued and outstanding (24,245,000 in 1990)	82,311	77,833
Retained earnings	127,490	80,461
Foreign currency translation adjustment	8,484	827
Total shareholders' equity	218,285	159,121
	\$265,234	\$194,314

See accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

Fiscal year ended January 31,	1991	1990	1989
<i>(In thousands)</i>			
Cash flows from operating activities:			
Net income	\$ 56,755	\$ 46,378	\$ 32,695
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	13,533	7,873	3,881
Changes in assets and liabilities:			
Accounts receivable	(13,951)	(9,398)	(5,001)
Inventories	(6,544)	(1,361)	(659)
Deferred income taxes	(261)	(532)	630
Prepaid expenses and other current assets	(3,794)	(1,234)	(1,764)
Accounts payable and accrued liabilities	5,987	2,746	4,526
Income taxes payable	6,721	7,608	5,224
Net cash provided by operating activities	58,446	52,080	39,532
Cash flows from investing activities:			
Purchases of marketable securities	(104,291)	(58,325)	(90,828)
Sales of marketable securities	64,934	74,530	65,297
Purchases of computer equipment, furniture and leasehold improvements	(21,053)	(13,437)	(9,155)
Acquisition of Generic Software, Inc.		(6,337)	
Additions to capitalized software	(3,368)	(1,287)	(2,948)
Other	3,230	(1,789)	(1,512)
Net cash used in investing activities	(60,548)	(6,645)	(39,146)
Cash flows from financing activities:			
Proceeds from issuance of common shares	4,478	3,174	1,467
Dividends paid	(9,726)	(38,694)	
Net cash provided (used) by financing activities	(5,248)	(35,520)	1,467
Net increase (decrease) in cash and cash equivalents	(7,350)	9,915	1,853
Cash and cash equivalents at beginning of year	59,548	49,633	47,780
Cash and cash equivalents at end of year	\$ 52,198	\$ 59,548	\$ 49,633

See accompanying notes.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Three-year period ended January 31, 1991	Common stock		Retained earnings	Foreign currency translation adjustment	Total shareholders' equity
	Shares	Amount			
<i>(In thousands)</i>					
Balance, January 31, 1988	23,824	\$72,897	\$ 40,082	\$1,786	\$114,765
Common shares issued under stock option and stock purchase plans	181	1,321			1,321
Tax effect of stock options		146			146
Net income			32,695		32,695
Foreign currency translation adjustment				(1,193)	(1,193)
Balance, January 31, 1989	24,005	74,364	72,777	593	147,734
Common shares issued under stock option and stock purchase plans	240	3,171			3,171
Tax effect of stock options		298			298
Net income			46,378		46,378
Dividends paid			(38,694)		(38,694)
Foreign currency translation adjustment				234	234
Balance, January 31, 1990	24,245	77,833	80,461	827	159,121
Common shares issued under stock option and stock purchase plans	167	4,439			4,439
Tax effect of stock options		39			39
Net income			56,755		56,755
Dividends paid			(9,726)		(9,726)
Foreign currency translation adjustment				7,657	7,657
Balance, January 31, 1991	24,412	\$82,311	\$127,490	\$8,484	\$218,285

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Autodesk, Inc. ("Autodesk" or the "Company") develops, markets and supports computer-aided design, engineering and animation software products for use on desktop computers and workstations. The Company distributes its products primarily through a network of dealers and distributors and has operations in Europe, the Pacific Basin and the United States.

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 shareholders' equity. Gains and (losses) resulting from foreign currency transactions are included in other income and were \$434,000, (\$174,000) and \$213,000 in fiscal years 1991, 1990 and 1989, respectively.

In May 1989, the Company acquired all of the outstanding stock of Generic Software, Inc. for approximately \$6,337,000 in cash which was allocated principally to capitalized software and intangible assets. The acquisition was accounted for as a purchase. The results of operations for Generic Software, Inc., which have not been significant in relation to those of the Company, have been included in the consolidated financial statements from the date of acquisition.

Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Marketable securities

Marketable securities, consisting principally of high-quality municipal bonds, money market preferred stock and U.S. government notes, are stated at cost, which approximates market value. Marketable securities with maturities not exceeding one year are classified as current assets.

Accounts receivable

Accounts receivable are principally from dealers and distributors of the Company's products. The Company performs periodic credit evaluations of its customers and maintains reserves for potential credit losses.

Inventories

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

Depreciation and amortization

Depreciation is computed 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 of the improvement or the lease term.

Capitalized software

Costs incurred in the initial design phase of software development are expensed as incurred. Once the point of technological feasibility is reached, direct production costs (programming and testing) are capitalized and amortized ratably as sales are recognized, but not less than on a straight-line basis over a two- to five-year period. Amortization expense was \$2,361,000, \$2,477,000 and \$592,000 in fiscal years 1991, 1990 and 1989, respectively.

Net income per share

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

NOTE 2. ROYALTIES

The Company licenses certain software used to develop the basic AutoCAD package, Autodesk 3D Studio, Autodesk Animator and other software. The royalties are payable to developers of the software at various rates and specified amounts on the basic packages, excluding enhancements developed by the Company. Royalty expense was \$1,599,000, \$2,219,000 and \$1,983,000 in fiscal years 1991, 1990 and 1989, respectively. Such costs are included as a component of cost of revenues.

NOTE 3. INCOME TAXES

The Company adopted Financial Accounting Standards Board Statement No. 96, "Accounting for Income Taxes," in fiscal year 1990. In accordance with this statement, deferred income taxes are recorded using enacted tax laws and rates for the years in which the taxes are expected to be paid. For years prior to fiscal year 1990, deferred income taxes were recorded using tax laws in effect for each year without adjustment for subsequent changes in the tax laws and rates. Adoption of this statement did not have a material effect on the Company's financial position or results of operations.

The provision for income taxes consists of the following:

Fiscal year ended January 31,	1991	1990	1989
<i>(In thousands)</i>			
Federal:			
Current	\$16,511	\$13,577	\$12,960
Deferred	(346)	(1,270)	(308)
State:			
Current	6,348	4,926	3,273
Deferred	129	(217)	11
Foreign:			
Current	12,624	12,886	4,607
Deferred	(44)	136	927
	<u>\$35,222</u>	<u>\$30,038</u>	<u>\$21,470</u>

Deferred income taxes are provided for temporary differences between financial statement income and income for tax purposes and result primarily from differences in the timing of deductions for software development costs and the deferral of deductions of state taxes for federal income tax return purposes.

The principal reasons that the aggregate income tax provisions differ from the U.S. statutory rate of 34 percent are reflected below.

Fiscal year ended January 31,	1991	1990	1989
<i>(In thousands)</i>			
Income tax provision at statutory rate	\$31,272	\$25,981	\$18,416
Tax effect of earnings of foreign subsidiaries	542	2,659	1,086
State income taxes, net of federal tax benefit	4,275	3,108	2,167
Tax exempt interest	(1,330)	(1,481)	(1,731)
Other	463	(229)	1,532
	\$35,222	\$30,038	\$21,470

No provision has been made for federal income taxes on the unremitted earnings of the foreign subsidiaries (cumulative \$52,069,000 at January 31, 1991) as the Company plans to permanently reinvest all such earnings. However, if such earnings were remitted to the parent company, foreign tax credits would be available to substantially offset the resulting U.S. income tax.

Cash payments for income taxes were \$28,762,000, \$22,925,000 and \$16,093,000 for fiscal years 1991, 1990 and 1989, respectively.

NOTE 4. LEASE COMMITMENTS

The Company leases office space and equipment under noncancelable lease agreements. The leases generally require that the Company pay taxes, insurance and maintenance expenses related to the leased assets.

At January 31, 1991, future minimum lease payments under capital leases (included in accrued and other liabilities) and noncancelable operating leases are as follows:

Fiscal year ending January 31,	Capital leases	Operating leases
<i>(In thousands)</i>		
1992	\$191	\$11,008
1993	161	10,944
1994	30	9,411
1995	63	6,984
1996		4,933
Thereafter		34,259
Total minimum lease payments	445	\$77,539
Less amount representing interest	87	
Present value of minimum lease payments	358	
Less current portion	147	
	\$211	

Rent expense was \$9,433,000, \$5,732,000 and \$3,781,000 in fiscal years 1991, 1990 and 1989, respectively.

NOTE 5. STOCK OPTION PLANS

Under the Company's Stock Option Plans, incentive and nonqualified stock options may be granted to officers, key employees, directors and consultants to purchase shares of the Company's common stock. A maximum of 2,000,000 stock options have been authorized for issuance under the plans and authorization for an additional 2,020,000 stock options is subject to ratification by the Company's shareholders. 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 100 percent of the fair market value of the stock on the grant date.

In October 1990, holders of qualified and nonqualified stock options were given the opportunity to exchange their existing options with an equivalent number of similar stock options at an exercise price of \$32.50 per share, the then fair market value. An aggregate of 598,000 options at exercise prices of \$34.75 to \$52.50 were exchanged. These replacements are included in grants and cancellations in a summary of the stock option activity below.

Changes in stock options outstanding are as follows:

	Number of shares	Price per share
Options outstanding at January 31, 1988	432,000	\$ 0.17-\$18.00
Granted	162,000	\$22.25-\$27.50
Exercised	(164,000)	\$ 0.17-\$13.00
Canceled	(6,000)	\$11.38-\$27.50
Options outstanding at January 31, 1989	424,000	\$ 0.17-\$27.50
Granted	884,000	\$14.75-\$36.75
Exercised	(200,000)	\$ 0.17-\$27.50
Canceled	(11,000)	\$13.00-\$36.75
Options outstanding at January 31, 1990	1,097,000	\$ 0.33-\$36.75
Granted	1,537,000	\$32.50-\$52.50
Exercised	(118,000)	\$ 0.33-\$36.75
Canceled	(710,000)	\$ 7.42-\$52.50
Options outstanding at January 31, 1991	1,806,000	\$ 4.75-\$49.25
Options exercisable at January 31, 1991	404,000	\$ 4.75-\$49.25
Options available for grant at January 31, 1991	19,000	

Certain employees have disposed of stock acquired through the exercise of incentive stock options earlier than the mandatory holding period required of qualifying incentive stock 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.

NOTE 6. EMPLOYEE STOCK PURCHASE AND SAVINGS PLANS

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 200,000 shares have been reserved for issuance under the plan. During fiscal year 1991, 43,000 shares were issued to employees at an average exercise price of \$35.50 per share.

The Company has a noncontributory pre-tax savings plan for its employees, which qualifies under Section 401(k) of the Internal Revenue Code. Under the plan, participating U.S. employees may defer up to 15 percent of their pre-tax salary, subject to certain limitations.

NOTE 7. PREFERRED STOCK

The Company's Articles of Incorporation authorize 2,000,000 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 shareholders.

NOTE 8. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Summarized quarterly financial information for fiscal years 1991, 1990 and 1989 is as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Year
<i>(In thousands, except per share data)</i>					
1991					
Net revenues	\$55,195	\$58,011	\$62,374	\$62,270	\$237,850
Income from operations	19,887	21,440	22,580	17,047	80,954
Net income	13,449	14,523	15,583	13,200	56,755
Net income per share	0.55	0.59	0.63	0.53	2.30
1990					
Net revenues	\$38,752	\$43,390	\$46,436	\$50,013	\$178,591
Income from operations	15,254	15,900	17,652	18,220	67,026
Net income	10,800	11,132	11,919	12,527	46,378
Net income per share	0.45	0.46	0.49	0.51	1.91
1989					
Net revenues	\$25,757	\$27,253	\$30,292	\$34,000	\$117,302
Income from operations	10,361	10,881	12,238	13,437	46,917
Net income	7,246	7,599	8,506	9,344	32,695
Net income per share	0.30	0.31	0.35	0.39	1.35

NOTE 9. INFORMATION BY GEOGRAPHIC AREA

Information regarding the Company's operations by geographic area at January 31, 1991, 1990 and 1989 and for the fiscal years then ended is as follows:

	United States	Europe	Pacific Basin	Consolidation Eliminations	Consolidated Total
<i>(In thousands)</i>					
Fiscal year ended January 31, 1991					
Net revenues:					
Customers	\$126,261	\$81,444	\$30,145		\$237,850
Intercompany	22,337			\$(22,337)	
Total net revenues	148,598	81,444	30,145	(22,337)	237,850
Income from operations	49,799	21,547	9,608		80,954
Income before income taxes	56,332	25,603	10,042		91,977
Cash, cash equivalents and marketable securities	105,424	33,464	10,844		149,732
Accounts receivable, net	18,249	17,765	4,340		40,354
Identifiable assets	\$193,564	\$80,517	\$19,692	\$(28,539)	\$265,234
Fiscal year ended January 31, 1990					
Net revenues:					
Customers	\$ 96,857	\$58,756	\$22,978		\$178,591
Intercompany	16,595			\$(16,595)	
Total net revenues	113,452	58,756	22,978	(16,595)	178,591
Income from operations	38,450	21,860	6,716		67,026
Income before income taxes	45,938	23,551	6,927		76,416
Cash, cash equivalents and marketable securities	89,534	22,481	5,710		117,725
Accounts receivable, net	11,048	12,130	3,225		26,403
Identifiable assets	\$155,696	\$46,245	\$12,315	\$(19,942)	\$194,314
Fiscal year ended January 31, 1989					
Net revenues:					
Customers	\$ 69,673	\$34,415	\$13,214		\$117,302
Intercompany	9,108			\$(9,108)	
Total net revenues	78,781	34,415	13,214	(9,108)	117,302
Income from operations	34,694	9,214	3,009		46,917
Income before income taxes	40,957	9,908	3,300		54,165
Cash, cash equivalents and marketable securities	112,328	7,910	3,777		124,015
Accounts receivable, net	8,182	5,843	2,329		16,354
Identifiable assets	\$151,037	\$21,861	\$ 8,809	\$(11,814)	\$169,893

Information for Europe and the Pacific Basin represents operations of the Company's foreign subsidiaries. Intercompany net revenues consist of royalty revenue paid by the Company's subsidiaries under software license agreements with the U.S. parent company. Included in net revenues for the United States are export sales of \$20,455,000, \$15,661,000 and \$8,668,000 in fiscal years 1991, 1990 and 1989, respectively, to customers outside the United States.

At January 31, 1991, 1990 and 1989, total foreign net equity was \$63,407,000, \$35,289,000 and \$16,713,000, respectively.

REPORTS OF MANAGEMENT AND INDEPENDENT AUDITORS

Report of Management

The management of Autodesk is responsible for preparing the consolidated financial statements and other information contained in this annual report. Management believes that the consolidated financial statements fairly reflect, in all material respects, the form and substance of events and transactions, and that the consolidated financial statements present the Company's financial condition and results of operations in conformity with generally accepted accounting principles. Management has included in the Company's consolidated financial statements amounts that are based on informed judgements and estimates, which it believes are reasonable under the circumstances.

Autodesk maintains a system of internal accounting policies, procedures and controls intended to provide reasonable assurance, at appropriate cost, that transactions are processed in accordance with Company authorization and are properly recorded and reported in the consolidated financial statements, and that assets are adequately safeguarded.

Ernst & Young, the Company's independent auditors, audit the Company's consolidated financial statements in accordance with generally accepted auditing standards which provide the basis of their report on the financial statements.

The Board of Directors of the Company has an Audit Committee composed of non-management directors. The Committee meets with financial management and the independent auditors to review internal accounting controls and accounting, auditing and financial reporting matters. In addition, Ernst & Young has full and free access to the Audit Committee, without management present, to discuss the results of their audits, the adequacy of the Company's internal accounting controls and the quality of its financial reporting.



Alvar J. Green
*Chairman of the Board,
President and Chief Executive Officer*



Carolyn V. Aver
Chief Financial Officer

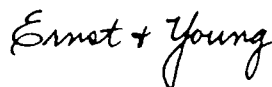
Report of Independent Auditors

The Board of Directors and Shareholders
Autodesk, Inc.

We have audited the accompanying consolidated balance sheet of Autodesk, Inc. as of January 31, 1991 and 1990, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended January 31, 1991. 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, 1991 and 1990, and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 31, 1991 in conformity with generally accepted accounting principles.



San Francisco, California
February 21, 1991

CORPORATE INFORMATION

OFFICERS

Alvar J. Green
Chairman of the Board
President, Chief Executive Officer

Malcolm L. Davies
Senior Vice President
Marketing and Sales

Volker Kleinn
Vice President
European Operations

Marc Stiegler
Vice President
Software Development

Carolyn V. Aver
Chief Financial Officer

Sandra Marin
Secretary and General Counsel

DIRECTORS

Alvar J. Green
Chairman of the Board
President, Chief Executive Officer
Autodesk, Inc.

Malcolm L. Davies
Senior Vice President
Marketing and Sales
Autodesk, Inc.

Daniel Drake
Programmer and Systems Analyst
Autodesk, Inc.

Gregory P. Lutz
Programmer and Systems Analyst
Autodesk, Inc.

J. Hallam Dawson
Chairman of IDI Associates
A Latin American
Merchant/Investment Bank

James D. Stocker
President of James Stocker & Associates,
International Consultants

Jim C. Warren
Computer Industry Entrepreneur and
"Futures" Columnist

CORPORATE HEADQUARTERS

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Phone: 415/332-2344

EUROPEAN HEADQUARTERS

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Switzerland

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Generic Software, Inc.
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Parkway South
Bothell, WA 98011
Phone: 206/487-CADD

Xanadu Operating Company
550 California Avenue, Suite 100
Palo Alto, CA 94306

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Zurlindenstrasse 29, CH-4133
Pratteln
Switzerland

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Australia

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and Rosati
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Palo Alto, CA 94306

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Bank of America
Corporate Agency Service Center
55 Hawthorne Street
San Francisco, CA 94105
Shareholder Inquiries:
415/624-4100

INDEPENDENT AUDITORS

Ernst & Young
555 California Street
San Francisco, CA 94104



MARKET AND SHAREHOLDER INFORMATION

MARKET INFORMATION AND DIVIDEND POLICY

1991	High	Low
First Quarter	\$50	\$39½
Second Quarter	60¼	43¼
Third Quarter	45¼	32
Fourth Quarter	54	37½

1990		
First Quarter	\$35	* \$26½
Second Quarter	39½	" * 33
Third Quarter	43¼	35½
Fourth Quarter	42	* 32¼

1989		
First Quarter	\$29½	\$16¼
Second Quarter	31¼	25
Third Quarter	29¼	23
Fourth Quarter	32¼	22¼

The Company's common stock is traded over the counter on the NASDAQ National Market System using the symbol "ACAD."

As of March 22, 1991, the approximate number of common stock shareholders was 1,218.

During fiscal year 1991, the Company paid quarterly dividends of \$0.10 per share. The Company intends to pay regular cash dividends on a quarterly basis.

ANNUAL MEETING

The Company's Annual Meeting of Shareholders will be held at 3:00 P.M. on June 14, 1991 at the Autodesk offices, 3950 Civic Center Drive, San Rafael, CA 94903.

FORM 10-K

A copy of the Company's Annual Report on Form 10-K for fiscal year 1991 filed with the Securities and Exchange Commission may be obtained without charge by sending a written request to the Company Secretary at 2320 Marinship Way, Sausalito, CA 94965.

The cover image of the Intel 80486 chip was created with Autodesk 3D Studio by Suzanne Dougherty.

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AUTODESK

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