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

FORM 10-Q

(Mark One)

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

FOR THE PERIOD ENDED OCTOBER 31, 1995

OR

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

COMMISSION FILE NUMBER: 0-14338

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

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

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

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

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

Yes X   No ---

As of December 11, 1995, there were 43,315,000 shares of the Registrant's Common Stock outstanding.

AUTODESK, INC.

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUTODESK, INC.

CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands, except per share data)
(Unaudited)

	Three months ended October 31,		Nine months ended October 31,	
	1995	1994	1995	1994
Revenues	$131,779	$111,208	$417,503	$333,590
Direct commissions	3,242	3,029	9,622	8,574
Net revenues	128,537	108,179	407,881	325,016
Costs and expenses:				
Cost of revenues	16,118	14,185	50,765	44,420
Marketing and sales	46,246	38,204	137,144	112,339
Research and development	19,584	16,022	58,246	48,467
General and administrative	18,543	16,538	56,375	47,822
	100,491	84,949	302,530	253,048
Income from operations	28,046	23,230	105,351	71,968
Interest and other income, net	2,201	1,803	7,252	5,085
Income before income taxes	30,247	25,033	112,603	77,053
Provision for income taxes	11,040	9,137	41,120	28,124
Net income	$ 19,207	$ 15,896	$ 71,483	$ 48,929
Net income per share	$.38	$.32	$1.41	$.99
Shares used in computing net income per share	50,180	49,590	50,520	49,610

See accompanying notes.

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

	October 31, 1995 (Unaudited)	January 31, 1995 (Audited)
Current assets:		
Cash and cash equivalents	$172,308	$195,038
Marketable securities	34,533	45,316
Accounts receivable, net	98,723	86,340
Inventories	9,108	5,769
Deferred income taxes	26,837	29,915
Prepaid expenses and other current assets	13,853	10,707
Total current assets	355,362	373,085
Marketable securities, including a restricted balance of $28,000 at October 31, 1995	80,943	15,019
Computer equipment, furniture and leasehold improvements, at cost:		
Computer equipment and furniture	104,017	91,557
Leasehold improvements	21,323	20,048
Accumulated depreciation	(75,416)	(65,090)
Net computer equipment, furniture and leasehold improvements	49,924	46,515
Capitalized software	23,415	26,406
Other assets	19,925	21,051
	$529,569	$482,076

See accompanying notes.

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

	October 31, 1995 (Unaudited)	January 31, 1995 (Audited)
Current liabilities:		
Accounts payable	$ 28,573	$ 21,535
Accrued compensation	21,327	18,165
Accrued income taxes	46,889	53,202
Litigation accrual	-	25,800
Other accrued liabilities	38,857	36,288
Total current liabilities	135,646	154,990
Deferred income taxes	1,327	2,625
Litigation accrual	27,180	-
Other liabilities	2,701	977
Stockholders' equity:		
Common stock	141,001	100,870
Retained earnings	201,654	215,064
Foreign currency translation adjustment	20,060	7,550
Total stockholders' equity	362,715	323,484
	$529,569	$482,076

See accompanying notes.

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

	Nine months ended October 31, 1995	Nine months ended October 31, 1994
Operating activities		
Net income	$ 71,483	$ 48,929
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,195	19,314
Changes in operating assets and liabilities	(9,629)	613
Net cash provided by operating activities	82,049	68,856
Investing activities		
Sales (purchases) of marketable securities, net	(55,141)	73,528
Purchases of computer equipment, furniture and leasehold improvements	(13,987)	(13,209)
Other	9,742	(5,252)
Net cash provided (used) by investing activities	(59,386)	55,067
Financing activities		
Proceeds from issuance of common shares	44,419	42,559
Repurchase of common shares	(81,314)	(68,217)
Dividends paid	(8,498)	(8,473)
Net cash used in financing activities	(45,393)	(34,131)
Net increase (decrease) in cash and cash equivalents	(22,730)	89,792
Cash and cash equivalents at beginning of year	195,038	85,604
Cash and cash equivalents at end of quarter	$172,308	$175,396

See accompanying notes.

AUTODESK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The condensed consolidated financial statements at October 31, 1995 and for the three- and nine-month periods then ended are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's Annual Report to Stockholders incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995. The results of operations for the three and nine months ended October 31, 1995 are not necessarily indicative of the results for the entire fiscal year ending January 31, 1996.

2. In connection with a $25.5 million judgment against the Company in December 1994 on a claim of trade-secret misappropriation brought by Vermont Microsystems, Inc., the Company was required by statute to post collateral approximating the amount of the judgment plus accrued interest. The Company has filed an appeal to this judgment. At October 31, 1995, the Company's long-term marketable securities included a balance of $28.0 million which is restricted as to its use until final adjudication of this matter. At October 31, 1995, the litigation accrual, representing the judgment and accrued interest through the balance sheet date, has correspondingly been reclassified to long-term liabilities.

3. In August 1995, the Company acquired certain assets of Automated Methods (Pty) Ltd. ("Automated Methods"), a Republic of South Africa company engaged in the development of automated mapping and geographic information systems. The acquisition has been accounted for using the purchase method of accounting with the purchase price being principally allocated to capitalized software. The results of Automated Methods, which were not material in relation to those of the Company, have been included in the Company's consolidated financial results from the acquisition date.

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

RESULTS OF OPERATIONS

Three Months Ended October 31, 1995 and 1994

Net revenues. The Company's third quarter net revenues of $128.5 million increased 19 percent over third quarter net revenues in the prior fiscal year. The increase reflected sales growth of 55 percent in Europe and 11 percent in Asia/Pacific, partially offset by a 2 percent reduction in the Americas primarily due to lower revenues in Latin America. The growth in consolidated net revenues resulted primarily from increased update sales of AutoCAD Release 13 which began shipping in the fourth quarter of the prior fiscal year as well as increased revenues from AutoCAD LT and product offerings from the Company's mechanical, data management and multimedia market groups. Consolidated revenues for the quarter ended October 31, 1995 derived from AutoCAD and AutoCAD updates increased in absolute dollars from the same period in the prior fiscal year and remained materially consistent as a percentage of consolidated revenues. International sales, including exports from the US, accounted for approximately 64 percent of the Company's revenues in the third quarter of fiscal year 1996 as compared to 57 percent in the third quarter of fiscal year 1995. The weaker value of the dollar, relative to international currencies, favorably affected third quarter revenues in fiscal year 1996 by approximately $2 million compared to the same period in the prior fiscal year.

The Company does not expect revenue growth for the fourth fiscal quarter ending January 31, 1996, either sequentially or compared to the fourth quarter of the prior fiscal year. The Company currently anticipates the introduction of AutoCAD Release 13 for Windows 95 late in its fourth fiscal quarter ending January 31, 1996. Any delays in the introduction of the English or foreign-language versions of AutoCAD Release 13 for Windows planned in the Company's fourth fiscal quarter will have a material and adverse effect on revenues in the quarter ending January 31, 1996. Additionally, fourth quarter revenues may also be negatively impacted by continued economic difficulties in Latin America and other emerging markets and on-going external labor issues influencing the economy in France.

Cost of revenues. Cost of revenues as a percentage of net revenues decreased approximately one-half percent in the third quarter of fiscal year 1996 as compared to the third quarter of the prior fiscal year. The improved gross margin in the current quarter resulted from lower material costs and the delivery of products on lower-cost compact disc media (CD-ROM). In the future, 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 and sales of AutoCAD updates, which have a lower gross margin than commercial versions of AutoCAD. During the quarter, distribution in the US and Europe was transitioned from a third-party back to Autodesk operated facilities. This change is not expected to materially impact the Company's cost of revenues in future periods.

Marketing and sales. Marketing and sales expenses were 36 percent of net revenues in the third quarter of fiscal year 1996 as compared to 35 percent for the third quarter of the prior fiscal year. Actual spending increased 21 percent resulting from higher personnel costs and due to increased spending to support worldwide marketing efforts of new and enhanced product introductions, including promotional activities related to AutoCAD Release 13. The Company expects to continue its emphasis on marketing and sales activities in the future to promote Autodesk's competitive position and to support sales and marketing of its products.

Research and development. Research and development expenses were 15 percent of net revenues in the third quarter of both fiscal years 1996 and 1995, while absolute spending increased 22 percent. The increased spending was due to the addition of development personnel, costs associated with the development of new and enhanced products and the translation of certain of these products into foreign languages. To maintain its competitive market position, the Company expects to invest a significant amount of its resources in the development of new products and product enhancements and to continue recruiting and hiring experienced software developers, while at the same time considering the acquisition of complementary software technologies and businesses.

General and administrative. General and administrative expenses were 14 percent of net revenues in the third quarter of fiscal year 1996 compared to 15 percent in the same period of fiscal year 1995, while absolute spending increased 12 percent. The increase resulted from higher employee-related costs associated with increased operations and expenditures to support the Company's infrastructure, partially offset by a reduction in legal expenses.

Interest and other income. Interest and other income, including foreign currency losses of $92,000, was $2.2 million in the third quarter of fiscal year 1996. Third quarter interest income was $2.7 million, an increase of approximately $700,000 from the third quarter of the prior fiscal year due to a greater average balance of cash, cash equivalents and marketable securities partially offset by lower interest rates throughout the world. Interest and other income in the third quarter of fiscal year 1996 also included accrued interest expense of $460,000 related to a legal judgment against the Company which is being appealed. (See Note 2 in the Notes to Condensed Consolidated Financial Statements.)

Provision for income taxes. The Company's effective income tax rate was 36.5 percent in the third quarter of both fiscal year 1996 and 1995.

Nine Months Ended October 31, 1995 and 1994
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Net Revenues. The Company's net revenues for the nine months ended October 31, 1995 were $407.9 million which represented a 25 percent increase from the same period of the prior fiscal year. The increase resulted from revenue growth of 43 percent in Europe, 29 percent in Asia/Pacific and 11 percent in the Americas. The increases primarily resulted from new and update sales of AutoCAD. Revenues for AutoCAD LT also increased as did sales of multimedia product offerings which posted a 43 percent increase from the same period in the prior fiscal year. International sales accounted for approximately 64 percent of consolidated revenues for the nine months ended October 31, 1995 as compared to 60 percent for the same period of the prior fiscal year. Net revenues for the first nine months of fiscal year 1996 were favorably affected by approximately $15 million due to changes in foreign exchange rates when compared to the same period in the prior fiscal year.

Cost of revenues. Cost of revenues as a percentage of net revenues for the nine months ended October 31, 1995 was 12 percent as compared to 14 percent for the same period of the prior fiscal year. The improved gross margin resulted from cost control measures in production, particularly in the areas of media duplication, packaging, shipping and the delivery of products on lower-cost compact disc media.

Operating expenses. Operating expenses for the Company's marketing and sales, research and development and general and administrative functions for the nine months ended October 31, 1995 increased approximately 21 percent to $251.8 million as compared to $208.6 million for the same period of the prior fiscal year. For the nine months ended October 31, 1995, operating expenses, when expressed as a percentage of net revenues, decreased from the same period of the prior fiscal year. The absolute dollar change was due to increased headcount, expenses associated with sales and marketing programs, increased spending for product development and localization and, to a lesser extent, due to the weaker value of the dollar, relative to international currencies, resulting in increased operating expenses in the current period.

Interest and other income. Interest and other income for the nine months ended October 31, 1995 was $7.3 million as compared to $5.1 million in the same period of the prior fiscal year. Interest income was $8.2 million for the first nine months of fiscal year 1996 as compared to $5.8 million in the same period of the prior fiscal year. The increase in interest income from the same period of the prior fiscal year resulted from a greater average balance of cash, cash equivalents and marketable securities. Fiscal year 1996 interest and other income includes accrued interest expense of $1.4 million related to a legal judgment against the Company which is being appealed.

Income taxes. The Company's effective income tax rate was 36.5 percent for the first nine months of both fiscal year 1996 and 1995.

General Risk Factors Affecting Quarterly Results

The software industry is characterized by rapid technological change as well as changes in customer requirements and preferences. The Company believes that its future quarterly results will depend in large part upon its ability to offer products that compete favorably with respect to price, product reliability, performance, range of useful features, ease-of-use, continuing product enhancements, reputation, support and training. Further, increased competition in the market for design automation and multimedia software products could have a negative impact on the Company's results of operations.

Future results may reflect quarterly fluctuations resulting from factors such as order deferrals in anticipation of new product releases or product maintenance releases and delays in the shipment of new products scheduled for release in the coming quarters. Moreover, 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 the Company's new products and product enhancements will adequately meet the requirements of the marketplace and achieve market acceptance.

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. In the short term, the Company expects the operating expenses associated with the acquisition of Automated Methods will exceed revenues, resulting in a negative impact on net income. Additionally, the Company believes the ongoing external labor issues influencing the economy in France will have an adverse effect on the Company's revenues and results of operations.

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 its dealer and distributor 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.

Due to the factors noted above, 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 $287.8 million at October 31, 1995 compared to $255.4 million at January 31, 1995. The increase in cash, cash equivalents and marketable securities was due primarily to cash generated from operations ($82.0 million) and cash proceeds from the issuance of shares through the Company's stock option and stock purchase programs ($44.4 million). This increase was partially offset by cash used to purchase 1,923,500 shares of the Company's stock under an ongoing systematic repurchase program ($81.3 million); to purchase computer equipment, furniture and leasehold improvements ($14.0 million); and to pay dividends on the Company's common stock ($8.5 million).

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, technologies and businesses complementary to the Company's business. Management believes that existing cash, cash equivalents, marketable securities, available line of credit and anticipated cash generated from operations will be sufficient to satisfy the Company's currently anticipated cash requirements.

The Company's principal commitments at October 31, 1995 consisted of obligations under operating leases for facilities.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter ended October 31, 1995.

SIGNATURES

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

DATED: December 13, 1995

AUTODESK, INC.
(Registrant)

Carol A. Bartz
President and Chief Executive Officer

Eric B. Herr
Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

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JAN-31-1996
OCT-31-1995
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