

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 31, 2004

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
(State or other jurisdiction of
incorporation or organization)

94-2819853
(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 No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Yes No

As of August 31, 2004, there were approximately 115.6 million shares of the Registrant's Common Stock outstanding.

AUTODESK, INC.

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PART I. FINANCIAL INFORMATION**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AUTODESK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Three months ended July 31,		Six months ended July 31,	
	2004	2003	2004	2003
Net revenues:				
License and other	\$ 238,445	\$ 183,434	\$ 498,954	\$ 370,315
Maintenance	41,133	28,271	78,500	52,156
Total net revenues	279,578	211,705	577,454	422,471
Costs and expenses:				
Cost of license and other revenues	36,116	32,455	73,701	67,502
Cost of maintenance revenues	4,100	3,591	8,387	6,786
Marketing and sales	105,013	89,864	214,292	182,218
Research and development	58,342	49,664	116,223	101,243
General and administrative	22,946	22,190	50,019	44,174
Restructuring and other	3,717	—	11,967	—
Total costs and expenses	230,234	197,764	474,589	401,923
Income from operations	49,344	13,941	102,865	20,548
Interest and other income, net	2,179	3,070	4,595	6,342
Income before income taxes	51,523	17,011	107,460	26,890
Income tax (provision) benefit	(12,358)	15,591	(25,790)	13,220
Net income	\$ 39,165	\$ 32,602	\$ 81,670	\$ 40,110
Basic net income per share	\$ 0.34	\$ 0.29	\$ 0.72	\$ 0.36
Diluted net income per share	\$ 0.31	\$ 0.29	\$ 0.66	\$ 0.35
Shares used in computing basic net income per share	114,002	111,480	113,094	111,642
Shares used in computing diluted net income per share	125,304	113,460	123,369	113,462

See accompanying Notes to Condensed Consolidated Financial Statements.

AUTODESK, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	July 31, 2004	January 31, 2004
	(Unaudited)	(Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 345,971	\$ 282,249
Marketable securities	76,390	81,275
Accounts receivable, net	156,273	166,816
Inventories	16,312	17,365
Deferred income taxes	21,504	25,410
Prepaid expenses and other current assets	25,953	24,137
	<hr/>	<hr/>
Total current assets	642,403	597,252
Marketable securities	149,313	165,976
Computer equipment, software, furniture and leasehold improvements, at cost:		
Computer equipment, software and furniture	214,615	206,319
Leasehold improvements	34,071	34,526
Less accumulated depreciation	(184,269)	(174,371)
	<hr/>	<hr/>
Net computer equipment, software, furniture and leasehold improvements	64,417	66,474
Purchased technologies and capitalized software, net	17,030	19,378
Goodwill	166,693	160,094
Other assets	9,550	7,986
	<hr/>	<hr/>
	\$ 1,049,406	\$ 1,017,160
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 44,315	\$ 52,307
Accrued compensation	84,864	92,830
Accrued income taxes	45,544	50,695
Deferred revenues	149,390	127,276
Other accrued liabilities	61,139	61,814
	<hr/>	<hr/>
Total current liabilities	385,252	384,922
Deferred income taxes, net	2,097	7,849
Other liabilities	992	2,746
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock and additional paid-in capital	531,001	473,673
Accumulated other comprehensive loss	(9,521)	(4,754)
Deferred compensation	(486)	(451)
Retained earnings	140,071	153,175
	<hr/>	<hr/>
Total stockholders' equity	661,065	621,643
	<hr/>	<hr/>
	\$ 1,049,406	\$ 1,017,160
	<hr/>	<hr/>

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Six months ended July 31,	
	2004	2003
Operating activities		
Net income	\$ 81,670	\$ 40,110
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	25,372	24,129
Stock compensation expense	377	1,013
Net loss on fixed asset disposals	282	—
Write-downs of cost method investments	—	26
Tax benefits from employee stock plans	24,414	—
Restructuring-related charges, net	5,648	—
Changes in operating assets and liabilities, net of business combinations	884	(17,707)
Net cash provided by operating activities	138,647	47,571
Investing activities		
Net sales and maturities of available-for-sale marketable securities	20,165	30,839
Capital and other expenditures	(15,775)	(13,865)
Business combinations	(11,750)	(5,150)
Other investing activities	(1,490)	1,448
Net cash (used in) provided by investing activities	(8,850)	13,272
Financing activities		
Proceeds from issuance of common stock, net of issuance costs	160,879	21,467
Repurchase of common stock	(216,410)	(45,671)
Dividends paid	(6,741)	(6,680)
Net cash used in financing activities	(62,272)	(30,884)
Effect of exchange rate changes on cash and cash equivalents	(3,803)	3,088
Net increase in cash and cash equivalents	63,722	33,047
Cash and cash equivalents at beginning of year	282,249	186,377
Cash and cash equivalents at end of period	\$ 345,971	\$ 219,424
Supplemental cash flow information:		
Net cash paid (received) during the period for income taxes	\$ 7,365	\$ (573)

See accompanying Notes to Condensed Consolidated Financial Statements.

AUTODESK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. Other than adjustments related to our fiscal 2004 restructuring plan, as further described below in Note 6 “Restructuring Reserves,” all adjustments are of a normal recurring nature. These statements should be read in conjunction with the consolidated financial statements and related notes, together with management’s discussion and analysis of financial position and results of operations, contained in Autodesk’s fiscal 2004 Annual Report on Form 10-K. The results of operations for the three and six months ended July 31, 2004 are not necessarily indicative of the results for the entire fiscal year ending January 31, 2005 or for any other period.

Certain reclassifications, described as follows, have been made to prior year numbers to conform to current year presentation. Autodesk previously classified Information Technology and other corporate service costs that benefit the entire organization as General and Administrative expenses in our Consolidated Statements of Income. During the fourth quarter of fiscal 2004, Autodesk re-evaluated its cost allocation methodology and reclassified these costs to other functional areas of the business that benefit from these services. This reclassification had no impact on Autodesk’s total income from operations or net income.

The effect of this reclassification on the previously reported condensed consolidated financial statements for the three and six months ended July 31, 2003 is as follows (in thousands):

	Three months ended July 31, 2003		Six months ended July 31, 2003	
	As previously reported	As reclassified	As previously reported	As reclassified
Cost of revenues	\$ 34,896	\$ 36,046	\$ 71,847	\$ 74,288
Marketing and sales	83,604	89,864	169,142	182,218
Research and development	45,754	49,664	93,146	101,243
General and administrative	33,510	22,190	67,788	44,174
Income from operations	13,941	13,941	20,548	20,548

2. Stock-Based Compensation

As permitted by Statement of Financial Accounting Standards No. 123, “Accounting for Stock-Based Compensation” (“SFAS 123”), as amended by Statement of Financial Accounting Standards No. 148, “Accounting for Stock-Based Compensation – Transition and Disclosure” (“SFAS 148”), Autodesk has elected to continue to follow the intrinsic value method of accounting in accordance with Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” (“APB 25”) to account for employee stock options.

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The following table illustrates the effect on net income and earnings per share if Autodesk had applied the fair value recognition provisions of SFAS 123, as amended by SFAS 148, to stock-based employee compensation (in thousands, except per share amounts):

	Three months ended July 31,		Six months ended July 31,	
	2004	2003	2004	2003
Net income – as reported	\$ 39,165	\$32,602	\$ 81,670	\$ 40,110
Add: Stock-based employee compensation cost, net of related tax effects, included in the determination of net income as reported	136	347	286	693
Deduct: Total stock-based employee compensation cost determined under the fair-value based method for all awards, net of related tax effects	(13,244)	(9,074)	(25,260)	(20,879)
Pro forma net income	\$ 26,057	\$23,875	\$ 56,696	\$ 19,924
Net income per share:				
Basic – as reported	\$ 0.34	\$ 0.29	\$ 0.72	\$ 0.36
Basic – pro forma	\$ 0.23	\$ 0.21	\$ 0.50	\$ 0.18
Diluted – as reported	\$ 0.31	\$ 0.29	\$ 0.66	\$ 0.35
Diluted – pro forma	\$ 0.21	\$ 0.21	\$ 0.47	\$ 0.18

3. **Inventories**

Inventories consisted of the following (in thousands):

	July 31, 2004	January 31, 2004
Raw materials and finished goods	\$ 13,215	\$ 13,875
Demonstration inventory, net	3,097	3,490
	\$ 16,312	\$ 17,365

Inventories are stated at the lower of standard cost (determined on the first-in, first-out method) or market. Appropriate consideration is given to excess and obsolete inventory levels in evaluating lower of cost or market.

4. **Purchased Technologies and Capitalized Software**

Purchased technologies and capitalized software and the related accumulated amortization were as follows (in thousands):

	July 31, 2004	January 31, 2004
Purchased technologies	\$ 137,108	\$ 133,041
Capitalized software	21,780	20,875
	158,888	153,916
Less: Accumulated amortization	(141,858)	(134,538)
Purchased technologies and capitalized software, net	\$ 17,030	\$ 19,378

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Expected future amortization expense for purchased technologies and capitalized software for the six months ended January 31, 2005 and each of the fiscal years thereafter is as follows (in thousands):

<u>Year ending January 31,</u>	
Remainder of 2005	\$ 7,710
2006	5,204
2007	2,259
2008	1,175
2009	682
Total	\$17,030

5. Goodwill

The changes in the carrying amount of goodwill during the six months ended July 31, 2004 are as follows (in thousands):

	<u>Design Solutions</u>	<u>Discreet</u>	<u>Total</u>
Balance as of January 31, 2004	\$ 153,688	\$ 6,406	\$ 160,094
Additions arising from acquisitions	5,440	1,159	6,599
Balance as of July 31, 2004	\$ 159,128	\$ 7,565	\$ 166,693

6. Restructuring Reserves

The following table sets forth the restructuring plan activities during the six months ended July 31, 2004 (in thousands). The balance at July 31, 2004 is included in other accrued liabilities on our Condensed Consolidated Balance Sheet.

	<u>Balance at January 31, 2004</u>	<u>Additions</u>	<u>Charges Utilized</u>	<u>Reversals</u>	<u>Balance at July 31, 2004</u>
Office closure costs	\$ 7,686	\$ 3,011	\$ (5,043)	\$ (109)	\$ 5,545
Employee termination costs	1,167	9,065	(8,429)	—	1,803
Total	\$ 8,853	\$ 12,076	\$(13,472)	\$ (109)	\$ 7,348

During the fourth quarter of fiscal 2004, the Board of Directors approved a restructuring plan involving the elimination of employee positions and the closure of a number of offices worldwide. This plan, which we refer to as the fiscal 2004 restructuring plan, is designed to further reduce operating expense levels to help achieve Autodesk's targeted operating margins as well as redirect resources to product development, sales development and other critical areas. The expected total charges under this plan are approximately \$21.5 million, with \$17.5 million attributable to one-time termination benefits and \$4.0 million attributable to office closure costs. As a result of the restructuring activities completed during the fourth quarter of fiscal 2004 and the first two quarters of fiscal 2005 and through attrition, the Company expects to achieve its targeted efficiencies with a lower level of involuntary terminations than originally anticipated; consequently, the expected total charges under this plan were reduced in the first half of fiscal 2005 from a previous estimate of \$37.0 million to the approximately \$21.5 million noted above. This plan is expected to be completed by the end of fiscal 2005.

During the six months ended July 31, 2004, Autodesk recorded gross restructuring charges of \$12.1 million under the fiscal 2004 restructuring plan, of which \$3.7 million was recorded in the three months ended July 31, 2004. Of the \$12.1 million, \$9.1 million related to headcount reductions and \$3.0 million related to the closure of

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facilities. Partially off-setting this charge was a reversal of \$0.1 million related to a change in estimates underlying office closure cost liabilities originally established under the fiscal 2002 restructuring plan. The underlying liabilities were ultimately settled for less than originally estimated. Charges utilized include \$0.4 million of non-cash charges for the six months ended July 31, 2004. Since inception of the fiscal 2004 restructuring plan, Autodesk recorded restructuring charges totaling \$15.8 million.

An analysis of the fiscal 2004 restructuring plan charges by reportable segment is included in Note 11, "Segments."

7. Commitments and Contingencies

Guarantees and Indemnifications

In the normal course of business, Autodesk provides indemnifications of varying scopes, including limited product warranties and indemnification of customers against claims of intellectual property infringement made by third parties arising from the use of our products or services. Autodesk accrues for known warranty and indemnification issues if a loss is probable and can be reasonably estimated. Historically, costs related to these warranties and indemnifications have not been significant, but because potential future costs are highly variable, Autodesk is unable to estimate the maximum potential impact of these guarantees on its future results of operations.

In connection with the sale or license to third parties of assets or businesses, Autodesk has entered into customary indemnity agreements related to the assets or businesses sold or licensed. Historically, costs related to these guarantees have not been significant, but because potential future costs are highly variable, Autodesk is unable to estimate the maximum potential impact of these guarantees on its future results of operations.

As permitted under Delaware law, Autodesk has agreements whereby it indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at Autodesk's request in such capacity. The maximum potential amount of future payments Autodesk could be required to make under these indemnification agreements is unlimited; however, Autodesk has director and officer insurance coverage that reduces its exposure and would generally enable Autodesk to recover a portion of any future amounts paid. Autodesk believes the estimated fair value of these indemnification agreements in excess of applicable insurance coverage is minimal.

Legal Proceedings

On December 27, 2001, Spatial Corp. ("Spatial") filed suit in Marin County Superior Court against Autodesk and one of our consultants, D-Cubed Ltd., seeking among other things, termination of a development and license agreement between Spatial and Autodesk and an injunction preventing Autodesk from working with contractors under the agreement. On October 2, 2003, a jury found that Autodesk did not breach the agreement. As the prevailing party in the action, the court awarded Autodesk approximately \$2.4 million for reimbursement of attorneys' fees and the costs of trial, which was paid during the second quarter of fiscal 2005. Spatial filed a notice of appeal on December 2, 2003 appealing the decision of the jury. Spatial claims that certain testimony of a witness should not have been considered by the jury and as a result, Spatial asserts that it is entitled to a new trial. Autodesk filed its opposition to Spatial's appeal in August 2004. At the present time, the appeal has not been set for hearing by the appellate court. After reviewing the arguments made in the appeal, we believe the ultimate resolution of this matter will not have a material effect on Autodesk's consolidated statements of financial position, results of operations or cash flows. However, it is possible that an unfavorable resolution of this matter could occur and materially affect our future results of operations, cash flows or financial position in a particular period.

On May 13, 2004, Nuvo Services, LLC ("Nuvo") filed suit in United States District Court, District of Arizona against Autodesk seeking to compel arbitration of Nuvo's claim that Autodesk breached a contract that

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allegedly existed between Nuvo and a company acquired by Buzzsaw.com (“Buzzsaw”) in 2000. Autodesk acquired Buzzsaw in 2001. In the complaint, Nuvo alleges that Autodesk breached the contract by assigning the contract or rights under the contract to a third party without Nuvo’s prior consent. The complaint seeks unspecified damages and recovery of the amount in which Autodesk was unjustly enriched by the assignment. While Autodesk believes the ultimate resolution of this matter will not have a material effect on Autodesk’s consolidated statements of financial position, results of operations or cash flows, it is possible that an unfavorable resolution of this matter could occur and materially affect our future results of operations, cash flows or financial position in a particular period.

In connection with our anti-piracy program, designed to enforce copyright protection of our software and conducted both internally and through the Business Software Alliance (“BSA”), from time to time we undertake litigation against alleged copyright infringers. Such lawsuits may lead to counter claims alleging improper use of litigation or violation of other local law and have recently increased in frequency, especially in Latin American countries. To date, none of such counter claims has resulted in material damages and the Company does not believe that any such pending claims, individually or in the aggregate, will result in a material adverse effect on our future results of operations, cash flows or financial position.

In addition, we are involved in legal proceedings from time to time arising from the normal course of business activities including claims of alleged infringement of intellectual property rights, commercial, employment, piracy prosecution and other matters. In our opinion, resolution of pending matters is not expected to have a material adverse impact on our consolidated results of operations, cash flows or our financial position. However, it is possible that an unfavorable resolution of one or more such proceedings could in the future materially affect our future results of operations, cash flows or financial position in a particular period.

8. Changes in Stockholders’ Equity

During the six months ended July 31, 2004 Autodesk repurchased and retired 6.8 million shares of its common stock at an average repurchase price of \$31.63 per share. As a result, common stock and additional paid-in capital and retained earnings were reduced for the six months ended July 31, 2004 by \$128.4 million and \$88.0 million, respectively.

In addition, during the six months ended July 31, 2004 Autodesk paid cash dividends of \$0.03 per common share reducing retained earnings by \$6.7 million.

9. Comprehensive Income

Autodesk’s total comprehensive income, including net unrealized gains and losses on the Company’s available for sale securities and cumulative foreign currency translation adjustments, was as follows, net of tax (in thousands):

	Three months ended July 31,		Six months ended July 31,	
	2004	2003	2004	2003
Net income	\$39,165	\$32,602	\$81,670	\$40,110
Other comprehensive (loss) income, net of tax:				
Net unrealized losses on available-for-sale securities	(132)	(878)	(1,383)	(1,330)
Currency translation adjustments	(500)	1,701	(3,384)	2,322
Net unrealized gain in derivative instruments	—	382	—	382
Other comprehensive (loss) income	(632)	1,205	(4,767)	1,374
Total comprehensive income	\$38,533	\$33,807	\$76,903	\$41,484

10. Net Income Per Share

A reconciliation of the numerators and denominators used in the basic and diluted net income per share amounts follows (in thousands):

	Three months ended July 31,		Six months ended July 31,	
	2004	2003	2004	2003
Numerator:				
Numerator for basic and diluted net income per share – net income	\$ 39,165	\$ 32,602	\$ 81,670	\$ 40,110
Denominator:				
Denominator for basic net income per share — weighted average shares	114,002	111,480	113,094	111,642
Effect of dilutive common stock options	11,302	1,980	10,275	1,820
Denominator for dilutive net income per share	125,304	113,460	123,369	113,462

For the three months ended July 31, 2004 and 2003, options to purchase 0.2 million weighted average shares and 14.2 million weighted average shares were excluded from the computation of diluted net income per share. For the six months ended July 31, 2004 and 2003, options to purchase 0.7 million weighted average shares and 16.6 million weighted average shares were excluded from the computation of diluted net income per share. Such options were excluded because the options had exercise prices greater than the average market prices of Autodesk common stock during the respective periods and therefore were not dilutive.

11. Segments

Autodesk's operating results are aggregated into two reportable segments: the Design Solutions Segment and the Discreet Segment. During the first quarter of fiscal 2005, Autodesk modified its segment disclosure to align the segment disclosure with the method by which Autodesk's business is currently being managed and evaluated. Prior period numbers have been restated to reflect the current segment alignment. The Location Services Division, which is not included in either reportable segment, is reflected as Other.

The Design Solutions Segment derives revenues from the sale of design software products and services for professionals or consumers who design, build, manage and own building projects or manufactured goods and from the sale of mapping and geographic information systems technology to public and private users. The Design Solutions Segment consists primarily of the following business divisions: Manufacturing Solutions Division, Infrastructure Solutions Division, Building Solutions Division and the Platform Technology Division and Other, which includes Autodesk Consulting. Sales of AutoCAD, AutoCAD upgrades and AutoCAD LT in the aggregate accounted for 46% of our consolidated net revenues during both the six months ended July 31, 2004 and 2003.

The Discreet Segment derives revenues from the sale of its products to creative professionals for a variety of applications, including feature films, television programs, commercials, music and corporate videos, game production, web design and interactive web streaming.

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Both segments primarily distribute their respective products through authorized dealers and distributors, and, in some cases, they also sell their products directly to end-users. Autodesk evaluates each segment's performance on the basis of income from operations before income taxes. Autodesk currently does not separately accumulate and report asset information by segment, except for certain assets such as goodwill. Information concerning the operations of Autodesk's reportable segments is as follows (in thousands):

	Three months ended July 31,		Six months ended July 31,	
	2004	2003	2004	2003
Net revenues:				
Design Solutions	\$ 243,807	\$ 182,430	\$ 505,449	\$ 356,660
Discreet	35,296	29,139	71,426	65,675
Other	475	136	579	136
	<u>\$ 279,578</u>	<u>\$ 211,705</u>	<u>\$ 577,454</u>	<u>\$ 422,471</u>
Income (loss) from operations:				
Design Solutions	\$ 98,777	\$ 62,924	\$ 213,745	\$ 118,963
Discreet	5,092	(3,224)	6,811	(4,163)
Unallocated amounts ⁽¹⁾	(54,525)	(45,759)	(117,691)	(94,252)
	<u>\$ 49,344</u>	<u>\$ 13,941</u>	<u>\$ 102,865</u>	<u>\$ 20,548</u>

⁽¹⁾ Unallocated amounts are attributed primarily to corporate expenses and other geographic costs and expenses that are managed outside the reportable segments. Unallocated amounts in the three months and six months ended July 31, 2004 also include \$3.7 million and \$12.1 million resulting from restructuring activity, respectively.

Net revenues attributable to the major divisions within the Design Solutions Segment are as follows (in thousands):

	Three months ended July 31,		Six months ended July 31,	
	2004	2003	2004	2003
Net revenues:				
Manufacturing Solutions Division	\$ 44,207	\$ 29,063	\$ 89,013	\$ 59,189
Infrastructure Solutions Division	31,444	25,387	65,054	48,056
Building Solutions Division	28,781	16,281	55,915	32,210
Platform Technology Division and other	139,375	111,699	295,467	217,205
	<u>\$ 243,807</u>	<u>\$ 182,430</u>	<u>\$ 505,449</u>	<u>\$ 356,660</u>

Information regarding Autodesk's operations by geographic area is as follow (in thousands):

	Three months ended July 31,		Six months ended July 31,	
	2004	2003	2004	2003
Net revenues:				
U.S. customers	\$ 97,352	\$ 71,958	\$ 201,340	\$ 150,732
Other Americas	17,736	12,863	35,294	26,240
Total Americas	<u>115,088</u>	<u>84,821</u>	<u>236,634</u>	<u>176,972</u>
Europe, Middle East and Africa	98,928	79,143	207,695	147,205
Asia Pacific	65,562	47,741	133,125	98,294
Total net revenues	<u>\$ 279,578</u>	<u>\$ 211,705</u>	<u>\$ 577,454</u>	<u>\$ 422,471</u>

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The following table sets forth the fiscal 2004 restructuring plan activities for Autodesk's reportable segments during the six months ended July 31, 2004 (in thousands):

	Design Solutions Segment		Discreet Segment		Unallocated		Total
	Office Closure Costs	Employee Termination Costs	Office Closure Costs	Employee Termination Costs	Office Closure Costs	Employee Termination Costs	
Balance at January 31, 2004	\$ 149	\$ 778	\$ —	\$ 333	\$ —	\$ —	\$ 1,260
Additions	1,547	3,822	680	3,694	784	1,549	12,076
Charges utilized	(513)	(3,979)	(89)	(3,027)	(554)	(1,423)	(9,585)
Balance at July 31, 2004	\$ 1,183	\$ 621	\$ 591	\$ 1,000	\$ 230	\$ 126	\$ 3,751

The expected total charges under this plan are approximately \$21.5 million, with approximately \$9.0 million attributable to the Design Solutions Segment, approximately \$6.0 million attributable to the Discreet Segment and approximately \$6.5 million not allocable to either segment. Since inception of the fiscal 2004 restructuring plan, the Design Solutions Segment and the Discreet Segment recorded restructuring charges totaling \$7.9 million and \$5.6 million, respectively.

12. **Financial Instruments**

Autodesk uses derivative instruments to manage its earnings and cash flow exposures to fluctuations in foreign currency exchange rates. Under its risk management strategy, Autodesk uses foreign currency forward and option contracts to manage its exposures of underlying assets, liabilities and other obligations, which exist as part of the ongoing business operations. These foreign currency instruments by policy have maturities of less than three months and settle before the end of each quarterly period. Generally, Autodesk's practice is to hedge a majority of its short-term foreign exchange transaction exposures. Contracts are primarily denominated in euros, Swiss francs, Canadian dollars, British pounds and Japanese yen. Autodesk does not enter into any foreign exchange derivative instruments for trading or speculative purposes.

Forwards

Autodesk's forward contracts, which are not designated as hedging instruments under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), have average maturities of less than three months. The forwards are used to reduce the exchange rate risk associated primarily with receivables and payables. Forward contracts are marked-to-market at the end of each reporting period, with gains and losses recognized as other income or expense to offset the gains or losses resulting from the settlement of the underlying foreign currency denominated receivables and payables.

The notional amounts of foreign currency contracts were \$1.3 million at July 31, 2004 and \$26.0 million at January 31, 2004. 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 Autodesk to the counterparties.

Options

In addition to the forward contracts, Autodesk utilizes foreign currency option collar contracts to reduce the exchange rate impact on the net revenue of certain anticipated transactions. These option contracts, which are designated and documented as cash flow hedges and qualify for hedge accounting treatment under SFAS 133, have maturities of less than three months and settle before the end of each fiscal quarter. For cash flow hedges, derivative gains and losses included in comprehensive income are reclassified into earnings at the time the forecasted revenue is recognized or the option expires.

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The notional amounts of foreign currency option contracts were \$51.7 million at July 31, 2004 and \$42.0 million at January 31, 2004 and the critical terms were generally the same as those of the underlying exposure. Gains, if any, from the effective portion of the option contracts, as determinable under SFAS 133, are recognized as net revenues, while the ineffective portion of the option contract is recorded in interest and other income, net. There were no settlement gains or losses recorded during the three months ended July 31, 2004 and \$0.2 million of settlement losses recorded against net revenues during the three months ended July 31, 2003. Settlement gains of \$0.2 million and settlement losses of \$0.2 million were recorded as net revenues during the six months ended July 31, 2004 and July 31, 2003, respectively. Amounts associated with the cost of the options totaling \$0.2 million were recorded in interest and other income, net during the three months ended July 31, 2004 and July 31, 2003. Option costs of \$0.4 million were recorded in interest and other income, net during the six months ended July 31, 2004 and July 31, 2003. At July 31, 2003 Autodesk had an unrecognized gain of \$0.4 million on euro contracts recorded as a component of other comprehensive income.

13. Business Combinations

The following acquisition was accounted for under Statement of Financial Accounting Standards No. 141, "Business Combinations". Accordingly, the results of operations are included in the accompanying condensed consolidated statements of income since the acquisition date, and the related assets and liabilities were recorded based upon their relative fair values at the date of acquisition. Pro forma results of operations have not been presented because the effects of the acquisition were not significant to Autodesk.

MechSoft.com, Inc. ("MechSoft")

In April 2004, Autodesk acquired certain assets of MechSoft for approximately \$6.5 million in cash. This acquisition provides technology that complements Autodesk's manufacturing solutions with tools that enable users to embed engineering calculations into their designs based on how parts function. Autodesk plans to integrate key components of MechSoft's technology into future versions of Autodesk Inventor Series. Autodesk's allocation of the purchase consideration, which is based on valuations of acquired assets performed by a third party, is as follows (in thousands):

Developed technologies (3 year useful life)	\$ 1,900
Goodwill	3,903
Other assets	697
	<hr/>
	\$6,500
	<hr/>

The \$3.9 million of goodwill, which is deductible for tax purposes, was assigned to the Manufacturing Solutions Division of the Design Solutions Segment. The goodwill is attributable to the premium paid for technology that accelerates our time to market for complementary manufacturing design product enhancements.

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

The discussion in our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") contains trend analyses and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements consist of, among other things, statements regarding future growth opportunities, anticipated future net revenues, revenue mix, costs and expenses, operating margins, allowance for bad debts, level of product returns, level and timing of restructuring activity, planned annual release cycles and short-term and long-term cash requirements, as well as statements involving trend analyses and statements including such words as "we believe" and "plan" and similar expressions. These forward-looking statements are subject to business and economic risks. As such, our actual results could differ materially from those set forth in the forward-looking statements as a result of the factors set forth below, in "Risk Factors Which May Impact Future Operating Results" and in our other reports filed with the Securities and Exchange Commission.

STRATEGY

Our goal is to be the world's leading design software and digital content company, offering customers progressive business solutions through powerful technology, products and services. Our focus is to help customers in the building, manufacturing, infrastructure and digital media sectors increase the value of their digital design data and improve efficiencies across the entire lifecycle management processes.

We believe that our ability to make technology available to mainstream markets is one of our competitive advantages. By innovating in existing technology categories, we bring powerful design products to volume markets. Our architecture allows for extensibility and integration. Our products are designed to be easy to learn and use, and to provide customers low cost of deployment, low total cost of ownership and a rapid return on investment.

We have created a large global community of resellers, third party developers and customers allowing us broad reach into volume markets. Our reseller network is extensive, and provides our customers with resources for the purchase, support and training of our products globally in an effective and cost efficient manner. We have a significant number of registered third party developers, creating products that run on top of our products, further extending our reach into volume markets. Our installed base of millions of users has made Autodesk products a worldwide design software standard. Users trained on Autodesk products are broadly available both from universities and the existing work force, reducing the cost of training for our customers.

Our growth strategy derives from these core strengths. We continue to increase the business value of our desktop design tools for our customers in a number of ways. We improve the performance and functionality of existing products with each new release. Beyond our general design products, we develop products addressing specific vertical market needs. In addition, we believe that migration from our 2D products to our 3D products presents a significant growth opportunity. While the rate of migration to 3D varies from industry to industry, adoption of 3D design software should increase the productivity of our customers. However, this migration also poses various risks to us. In particular, if we do not successfully convert our 2D customer base to our 3D products, then sales of our 2D products may decrease without a corresponding conversion of customer seats to 3D products, which would harm our business.

Additionally, we are creating products to address our customers' needs for better design information management tools, also known as lifecycle management. We believe that for each author of design information, there are five to 10 users of that information, whom we call downstream users. We are developing and introducing products that will allow downstream users, both within and external to our customer enterprises, to manage and share their designs. Our large installed base provides a unique opportunity to grow from design and engineering departments to adjacent departments and into the supply chain.

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Expanding our geographic coverage is a key element of our growth strategy. We believe that the rapidly growing economies in China and Eastern Europe present significant growth opportunities for the company. In support of our growth efforts in China, we opened our China Application Development Center during fiscal 2004. With a level of understanding of local markets that could not be obtained from remote operations, the Center will, among other things, develop products to specifically address the Chinese market. In addition, we believe that our products will have a competitive advantage as a result of being engineered locally. Our ability to conduct research and development at various locations throughout the world allows us to optimize product development and lower costs. International development, however, involves significant costs and challenges, including whether we can adequately protect our intellectual property and derive significant revenue in areas where software piracy is a substantial problem.

A significant part of our growth strategy is based upon improving the installed base business model. A key element of this change is our current plan to release major products on at least an annual basis. Strong annual release cycles have a number of benefits. In particular, they permit us to deliver key performance and functionality improvements to the customer on a regular and timely basis. Annual releases also drive annual product retirement programs, thereby reducing the volatility of revenues we have experienced in the past, as both the release of the new version and retirement of the oldest supported version happen annually. Volatility may also be reduced through the Autodesk Subscription Program, as revenue is recognized ratably over the subscription contract period.

We are continually focused on improving productivity and efficiency in all areas of the company. Doing so will allow us to increase our investment in growth initiatives. During fiscal 2004, we conducted a rigorous study of our cost structure. Through the services of a major consulting firm, we benchmarked Autodesk metrics against averages of other companies as well as other leading software companies. As a result of the study, we are implementing efficiency initiatives throughout the company. Longer term, we will continue to balance operating margin targets with revenue growth opportunities.

Autodesk generates significant cash flow. Our uses of cash include a \$0.03 per share quarterly dividend, share repurchases to offset the dilutive impact of our employee stock plans, mergers and acquisitions, and investments in growth initiatives. We continually evaluate merger and acquisition and divestiture opportunities to the extent they support our strategy. Our typical acquisitions provide adjacency to our current products and services, specific technology or expertise and quick product integration. Additionally, we continue to invest in growth initiatives including lifecycle management and Autodesk Location Services.

Critical Accounting Policies

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amount of assets, liabilities, net revenues, costs and expenses and related disclosures. We regularly re-evaluate our estimates and assumptions. Actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, the following policies involve a higher degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of operations.

Revenue Recognition. Our accounting policies and practices are in compliance with Statement of Position 97-2, "Software Revenue Recognition," as amended, and SEC Staff Accounting Bulletin No. 104, "Revenue Recognition."

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collection is probable. However, determining whether

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and when some of these criteria have been satisfied often involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report.

For multiple element arrangements that include software products, we allocate and defer revenue for the undelivered elements based on their vendor-specific objective evidence ("VSOE") of fair value, which is the price charged when that element is sold separately or the price as set by management with the relevant authority. If we do not have VSOE of the undelivered element, we defer revenue recognition on the entire sales arrangement until all elements are delivered. We are required to exercise judgment in determining whether VSOE exists for each undelivered element based on whether our pricing for these elements is sufficiently consistent.

Our assessment of likelihood of collection is also a critical element in determining the timing of revenue recognition.

Our product sales to distributors and resellers are generally recognized at the time title to our product passes to the distributor or reseller, provided all other criteria for revenue recognition are met. This policy is predicated on our ability to estimate sales returns. We are also required to evaluate whether our distributors and resellers have the ability to honor their commitment to make fixed or determinable payments, regardless of whether they collect cash from their customers. If we were to change any of these assumptions or judgments, it could cause a material increase or decrease in the amount of revenue that we report in a particular period.

In addition to product sales, Autodesk recognizes maintenance revenues from our subscription program and hosted service revenues ratably over the contract periods. Customer consulting and training revenues are recognized as the services are performed.

Allowance for Bad Debts. We maintain allowances for bad debts for estimated losses resulting from the inability of our customers to make required payments. Our bad debt reserve was \$8.4 million at July 31, 2004 and \$9.7 million at January 31, 2004.

Estimated reserves are determined based upon historical loss patterns, the number of days that billings are past due and an evaluation of the potential risk of loss associated with specific problem accounts. The use of different estimates or assumptions could produce different allowance balances. While we believe our existing reserve for doubtful accounts is adequate and appropriate, additional reserves may be required should the financial condition of our customers deteriorate or as unusual circumstances arise.

Product Returns and Price Adjustment Reserves. With the exception of contracts with certain distributors, our sales contracts do not contain specific product return privileges. However, we permit our distributors and resellers to return product in certain instances, generally when new product releases supercede older versions. Our product returns reserves were \$19.3 million at July 31, 2004 and \$20.6 million at January 31, 2004. Product returns as a percentage of applicable revenues were 5.1% and 6.9% for the six months ended July 31, 2004 and 2003, respectively.

For certain distributors in Europe, we offer incremental discounts, or price adjustments, ranging from less than 1% to 4%, for certain qualifying sales. At July 31, 2004 and January 31, 2004, our price adjustment reserves were \$2.0 million and \$4.2 million, respectively. Price adjustment claims as a percentage of applicable revenues were 3.0% and 4.5% for the six months ended July 31, 2004 and 2003, respectively.

The product returns and price adjustment reserves are based on estimated channel inventory levels, the timing of new product introductions, channel sell-in for applicable markets, historical experience of actual product returns and price adjustment rates and other factors. The greater the channel inventory level or the closer the proximity of a major new product release such as AutoCAD 2005, the more product returns we expect. Similarly, the higher the applicable channel sell-in or the higher the channel inventory level, the more price

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adjustment claims we expect. During the six months ended July 31, 2004, we recorded a reserve for product returns of \$20.9 million and a reserve for price adjustments of \$3.3 million, both of which reduced our revenue.

While we believe our accounting practice for establishing and monitoring product returns and price adjustment reserves is adequate and appropriate, any adverse activity or unusual circumstances could result in an increase in reserve levels in the period in which such determinations are made.

Realizability of Long-Lived Assets. We assess the realizability of our long-lived assets and related intangible assets, other than goodwill, annually during the fourth fiscal quarter, or sooner should events or changes in circumstances indicate the carrying values of such assets may not be recoverable. We consider the following factors important in determining when to perform an impairment review: significant under-performance of a business or product line relative to budget; shifts in business strategies which impact the continued uses of the assets; significant negative industry or economic trends; and the results of past impairment reviews.

In assessing the recoverability of these long-lived assets, we first determine their fair values, which are based on assumptions regarding the estimated future cash flows that could reasonably be generated by these assets. When assessing long-lived assets, we use undiscounted cash flow models which include assumptions regarding projected cash flows and future uses of the asset or asset group. Variances in these assumptions could have a significant impact on our conclusion as to whether an asset is impaired or the amount of the impairment charge. Impairment charges, if any, result in situations where the fair values of these assets are less than their carrying values.

In addition to our recoverability assessments, we routinely review the remaining estimated useful lives of our long-lived assets. Any reduction in the useful life assumption will result in increased depreciation and amortization expense in the quarter when such determinations are made, as well as in subsequent quarters.

We will continue to evaluate the values of our long-lived assets in accordance with applicable accounting rules. As changes in business conditions and our assumptions occur, we may be required to record impairment charges.

Goodwill. As required under Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," we no longer amortize goodwill, but test goodwill for impairment annually in the fourth quarter or sooner should events or changes in circumstances indicate potential impairment. As changes in business conditions and our assumptions occur, we may be required to record impairment charges.

Deferred Tax Assets. We currently have \$19.4 million of net deferred tax assets, mostly arising from net operating losses, tax credits, reserves and timing differences for purchased technologies and capitalized software offset by the establishment of U.S. deferred tax liabilities on unremitted earnings from certain foreign subsidiaries. We perform a quarterly assessment of the recoverability of these net deferred tax assets, which is principally dependent upon our achievement of projected future taxable income of approximately \$50.0 million in specific geographies. Our judgments regarding future profitability may change due to future market conditions and other factors. These changes, if any, may require possible material adjustments to these net deferred tax assets, resulting in a reduction in net income in the period when such determinations are made.

Restructuring Expenses. During the fourth quarter of fiscal 2004, the Board of Directors approved a restructuring plan involving the elimination of employee positions and the closure of a number of offices worldwide. This plan, which we refer to as the fiscal 2004 restructuring plan, is designed to further reduce operating expense levels to help achieve our targeted operating margins as well as redirect resources to product development, sales development and other critical areas. As a result of the restructuring activities completed during the previous three fiscal quarters and through attrition, we expect to achieve our targeted efficiencies with a lower level of involuntary terminations than originally anticipated; consequently, we now expect the total charge under the fiscal 2004 restructuring plan to be approximately \$21.5 million, as compared to the \$37.0 million originally estimated. We expect that this plan will be completed by the end of fiscal 2005.

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During the three months ended July 31, 2004, we recorded gross restructuring charges of \$3.7 million under the fiscal 2004 restructuring plan. Of this amount, approximately \$2.5 million related to headcount reductions in the second quarter of fiscal 2005 and approximately \$1.2 million related to the closure of facilities. The office closure costs were based upon the projected rental payments through the remaining terms of the underlying operating leases, offset by projected sublease income. The projected sublease income amounts were calculated by using information provided by third-party real estate brokers as well as management judgments and were based on assumptions for each of the real estate markets where the leased offices were located. If real estate markets worsen and we are not able to sublease the properties as expected, we will record additional expenses in the period when such rental payments are made. This situation occurred during each of fiscal 2002, 2003 and 2004; we therefore recorded additional charges as a result of the inability to sublease abandoned offices. If the real estate markets subsequently improve, and we are able to sublease the properties earlier or at more favorable rates than projected, we will reverse a portion of the underlying restructuring accruals, which will result in increased net income in the period when such sublease becomes effective.

Legal Contingencies. As described in Part II, Item 1, "Legal Proceedings," we are periodically involved in various legal claims and proceedings. We routinely review the status of each significant matter and assess our potential financial exposure. If the potential loss from any matter is considered probable and the amount can be reasonably estimated, we record a liability for the estimated loss. Because of inherent uncertainties related to these legal matters, we base our loss reserves on the best information available at the time. As additional information becomes available, we reassess our potential liability and may revise our estimates. Such revisions could have a material impact on future quarterly results of operations.

Stock Option Accounting. We do not record compensation expense when stock option grants are awarded to employees at exercise prices equal to the fair market value of Autodesk common stock on the date of grant.

Had we recorded compensation expense from stock option grants, our net income would have been substantially less. In addition, if we are required to record compensation expense, our ability to achieve our target operating margins will be adversely affected. The impact of expensing employee stock awards is further described in Note 2, "Stock-Based Compensation" in the Notes to Condensed Consolidated Financial Statements.

Overview of the Three and Six Months Ended July 31, 2004

	<u>Three Months Ended July 31, 2004</u>	<u>As a % of Net Revenues</u>	(in millions)	<u>Three Months Ended July 31, 2003</u>	<u>As a % of Net Revenues</u>
Net Revenues	\$ 279.6	100%		\$ 211.7	100%
Cost of revenues	40.2	14%		36.0	17%
Operating expenses excluding restructuring and other charges	186.4	67%		161.8	76%
Restructuring and other	3.7	1%		—	—
Income from Operations	\$ 49.3	18%		\$ 13.9	7%
	<u>Six Months Ended July 31, 2004</u>	<u>As a % of Net Revenues</u>	(in millions)	<u>Six Months Ended July 31, 2003</u>	<u>As a % of Net Revenues</u>
Net Revenues	\$ 577.5	100%		\$ 422.5	100%
Cost of revenues	82.1	14%		74.3	18%
Operating expenses excluding restructuring and other charges	380.5	66%		327.7	78%
Restructuring and other	12.0	2%		—	—
Income from Operations	\$ 102.9	18%		\$ 20.5	5%

Our net revenues were 32% higher for the three months ended July 31, 2004 as compared to the same period in the prior fiscal year primarily due to strong new seat and subscription revenues, coupled with the positive effects of changes in foreign currencies, principally driven by the strength of the euro and the Japanese yen. New seat revenues in the second quarter of fiscal 2005 increased 45% compared to the second quarter of fiscal 2004 as unit sales increased due to the strength of our current product releases, in particular the AutoCAD 2005 family of products released in March 2004 and Autodesk Inventor 9, our 3D mechanical design product released in July 2004. Subscription revenues increased 45% from the same period in the prior fiscal year as our subscription program continues to attract new customers with new enhancements such as Web support direct from Autodesk, e-learning and multi-year contracts.

Our net revenues for the six months ended July 31, 2004 were 37% higher as compared to the same period in the prior fiscal year primarily due to strong new seat, upgrade and subscription revenues, coupled with the positive effects of changes in foreign currencies, principally driven by the strength of the euro, and a decrease in our backlog of license product orders. Upgrade revenues for the six months ended July 31, 2004 increased 47% compared to the same period during fiscal 2004 and new seat revenues increased 37% for the six months ended July 31, 2004 as compared to the same period in the prior fiscal year as unit sales increased due to the strength of our current product releases, particularly the AutoCAD 2005 family of products and Autodesk Inventor 9 products. Subscription revenues increased 51% from the same period in the prior fiscal year as our subscription program continues to attract new customers.

With the retirement of the AutoCAD 2000-based product series during the fourth quarter of fiscal 2004, we began fiscal 2005 with higher than normal levels of product backlog. Product backlog is comprised of deferred revenue from our subscription program and current software license product orders which have not yet shipped. The category of current software license product orders which we have not yet shipped consists of orders from customers with approved credit status for currently available license software products and may include orders with current ship dates and orders with ship dates beyond the current fiscal period. During the first quarter of fiscal 2005, the component of product backlog attributable to product orders that have not yet shipped decreased approximately \$20.0 million back to typical levels and remained at this level at the end of July 31, 2004.

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We generate a significant amount of our revenue in the United States, Japan, Germany, United Kingdom, Italy, France, Australia, China and Canada. The weaker value of the U.S. dollar, relative to international currencies, had a positive impact of \$6.3 million on operating results in the second quarter of fiscal 2005 compared to the prior fiscal year. Had exchange rates from the second quarter of fiscal 2004 been in effect during the second quarter of fiscal 2005, translated international revenue billed in local currencies would have been \$9.4 million lower and operating expenses would have been \$3.1 million lower.

Our operating expenses, excluding restructuring and other, increased \$24.6 million for the three months ended July 31, 2004 as compared to the same period in the prior fiscal year, but declined as a percentage of revenue. The increase is due primarily to higher commission and bonus costs, including related benefits and payroll taxes, based on current financial performance as well as higher marketing costs offset in part by a reduction in salary expense due to our restructuring efforts. Our operating margins are very sensitive to changes in revenues, given the relatively fixed nature of most of our operating expenses, which consist primarily of employee-related expenditures, facilities costs and depreciation and amortization expense. We expect total operating expenses are likely to increase as our incremental commitments under our existing bonus and commission plans increase, in particular during the fourth quarter of fiscal 2005 when most sales commission accelerators may be achieved. In future periods, employee-related expenditures will increase if we are required to expense employee stock option grants.

During fiscal 2004, with the help of a major consulting firm, we analyzed our operations and cost structure. We identified a number of opportunities to help achieve our targeted operating margins as well as redirect funds to the most promising growth areas, such as product lifecycle management and development of our China sales and development infrastructure. As we execute on these plans, we continued to incur restructuring charges during the second quarter of fiscal 2005. We expect to incur additional charges relating to these plans through the end of fiscal 2005.

During the three months ended July 31, 2004 we generated \$83.5 million of cash from our operating activities as compared to \$30.2 million during the same period in the prior fiscal year. We closed the second quarter of fiscal 2005 with \$571.7 million in cash and marketable securities, a higher deferred revenue balance and an improved days sales outstanding position as compared to the same period in the prior fiscal year. Approximately 72% of the deferred revenues balance at July 31, 2004, as compared to 63% for the same period in the prior fiscal year, consisted of customer subscription contracts which will be recognized as maintenance revenue ratably over the life of the contracts, which is generally one year.

Results of Operations

Net Revenues

	Three Months Ended July 31, 2004	Increase compared to prior year period		Three Months Ended July 31, 2003	Six Months Ended July 31, 2004	Increase compared to prior year period		Six Months Ended July 31, 2003
		\$	%			\$	%	
(in millions)								
Net revenues:								
License and other	\$ 238.5	\$ 55.1	30%	\$ 183.4	\$ 499.0	\$ 128.7	35%	\$ 370.3
Maintenance	41.1	12.8	45	28.3	78.5	26.3	50	52.2
	<u>\$ 279.6</u>	<u>\$ 67.9</u>	<u>32%</u>	<u>\$ 211.7</u>	<u>\$ 577.5</u>	<u>\$ 155.0</u>	<u>37%</u>	<u>\$ 422.5</u>
Net revenues by geographic area:								
Americas	\$ 115.1	\$ 30.3	36%	\$ 84.8	\$ 236.6	\$ 59.6	34%	\$ 177.0
Europe, Middle East and Africa	98.9	19.7	25	79.2	207.8	60.6	41	147.2
Asia Pacific	65.6	17.9	38	47.7	133.1	34.8	35	98.3
	<u>\$ 279.6</u>	<u>\$ 67.9</u>	<u>32%</u>	<u>\$ 211.7</u>	<u>\$ 577.5</u>	<u>\$ 155.0</u>	<u>37%</u>	<u>\$ 422.5</u>
Net revenues by operating segment:								
Design Solutions	\$ 243.8	\$ 61.3	34%	\$ 182.5	\$ 505.5	\$ 148.8	42%	\$ 356.7
Discreet	35.3	6.2	21	29.1	71.4	5.7	9	65.7
Other	0.5	0.4	400	0.1	0.6	0.5	500	0.1
	<u>\$ 279.6</u>	<u>\$ 67.9</u>	<u>32%</u>	<u>\$ 211.7</u>	<u>\$ 577.5</u>	<u>\$ 155.0</u>	<u>37%</u>	<u>\$ 422.5</u>
Net Design Solutions Revenues:								
Manufacturing Solutions Division	\$ 44.2	\$ 15.1	52%	\$ 29.1	\$ 89.0	\$ 29.8	50%	\$ 59.2
Infrastructure Solutions Division	31.4	6.0	24	25.4	65.1	17.0	35	48.1
Building Solutions Division	28.8	12.5	77	16.3	55.9	23.7	74	32.2
Platform Technology Division and other	139.4	27.7	25	111.7	295.5	78.3	36	217.2
	<u>\$ 243.8</u>	<u>\$ 61.3</u>	<u>34%</u>	<u>\$ 182.5</u>	<u>\$ 505.5</u>	<u>\$ 148.8</u>	<u>42%</u>	<u>\$ 356.7</u>

Net revenues increased to \$279.6 million in the second quarter of fiscal 2005 from \$211.7 million in the second quarter of fiscal 2004. Net revenues increased in all three of our geographic areas, due primarily to strong new seat and subscription revenues, and to a lesser extent to the positive effects of changes in foreign currencies. Net revenues increased to \$577.5 million in the six months ended July 31, 2004 from \$422.5 million in the six months ended July 31, 2003. Again, net revenues increased in all three of our geographic areas, due primarily to strong new seat, upgrade and subscription revenues, and to a lesser extent to the positive effects of changes in foreign currencies and a decrease in backlog of license product orders.

During the first half of fiscal 2004, customers in the industries we serve, particularly manufacturing, commercial construction and media and entertainment, were impacted by economic pressures in their own businesses, resulting in a difficult customer purchasing environment. During the last half of fiscal 2004 and through the second quarter of fiscal 2005, we saw a lessening of these economic pressures across the industries

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that constitute our customer base, particularly in the manufacturing and media and entertainment sectors. However, uncertainty remains as to the sustainability of an economic recovery in the industries we serve.

License and other revenues for the second quarter of fiscal 2005 were \$238.5 million as compared to \$183.4 million in the same period of the prior fiscal year. The increase was primarily due to increased new seat revenues across all major products as a result of our new product releases, and to a lesser extent to the positive impact of changes in foreign currencies. License and other revenues for the six months ended July 31, 2004 were \$499.0 million as compared to \$370.3 million in the same period of the prior fiscal year. The increase was primarily due to increased new seat and upgrade revenues across all major products as a result of our new product releases, and to a lesser extent to the positive impact of changes in foreign currencies and a decrease in backlog of license product orders. We expect significant upgrade revenues during fiscal 2005 as a result of new product releases across our divisions and the announcement of the January 2005 retirement of the AutoCAD 2000i-based product series. The installed base of the AutoCAD 2000i release is similar in size to the then remaining installed base of the AutoCAD 2000 release at the time of its retirement in January 2004.

Maintenance revenues, consisting of revenues derived from the subscription program, were \$41.1 million for the second quarter of fiscal 2005 as compared to \$28.3 million for the second quarter of fiscal 2004. As a percentage of total net revenues, maintenance revenues were 15% and 13% for the second quarter of fiscal 2005 and fiscal 2004, respectively. Maintenance revenues were \$78.5 million for the six months ended July 31, 2004 as compared to \$52.2 million for the six months ended July 31, 2003. As a percentage of total net revenues, maintenance revenues were 14% and 12% for the first six months of fiscal 2005 and fiscal 2004, respectively. Our subscription program, now available to most customers worldwide, continues to attract new customers with our planned annual product release cycle and new enhancements, such as Web support direct from Autodesk and e-learning. We expect maintenance revenues to continue to increase as a percentage of total net revenues.

Net revenues in the Americas increased 36% to \$115.1 million in the second quarter of fiscal 2005 as compared to \$84.8 million in the same period of the prior fiscal year largely due to strong new seat, upgrade and subscription revenue during the second quarter of fiscal 2005. Net revenues in the Americas increased 34% to \$236.6 million in the six months ended July 31, 2004 as compared to \$177.0 million in same period of the prior fiscal year, again largely due to strong new seat, upgrade and subscription revenue during the first and second quarters of fiscal 2005 as well as a decrease in backlog of license product orders, as compared to the difficult selling environment experienced during most of the first half of fiscal 2004.

Net revenues in the Europe, Middle East and Africa (“EMEA”) region increased 25% to \$98.9 million in the second quarter of fiscal 2005 from \$79.2 million in the same period of the prior fiscal year due primarily to strong new seat and subscription sales and to a lesser extent to favorable exchange rates offset in part by a slight decline in upgrade revenues. Ignoring the effects of changes in foreign currencies during the current quarter, net revenues for EMEA increased approximately 18% in the second quarter of fiscal 2005 as compared to the second quarter of fiscal 2004. Net revenues in EMEA increased 41% to \$207.8 million in the six months ended July 31, 2004 from \$147.2 million in the same period of the prior fiscal year due primarily to strong new seat, upgrade and subscription sales and to a lesser extent to favorable exchange rates and a decrease in backlog of license product orders. Ignoring the effects of changes in foreign currencies during the current fiscal year, net revenues for EMEA increased approximately 29% in the six months ended July 31, 2004 as compared to the same period of the prior fiscal year.

Net revenues in Asia Pacific increased 38% to \$65.6 million in the second quarter of fiscal 2005 from \$47.7 million in the same period of the prior fiscal year, due primarily to strong new seat and subscription sales and to a lesser extent to favorable exchange rates offset in part by a modest decline in upgrade revenues. In addition, revenues for the second quarter of fiscal 2004 in Asia Pacific were adversely affected by the impact on our sales operations of concerns regarding severe acute respiratory syndrome (“SARS”). We noted strong year over year revenue growth in Japan and China. Ignoring the effects of changes in foreign currencies during the current quarter, net revenues for Asia Pacific increased approximately 30% in the second quarter of fiscal 2005 as

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compared to the second quarter of fiscal 2004. Net revenues in Asia Pacific increased 35% to \$133.1 million in the six months ended July 31, 2004 from \$98.3 million in the same period of the prior fiscal year. The increase in net revenues was again due primarily to strong new seat and subscription sales and to a lesser extent upgrade revenues and favorable exchange rates. In addition, revenues for the six months ended July 31, 2003 were affected by the impact of SARS on our sales operations. Ignoring the effects of changes in foreign currencies during the current fiscal year, net revenues for Asia Pacific increased approximately 27% in the six months ended July 31, 2004 as compared to the same period of the prior fiscal year.

For the second quarter of fiscal 2005, net revenues for the Design Solutions Segment were \$243.8 million as compared to \$182.5 million in the same period in the prior fiscal year. The increase in net revenues in the current fiscal quarter for the Design Solutions Segment was due primarily to strong new seat and subscription revenues and to a lesser extent to favorable exchange rates. Revenue from new seat licenses accounted for 56% of Design Solutions Segment revenues for the second quarter of fiscal 2005 as compared to 51% for fiscal 2004, and upgrade revenue accounted for 18% of revenues for the second quarter of fiscal 2005 as compared to 24% for the second quarter of fiscal 2004. Maintenance revenue accounted for 16% of total Design Solutions Segment revenue for the second quarter of fiscal 2005 as compared to 15% in the second quarter of fiscal 2004. For the six months ended July 31, 2004, net revenues for the Design Solutions Segment were \$505.5 million as compared to \$356.7 million in the same period of the prior fiscal year. The increase in net revenues in the current fiscal year for the Design Solutions Segment was due primarily to strong new seat, upgrade and subscription revenues and to a lesser extent to a decrease in backlog of license product orders and favorable exchange rates. Although we have been shifting our focus to more vertically-oriented product lines, sales of AutoCAD, AutoCAD upgrades and AutoCAD LT continue to comprise a significant portion of our net revenues. Such sales, which are reflected in the net revenues for the Platform Technology Division and Other, accounted for 45% and 47% of our consolidated net revenues for the second quarter of fiscal 2005 and 2004, respectively, and 46% for both the six months ended July 31, 2004 and 2003. Net revenues for our 3D products increased approximately 60% for the six months ended July 31, 2004 as compared to the same period of the prior fiscal year. A critical component of our growth strategy is to convert our 2D customer base, including customers of AutoCAD, AutoCAD LT, and related vertical industry products, to our 3D products such as Autodesk Inventor Series or Autodesk Revit. However, should sales of AutoCAD, AutoCAD upgrades and AutoCAD LT products decrease without a corresponding conversion of the customer seats to 3D products, our results of operations will be adversely affected.

Net revenues for the Discreet Segment increased 21% to \$35.3 million in the second quarter of fiscal 2005 from \$29.1 million in the second quarter of fiscal 2004. The increase is due primarily to growth in new seat and subscription revenues for our 3ds max Animation product and higher Advanced Systems sales. The increase in Advanced Systems sales resulted in part from the timing of the National Association of Broadcasters (NAB) trade show which occurred later in the first quarter of fiscal 2005 than it did during fiscal 2004, contributing to less revenue in the second quarter of fiscal 2004. Net revenues for the six months ended July 31, 2004 increased 9% to \$71.4 million from \$65.7 million in the same period of the prior fiscal year primarily due to growth in new seat and subscription revenues of our 3ds max Animation product and modest growth in Advanced Systems sales.

The weaker value of the U.S. dollar, relative to international currencies, had a positive impact on net revenues in the first six months of fiscal 2005. Had exchange rates from the prior year been in effect in fiscal 2005, translated international revenue billed in local currencies would have been \$26.4 million lower. Changes in the value of the U.S. dollar may have a significant impact on net revenues in future periods. To reduce this impact, we utilize foreign currency option collar contracts to reduce the current period exchange rate impact on the net revenue of certain anticipated transactions.

International sales accounted for approximately 65% of our net revenues in the second quarter of fiscal 2005 as compared to 66% in the same period of the prior fiscal year. International sales accounted for 65% of our net revenues in the six months ended July 31, 2004 as compared to 64% in the same period of the prior fiscal year. We believe that international sales will continue to comprise a significant portion of net revenues. Economic

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weakness in any of the countries which contribute a significant portion of our net revenues would have a material adverse effect on our business.

Costs and Expenses

Cost of Revenues

	Three Months Ended July 31, 2004		Increase compared to prior year period		Three Months Ended July 31, 2003		Six Months Ended July 31, 2004		Increase compared to prior year period		Six Months Ended July 31, 2003	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
(in millions)												
Cost of revenues:												
License and Other	\$ 36.1		\$ 3.7	11%	\$ 32.4		\$ 73.7		\$ 6.2	9%	\$ 67.5	
Maintenance	4.1		0.5	14	3.6		8.4		1.6	24	6.8	
	<u>\$ 40.2</u>		<u>\$ 4.2</u>	12%	<u>\$ 36.0</u>		<u>\$ 82.1</u>		<u>\$ 7.8</u>	11%	<u>\$ 74.3</u>	
As a percentage of net revenues	14%				17%		14%				18%	

Cost of license and other revenues includes direct material and overhead charges, royalties, amortization of purchased technology and capitalized software, hosting costs and the labor cost of processing orders and fulfilling service contracts. Direct material and overhead charges include the cost of hardware sold (mainly workstations manufactured by SGI for the Discreet Segment), costs associated with transferring our software to electronic media, printing of user manuals and packaging materials and shipping and handling costs.

Cost of license and other revenues increased 11% during the three months ended July 31, 2004 and 9% during the six months ended July 31, 2004, as compared to the same periods in the prior fiscal year, primarily due to increased volume and changes in product mix, offset in part by reduced royalty expenses for licensed technology embedded in our products.

Cost of maintenance revenues includes direct program costs, amortization of capitalized software and overhead charges. Cost of maintenance revenues increased 14% during the three months ended July 31, 2004 and 24% during the six months ended July 31, 2004, as compared to the same periods in the prior fiscal year primarily due to incremental direct program costs incurred as part of the expansion of the subscription program.

In the future, cost of revenues as a percentage of net revenues is likely to continue to be impacted by the mix of product sales, increased consulting and hosted service costs, software amortization costs, royalty rates for licensed technology embedded in our products, new customer support offerings and the geographic distribution of sales.

Marketing and Sales

	Three Months Ended July 31, 2004		Increase compared to prior year period		Three Months Ended July 31, 2003		Six Months Ended July 31, 2004		Increase compared to prior year period		Six Months Ended July 31, 2003	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
(in millions)												
Marketing and sales	\$ 105.0		\$ 15.1	17%	\$ 89.9		\$ 214.3		\$ 32.1	18%	\$ 182.2	
As a percentage of net revenues	38%				42%		37%				43%	

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Marketing and sales expenses include salaries, dealer and sales commissions, bonus, travel and facility costs for our marketing, sales, dealer training and support personnel and overhead charges. These expenses also include costs of programs aimed at increasing revenues, such as advertising, trade shows and expositions, and various sales and promotional programs designed for specific sales channels and end users.

The increase of \$15.1 million in marketing and sales expenses when comparing the second quarter of fiscal 2005 with the second quarter of fiscal 2004 was due primarily to approximately \$7.0 million of higher advertising and promotion costs related to new product introductions and approximately \$6.0 million of increased commission, bonus and other incentive compensation expenses related to the increased sales volume.

The increase of \$32.1 million in marketing and sales expenses when comparing the six months ended July 31, 2004 with the six months ended July 31, 2003 was due primarily to approximately \$12.5 million of increased commission, bonus and other incentive compensation expenses related to the increased sales volume, approximately \$10.0 million of higher advertising and promotion costs related to new product introductions as well as incremental costs related to a customer relationship management project.

We expect to continue to invest in marketing and sales of our products to develop market opportunities and to promote our competitive position. In addition, we expect that our incremental commitments under our existing bonus and commission plans are likely to continue to increase, in particular during the fourth quarter of fiscal 2005 when most sales commission accelerators may be achieved. Accordingly, we expect marketing and sales expenses to continue to be significant, both in absolute dollars and as a percentage of net revenues.

Research and Development

	Three Months Ended July 31, 2004		Increase compared to prior year period		Three Months Ended July 31, 2003		Six Months Ended July 31, 2004		Increase compared to prior year period		Six Months Ended July 31, 2003	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
	(in millions)											
Research and development	\$ 58.3		\$ 8.6	17%	\$ 49.7		\$ 116.2	\$ 15.0	15%	\$ 101.2		
As a percentage of net revenues		21%				23%			20%			24%

Research and development expenses consist primarily of salaries and benefits for software engineers, contract development fees, depreciation of computer equipment used in software development and overhead charges.

The increase of \$8.6 million in research and development expenses when comparing the second quarter of fiscal 2005 with the second quarter of fiscal 2004 was due primarily to approximately \$5.0 million related to higher bonus accruals and benefits based on current financial performance and incremental costs associated with purchased technology.

The increase of \$15.0 million in research and development expenses when comparing the six months ended July 31, 2004 with the six months ended July 31, 2003 was due primarily to approximately \$10.0 million related to higher bonus accruals and benefits based on current financial performance and incremental costs associated with purchased technology.

We expect that research and development spending will continue to be significant in future periods as we continue to invest in product development.

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General and Administrative

	Three Months Ended July 31, 2004		Increase compared to prior year period		Three Months Ended July 31, 2003		Six Months Ended July 31, 2004		Increase compared to prior year period		Six Months Ended July 31, 2003	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
	(in millions)											
General and administrative	\$ 22.9		\$ 0.7	3%	\$ 22.2		\$ 50.0		\$ 5.8	13%	\$ 44.2	
As a percentage of net revenues	8%				10%		9%				10%	

General and administrative expenses include our finance, human resources, legal costs and overhead charges.

General and administrative expenses in total remained relatively constant when comparing the second quarter of fiscal 2005 with the second quarter of fiscal 2004. Higher bonus accruals and benefits of \$5.3 million, based on current financial performance, were offset by a reduction in IT-related expenses.

The increase of \$5.8 million in general and administrative expenses when comparing the six months ended July 31, 2004 with the six months ended July 31, 2003 was due primarily to approximately \$9.0 million of higher bonus accruals and benefits based on current financial performance offset in part by a reduction in IT-related expenses.

We plan to complete our restructuring activities by the end of fiscal 2005 and we plan to incur incremental costs related to our assessment of internal controls as required by the Sarbanes-Oxley Act of 2002 for fiscal 2005. We currently expect that general and administrative expense, as a percentage of net revenues, will continue to be significant during the remainder of fiscal 2005.

Restructuring and Other

	Three Months Ended July 31, 2004		Increase compared to prior year period		Three Months Ended July 31, 2003		Six Months Ended July 31, 2004		Increase compared to prior year period		Six Months Ended July 31, 2003	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
	(in millions)											
Restructuring and other	\$ 3.7		\$ 3.7	n/a	\$ —		\$ 12.0		\$ 12.0		n/a	\$ —
As a percentage of net revenues	1%						2%					

During the fourth quarter of fiscal 2004, the Board of Directors approved a restructuring plan involving the elimination of employee positions and the closure of a number of offices worldwide having a total expected cost of \$21.5 million, with \$17.5 million attributable to one-time termination benefits and \$4.0 million attributable to office closure costs. This plan, which we refer to as the fiscal 2004 restructuring plan, is designed to further reduce operating expense levels to help achieve our targeted operating margins as well as redirect resources to product development, sales development and other critical areas. As a result of the restructuring activities completed during the fourth quarter of fiscal 2004 and the first two quarters of fiscal 2005 and through attrition, we expect to achieve our targeted efficiencies with a lower level of involuntary terminations than originally anticipated; consequently, the expected total charges under the fiscal 2004 restructuring plan were reduced from a previous estimate of \$37.0 million to the approximately \$21.5 million noted above. As a result of the fiscal 2004 restructuring plan, we expect to realize pretax savings of \$8.7 million per quarter upon completion of the plan, resulting in an annual savings of \$34.8 million to be reflected across each on-going cost and expense line item in the consolidated statements of income. However, these savings are being used to fund various growth

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initiatives in-line with our corporate strategy; consequently, not all of these savings will directly reduce operating expenses. We expect that this plan will be completed by the end of fiscal 2005.

During the three months ended July 31, 2004, we recorded gross restructuring charges of \$3.7 million under the fiscal 2004 restructuring plan. Of this amount, \$2.5 million related to headcount reductions and \$1.2 million related to the closure of facilities. During the six months ended July 31, 2004, we recorded gross restructuring charges of \$12.1 million under the fiscal 2004 restructuring plan. Of this amount, approximately \$9.1 million related to headcount reductions and approximately \$3.0 million related to the closure of facilities. Partially off-setting this charge was a reversal of \$0.1 million related to a change in estimates underlying office closure costs originally established under the fiscal 2002 restructuring plan. The underlying liabilities were ultimately settled for less than originally estimated.

There were no restructuring charges in the three months or six months ended July 31, 2003.

For additional information regarding restructuring reserves, see Note 6, "Restructuring Reserves" and Note 11, "Segments," in the Notes to Condensed Consolidated Financial Statements.

Interest and Other Income

The following table sets forth the components of interest and other income, net (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2004	2003	2004	2003
Interest and investment income, net	\$ (959)	\$ 1,494	\$ 814	\$ 3,179
Gains (losses) on foreign currency transactions	(117)	646	(661)	1,367
Write-downs of cost method investments	—	—	—	(26)
Realized (losses) gains on sales of marketable securities	(92)	367	367	1,030
Other income	3,347	563	4,075	792
	<u>\$ 2,179</u>	<u>\$ 3,070</u>	<u>\$ 4,595</u>	<u>\$ 6,342</u>

Interest and investment income, net includes \$1.8 million of net interest income offset by an accrual of \$2.7 million of foreign-based stamp taxes. During the current fiscal quarter we determined that certain money market fund investments were subject to Swiss Transfer Stamp Taxes from August 2000 through the current period. We determined that the impact of this adjustment is not material to previously reported periods. The investment income portion of the Interest and investment income, net line item fluctuates based on average cash and marketable securities balances, average maturities and interest rates.

Other income includes \$2.4 million received during the second quarter of fiscal 2005 as part of a court settlement related to legal proceedings with Spatial Corp. During October 2003, Spatial was ordered to reimburse Autodesk for attorneys' fees and trial costs.

Provision for income taxes.

Our effective income tax rate was 24% in the six months ended July 31, 2004 and in the six months ended July 31, 2003 excluding the impact of the non-recurring tax benefit from the resolution of the Foreign Sales Corporation ("FSC") issue in the second quarter of fiscal 2004. The effective tax rate for fiscal 2005 is less than the federal statutory rate of 35% due to the benefits associated with our foreign earnings which are taxed at rates different from the federal statutory rate, the extraterritorial income exclusion ("ETI"), research credits and tax-exempt interest. The effective tax for fiscal 2004 was less than the federal statutory rate of 35% due to the ETI, research credits and tax-exempt interest.

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Our future effective tax rate may be materially impacted by the amount of benefits associated with our foreign earnings, which are taxed at rates different from the federal statutory rate, ETI, research credits, tax-exempt interest and changes in the tax law.

At July 31, 2004, we had net deferred tax assets of \$19.4 million. Realization of these assets is dependent on our ability to generate approximately \$50.0 million of future taxable income in appropriate tax jurisdictions. We believe that sufficient income will be earned in the future to realize these assets.

Business Combinations

We acquire new technology or supplement our technology by purchasing businesses focused in specific markets or industries. During the six months ended July 31, 2004, we acquired the following businesses:

<u>Date</u>	<u>Company</u>	<u>Details</u>
June 2004	DESC, Inc.	The assets acquired from DESC give Autodesk initial entry into the disaster response market with purpose-built applications developed around Autodesk MapGuide. The assets acquired were assigned to the Infrastructure Solutions Division of the Design Solutions Segment.
May 2004	Unreal Pictures	The acquisition of Unreal Pictures gives Autodesk complete access to a comprehensive character design software solution and a proven software development team. Autodesk plans to fully integrate the Unreal Pictures technology (currently known as Character Studio) into a future release of our 3ds max product. The acquisition was assigned to the Discreet Segment.
April 2004	MechSoft.com, Inc.	The assets acquired from MechSoft complement Autodesk's solutions with tools that enable users to embed engineering calculations into their designs based on how parts function. Autodesk plans to integrate key components of MechSoft's technology into future versions of Autodesk Inventor Series. The assets acquired were assigned to the Manufacturing Solutions Division of the Design Solutions Segment.

Liquidity and Capital Resources

At July 31, 2004, our principal sources of liquidity were cash and marketable securities totaling \$571.7 million and net accounts receivable of \$156.3 million. Cash flows from operating activities, together with the proceeds from stock issuances under our employee stock plans, continue to be our principal means of generating cash. Cash flows from operating activities have historically resulted from sales of our software products and changes in working capital accounts.

During the six months ended July 31, 2004, we generated \$138.6 million of cash from operating activities as compared to \$47.6 million during the same period of fiscal 2004. Working capital sources of cash included decreases in net accounts receivable of \$10.5 million primarily due to strong collection performance across all of our geographic areas. Our days sales outstanding remained constant at 51 days at July 31, 2004 and January 31, 2004. Working capital uses of cash included decreases in accrued compensation of \$8.0 million primarily due to the payout of fiscal 2004 bonuses and commissions during the first quarter of 2005 along with decreases in accounts payable and other accrued liabilities and a growing deferred revenue balance.

During the six months ended July 31, 2004, we used \$8.9 million in investing activities compared to net cash provided of \$13.3 million during the same period of fiscal 2004. The net use of cash from investing activities during the six months ended July 31, 2004 was due in part to slightly higher capital and other expenditures related to internal software application development costs. A larger portion of these costs were

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required to be capitalized under generally accepted accounting principals during the six months ended July 31, 2004 which resulted in a reduction of our IT-related project expenses, included in general and administrative expenses in our Condensed Consolidated Statements of Income. In addition, more was spent on business combinations and net sales of available-for-sale marketable securities were lower during the six months ended July 31, 2004 as compared to the same period last year. A portion of marketable securities were liquidated to fund our repurchase of 6.8 million shares of our common stock, as discussed below.

We used \$62.3 million in net cash for financing activities during the six months ended July 31, 2004, compared to \$30.9 million in the same period last year. The major financing use of cash in both periods was for the repurchase of shares and the payment of dividends. During the six months ended July 31, 2004, we repurchased 6.8 million shares for \$216.4 million and during the same period of fiscal 2004 we repurchased 3.0 million shares for \$45.7 million. Dividend payments were \$6.7 million in the six months ended July 31, 2004 and 2003. The principal source of cash from financing activities was \$160.9 million in the six months ended July 31, 2004 and \$21.5 million in the six months ended July 31, 2003 of proceeds from the issuance of common stock under our stock option and stock purchase plans.

During fiscal 2004, we had a U.S. line of credit available that permitted unsecured short-term borrowings of up to \$40.0 million. This credit facility expired in February 2004. We did not renew this facility as we believe our existing cash, cash equivalents, marketable securities and cash generated from operations will be sufficient to satisfy our currently anticipated short-term and long-term cash requirements. Long-term cash requirements, other than normal operating expenses, are anticipated for the development of new software products and incremental product offerings resulting from the enhancement of existing products; financing anticipated growth; dividend payments; the share repurchase program; the acquisition of businesses, software products, or technologies complementary to our business; and capital expenditures, including the purchase and implementation of internal software applications.

At July 31, 2004 approximately 42% of our consolidated cash, cash equivalents and marketable securities were held with financial institutions in the United States; the remaining balances are held with financial institutions outside the United States.

Our international operations are subject to currency fluctuations. To minimize the impact of these fluctuations, we use foreign currency option contracts to hedge our exposure on anticipated transactions and forward contracts to hedge our exposure on firm commitments, primarily certain receivables and payables denominated in foreign currencies. Our foreign currency instruments, by policy, have maturities of less than three months and settle before the end of each quarterly period. The principal currencies hedged during the six months ended July 31, 2004 were the euro, Swiss francs, Canadian dollars, British pounds and Japanese yen. We monitor our foreign exchange exposures to ensure the overall effectiveness of our foreign currency hedge positions.

Issuer Purchases of Equity Securities

The purpose of Autodesk's stock repurchase program is, among other things, to help offset the dilution to earnings per share caused by the issuance of stock under our employee stock plans. The number of shares acquired and the timing of the purchases are based on several factors, including general market conditions and the trading price of the Company's common stock. At July 31, 2004, approximately 10.2 million shares remained available for repurchase under the existing repurchase authorization.

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The following table provides information about the repurchase of our common stock during the three months ended July 31, 2004:

(Shares in thousands)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
May 1-May 31	—	—	—	—
June 1-June 30	1,660 ⁽¹⁾	\$ 40.59	1,660 ⁽¹⁾	10,209 ⁽²⁾
July 1-July 31	—	—	—	—
Total	1,660	\$ 40.59	1,660	10,209

⁽¹⁾ Represents shares purchased in open-market transactions under the plan approved by the Board of Directors authorizing the repurchase of 16.0 million shares in December 2003. This plan, approved by the Board of Directors in December 2003 and announced in December 2003, does not have a fixed expiration date.

⁽²⁾ Amount corresponds to remaining shares available for repurchase under the plan approved by the Board of Directors in December 2003.

Off-Balance Sheet Arrangements

Other than operating leases, we do not engage in off-balance sheet financing arrangements or have any variable-interest entities. As of July 31, 2004 we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

Stock Compensation

Option Program Description

Autodesk maintains three active stock option plans for the purpose of granting stock options to employees and members of Autodesk's Board of Directors: the 1996 Stock Plan (available only to employees), the Nonstatutory Stock Option Plan (available only to non-executive employees and consultants) and the 2000 Directors' Option Plan (available only to non-employee directors). Additionally, there are five expired plans with options outstanding. In addition to its stock option plans, the Company's employees are also eligible to participate in Autodesk's 1998 Employee Qualified Stock Purchase Plan. Autodesk does not have a practice of awarding stock options to consultants.

Our stock option program is broad-based and designed to promote long-term retention. Essentially all of our employees participate. Approximately 79% of the options we granted during the six months ended July 31, 2004 were awarded to employees other than the officers named in the table entitled "Option Grants in Last Fiscal Quarter" below, (the "Named Executive Officers"). Options granted under our equity plans vest over periods ranging from one to five years and expire within ten years of the date of grant. The exercise price of the stock options is equal to the closing price of our Common Stock on the Nasdaq National Market on the grant date.

All stock option grants to executive officers are made by the Compensation and Human Resources Committee of the Board of Directors. All members of the Compensation and Human Resources Committee are independent directors, as defined by the listing standards of The Nasdaq Stock Market. See the "Report of the Compensation and Human Resources Committee of the Board of Directors" in our 2004 Proxy Statement for further information concerning Autodesk's policies and procedures regarding the use of stock options. Grants to our non-employee directors are non-discretionary and are pre-determined by the terms of the 2000 Directors' Option Plan.

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Distribution and Dilutive Effect of Options

The following table provides information about the distribution and dilutive effect of our stock options for the named periods:

	Six months ended July 31, 2004	Fiscal year ended January 31,	
		2004	2003
Net grants during the period as % of outstanding shares ⁽¹⁾	3.3 %	3.1%	3.1%
Grants to Named Executive Officers during the period as % of total options granted	20.6% ⁽²⁾	11.7%	9.3%
Grants to Named Executive Officers during the period as % of outstanding shares	0.8%	0.7%	0.6%
Cumulative options held by Named Executive Officers as % of total options outstanding	24.1%	20.9%	18.0%

⁽¹⁾ Net grants represent total option grants during the period less any shares returned to the plan as a result of cancellations.

⁽²⁾ The executive staff, which includes the Named Executive Officers, generally receive option grants during the first fiscal quarter. Employee grants are made throughout the year.

General Option Information

Our stock option activity for the named periods is summarized as follows:

	Shares Available for Options	Options Outstanding	
		Number of Shares	Weighted Average Price Per Share
<i>(Shares in thousands)</i>			
Options outstanding at January 31, 2003	9,557	29,445	\$ 16.19
Granted	(6,460)	6,460	17.46
Exercised	—	(6,425)	14.48
Canceled	2,766	(3,012)	17.13
Additional shares reserved	4,084	—	—
Options outstanding at January 31, 2004	9,947	26,468	\$ 16.80
Granted	(4,458)	4,458	31.49
Exercised	—	(8,463)	17.47
Canceled	699	(669)	15.99
Additional shares reserved	4,228	—	—
Options outstanding at July 31, 2004	10,416	21,794	\$ 19.56

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In-the-Money and Out-of-the-Money Option Information

The following table compares the number of shares subject to option grants with exercise prices at or below the closing price of our Common Stock at July 31, 2004 (“in-the-money”) with the number of shares subject to option grants with exercise prices greater than the closing price of our Common Stock at the same date (“out-of-the-money”). The closing price of our Common Stock on July 31, 2004 was \$40.20 per share.

	Exercisable		Unexercisable		Total	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
(Shares in thousands)						
In-the-Money	7,190	\$ 16.24	14,504	\$ 21.05	21,694	\$ 19.46
Out-of-the-Money	—	—	100	\$ 41.37	100	\$ 41.37
Total Options Outstanding	7,190	\$ 16.24	14,604	\$ 21.19	21,794	\$ 19.56

Option Grants in Last Fiscal Quarter

The following table sets forth, as to the Named Executive Officers, information concerning stock options granted during the three months ended July 31, 2004.

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (\$) ⁽⁴⁾	
	Number of Securities Underlying Options Granted ⁽¹⁾	Percent of Total Options Granted to Employees ⁽²⁾	Exercise Price	Expiration Date ⁽³⁾	5%	10%
Carol A. Bartz Chairman of the Board and Chief Executive Officer	—	n/a	n/a	n/a	n/a	n/a
Carl Bass Chief Operating Officer	100,000	6.5%	\$ 41.37	6/28/14	\$ 2,601,737	\$ 6,593,313
Alfred J. Castino Senior Vice President, Chief Financial Officer	—	n/a	n/a	n/a	n/a	n/a
Marcia K. Sterling Senior Vice President, General Counsel and Secretary	—	n/a	n/a	n/a	n/a	n/a
Michael E. Sutton Executive Vice President, Business Operations	—	n/a	n/a	n/a	n/a	n/a

⁽¹⁾ The options in this table are incentive stock options or nonstatutory stock options granted under the 1996 Stock Plan, and have exercise prices equal to the fair market value of the Company’s Common Stock on the date of grant. Generally, all such options have ten year terms and vest over one to five years. The shares subject to each option will immediately vest in full in the event the Company is acquired by merger or asset sale, unless the option is to be assumed by the acquiring entity. In addition, under the Change in Control Program, in the event that the Company terminates any of the Named Executive Officers within 12 months following a change in control, the shares subject to that person’s option will vest as to the number of shares that would have vested within the 12 months following such termination.

⁽²⁾ The Company granted options to purchase 1.5 million shares of Common Stock during the three months ended July 31, 2004 to 1,198 employees.

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- (3) The options in this table may terminate before their expiration upon the termination of the optionee's status as an employee or consultant or upon the optionee's disability or death.
- (4) Under rules promulgated by the SEC, the amounts in these two columns represent the hypothetical gain or "option spread" that would exist for the options in this table based on assumed stock price appreciation from the date of grant until the end of such options' ten-year term at assumed annual rates of 5% and 10%. Annual compounding results in total appreciation of 63% (at 5% per year) and 159% (at 10% per year). The 5% and 10% assumed annual rates of appreciation are specified in SEC rules and do not represent the Company's estimate or projection of future stock price growth. The Company does not necessarily agree that this method can properly determine the value of an option, and there can be no assurance that the potential realizable values shown in this table will be achieved.

Equity Compensation Plan Information

The following table summarizes the number of outstanding options granted to employees and directors, as well as the number of securities remaining available for future issuance, under the Company's compensation plans at July 31, 2004 (number of securities in thousands).

<u>Plan category</u>	<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders ⁽¹⁾	17,415	\$ 20.09	16,990 ⁽²⁾
Equity compensation plans not approved by security holders ⁽³⁾	4,379	\$ 17.44	39
Total	21,794	\$ 19.56	17,029

(1) Included in these amounts are 0.2 million securities available to be issued upon exercise of outstanding options with a weighted-average exercise price of \$18.91 related to equity compensation plans assumed in connection with previous business mergers and acquisitions.

(2) Included in this amount are 6.6 million securities available for future issuance under Autodesk's 1998 Employee Qualified Stock Purchase Plan.

(3) Amounts correspond to Autodesk's Nonstatutory Stock Option Plan, which is not subject to shareholder approval.

Descriptions of each of our compensation plans may be found in our proxy statement for our 2004 Annual Meeting of Stockholders.

Risk Factors Which May Impact Future Operating Results

We operate in a rapidly changing environment that involves a number of risks, many of which are beyond our control. The following discussion highlights some of these risks and the possible impact of these factors on future results of operations. If any of the following risks actually occur, our business, financial condition or results of operations may be adversely impacted, causing the trading price of our common stock to decline.

Because we derive a substantial portion of our net revenues from a limited number of products, if these products are not successful, our net revenues will be adversely affected.

We derive a substantial portion of our net revenues from sales of AutoCAD software, including products based on AutoCAD that serve specific vertical markets, upgrades to those products and products that are interoperable with AutoCAD. As such, any factor adversely affecting sales of these products, including product release cycle, market acceptance, product performance and reliability, reputation, price competition and the availability of third-party applications, would likely harm our operating results.

In the Discreet Segment, our customers' buying patterns are heavily influenced by advertising and entertainment industry cycles, which have resulted in and may continue to have a negative impact on our operating results. In addition, Discreet's Advanced Systems products rely primarily on workstations manufactured by Silicon Graphics, Inc. ("SGI"). Failure of SGI to deliver products or product upgrades in a timely manner would likely result in an adverse effect upon our financial results for a given period.

Our operating results fluctuate within each quarter and from quarter to quarter making our future revenues and operating results difficult to predict.

Our quarterly operating results have fluctuated in the past and are likely to do so in the future. These fluctuations could cause our stock price to change significantly or experience declines. Some of the factors that could cause our operating results to fluctuate include the timing of the introduction of new products by us or our competitors, slowing of momentum in upgrade or maintenance revenue, failure to achieve anticipated levels of customer acceptance of key new applications, unexpected costs or changes in marketing or other operating expenses, changes in product pricing or product mix, platform changes, delays in product releases, distribution channel management, changes in sales compensation practices, the timing of large systems sales and general economic or political conditions, particularly in countries where we derive a significant portion of our net revenues.

We have also experienced fluctuations in operating results in interim periods in certain geographic regions due to seasonality or regional economic conditions. In particular, our operating results in Europe during the third quarter are usually impacted by a slow summer period, and the Asia Pacific operations typically experience seasonal slowing in the third and fourth quarters. Operating expenses may also increase in periods when major product releases occur.

Additionally, our operating expenses are based in part on our expectations for future revenues and are relatively fixed in the short term. Accordingly, any revenue shortfall below expectations could have an immediate and significant adverse effect on our profitability. Further, gross margins may be adversely affected if our sales of AutoCAD LT, upgrades and advanced systems products, which historically have had lower margins, grow at a faster rate than sales of our higher-margin products.

General economic conditions may affect our net revenues and harm our business.

As our business has grown, we have become increasingly subject to the risks arising from adverse changes in domestic and global economic and political conditions. If economic growth in the United States and other countries' economies is slowed, many customers may delay or reduce technology purchases. This could result in reductions in sales of our products, longer sales cycles, slower adoption of new technologies and increased price

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competition. In addition, weakness in the end-user market could negatively affect the cash flow of our distributors and resellers who could, in turn, delay paying their obligations to us, which would increase our credit risk exposure. Any of these events would likely harm our business, results of operations and financial condition.

Existing and increased competition may reduce our net revenues and profits.

The software industry has limited barriers to entry, and the availability of desktop computers with continually expanding performance at progressively lower prices contributes to the ease of market entry. The markets in which we compete are fairly mature and characterized by vigorous competition, both by entry of competitors with innovative technologies and by consolidation of companies with complementary products and technologies. In addition, some of our competitors have greater financial, technical, sales and marketing and other resources. Furthermore, a reduction in the number and availability of compatible third-party applications may adversely affect the sale of our products. Because of these and other factors, competitive conditions in the industry are likely to intensify in the future. Increased competition could result in continued price reductions, reduced net revenues and profit margins and loss of market share, any of which would likely harm our business.

We believe that our future results depend largely upon our ability to offer products that compete favorably with respect to reliability, performance, ease of use, range of useful features, continuing product enhancements, reputation and price.

Our efforts to develop and introduce new products and service offerings expose us to risks such as limited customer acceptance, costs related to product defects and large expenditures that may not result in additional net revenues.

Rapid technological change as well as changes in customer requirements and preferences characterize the software industry. We are devoting significant resources to the development of technologies, like our lifecycle management initiatives, and service offerings to address demands in the marketplace for increased connectivity and use of digital data created by computer-aided design software. As a result, we are transitioning to new business models, requiring a considerable investment of technical and financial resources. Such investments may not result in sufficient revenue generation to justify their costs, or competitors may introduce new products and services that achieve acceptance among our current customers, adversely affecting our competitive position. In particular, a critical component of our growth strategy is to convert our 2D customer base, including customers of AutoCAD, AutoCAD LT, and related vertical industry products, to our 3D products such as Autodesk Inventor Series or Autodesk Revit. However, should sales of AutoCAD, AutoCAD upgrades and AutoCAD LT products decrease without a corresponding conversion of customer seats to 3D products, our results of operations will be adversely affected.

Additionally, the software products we offer are complex, and despite extensive testing and quality control, may contain errors or defects. These defects or errors could result in the need for corrective releases to our software products, damage to our reputation, loss of revenues, an increase in product returns or lack of market acceptance of our products, any of which would likely harm our business.

We rely on third party technologies and if we are unable to use or integrate these technologies, our product and service development may be delayed.

We rely on certain software that we license from third parties, including software that is integrated with internally developed software and used in our products to perform key functions. These third-party software licenses may not continue to be available on commercially reasonable terms, and the software may not be appropriately supported, maintained or enhanced by the licensors. The loss of licenses to, or inability to support, maintain and enhance any such software could result in increased costs, or in delays or reductions in product shipments until equivalent software could be developed, identified, licensed and integrated, which would likely harm our business.

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In addition, for certain of our products and services, we rely on third party hardware and services, like the workstations supplied by SGI. Financial difficulties or even failure of these third parties, like SGI, may impact our ability to deliver such products and services and, as a result, may adversely impact our business.

Disruptions with licensing relationships, independent developers and third party developers could adversely impact our business.

Independent firms and contractors perform some of our product development activities, while other technologies are licensed from third parties. Licenses may restrict use of such technology in ways that negatively affect our business. We generally either own or license the software developed by third parties.

Because talented development personnel are in high demand, independent developers, including those who currently develop products for us, may not be able or willing to provide development support to us in the future. Similarly, we may not be able to obtain and renew license agreements on favorable terms, if at all, and any failure to do so could harm our business.

Our business strategy has historically depended in part on our relationships with third-party developers, who provide products that expand the functionality of our design software. Some developers may elect to support other products or may experience disruption in product development and delivery cycles or financial pressure during periods of economic downturn. In particular markets, this disruption would likely negatively impact these third-party developers and end users, which could harm our business.

Net revenues or earnings shortfalls or the volatility of the market generally may cause the market price of our stock to decline.

The market price for our common stock has experienced significant fluctuations and may continue to fluctuate significantly. The market price for our common stock may be affected by a number of factors, including the following: net revenues or earnings shortfalls and changes in estimates or recommendations by securities analysts; the announcement of new products or product enhancements by us or our competitors; quarterly variations in our or our competitors' results of operations; developments in our industry; one-time events such as acquisitions, divestitures and litigation; and general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

In addition, stock prices for many companies in the technology sector have experienced wide fluctuations that have often been unrelated to the operating performance of such companies. Historically, after periods of volatility in the market price of a company's securities, a company becomes more susceptible to securities class action litigation. This type of litigation is often expensive and diverts management's attention and resources.

Our business could suffer as a result of risks associated with strategic acquisitions, divestitures and investments.

We periodically acquire or invest in businesses, software products and technologies that are complementary to our business through strategic alliances, equity investments and the like. For example, in April 2004 we acquired certain assets of MechSoft.com, Inc, in May 2004 we acquired Unreal Pictures and in June 2004 we acquired certain assets of DESC, Inc. The risks associated with such acquisitions or investments include, among others, the difficulty of assimilating the operations and personnel of the companies, the failure to realize anticipated synergies and the diversion of management's time and attention. In addition, such investments and acquisitions, as well as business divestitures, may involve significant transaction-related costs. We may not be successful in overcoming such risks, and such investments, acquisitions and divestitures may negatively impact our business. In addition, such investments and acquisitions have in the past and may in the future contribute to potential fluctuations in quarterly results of operations. The fluctuations could arise from transaction-related costs and charges associated with eliminating redundant expenses or write-offs of impaired assets recorded in

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connection with acquisitions. These costs or charges could negatively impact results of operations for a given period or cause quarter to quarter variability in our operating results.

Our international operations expose us to significant regulatory, intellectual property, collections, exchange fluctuations and other risks, which could adversely impact our future net revenues and increase our net expenses.

We anticipate that international operations will continue to account for a significant portion of our consolidated net revenues and will provide significant support to our overall development efforts. Risks inherent in our international operations include the following: unexpected changes in regulatory practices and tariffs, difficulties in staffing and managing foreign sales and development operations, longer collection cycles for accounts receivable, potential changes in tax laws and laws regarding the management of data, greater difficulty in protecting intellectual property and the impact of fluctuating exchange rates between the U.S. dollar and foreign currencies in markets where we do business.

Our international results will also continue to be impacted by economic and political conditions in foreign markets generally or in specific large foreign markets. These factors may adversely impact our future international operations and consequently our business as a whole.

Our risk management strategy uses derivative financial instruments in the form of foreign currency forward and option contracts, for the purpose of hedging foreign currency market exposures, during each quarter, which exist as a part of our ongoing business operations. Nevertheless, significant fluctuations in exchange rates between the U.S. dollar and foreign currency markets may adversely impact our future net revenues.

If we do not maintain our relationships with the members of our distribution channel, or achieve anticipated levels of sell-through, our ability to generate net revenues will be adversely affected.

We sell our software products both directly to customers and through a network of distributors and resellers. Our ability to effectively distribute our products depends in part upon the financial and business condition of our reseller network. Computer software dealers and distributors are typically not highly capitalized and have previously experienced difficulties during times of economic contraction and may do so in the future. While we have a processes to ensure that we assess the creditworthiness of dealers and distributors prior to our sales to them, if their financial condition were to deteriorate, they might not be able to make repeat purchases. In addition, the changing distribution models resulting from increased focus on direct sales to strategic accounts or from two-tiered distribution may impact our reseller network in the future. No single customer, distributor or reseller accounted for more than 10% of our consolidated net revenues in during fiscal 2004, 2003 or 2002. We rely significantly upon major distributors and resellers in both the U.S. and international regions. The loss of or a significant reduction in business with those distributors or resellers or the failure to achieve anticipated levels of sell-through with any one of our major international distributors or large resellers could harm our business. In particular, if one or more of such resellers should be unable to meet their obligations with respect to accounts payable to us, we could be forced to write off such accounts, which could have a material adverse effect on our results of operations in a given period.

Product returns could exceed our estimates and harm our net revenues.

With the exception of contracts with some distributors, our sales contracts do not contain specific product-return privileges. However, we permit our distributors and resellers to return products in certain instances. For example, we generally allow our distributors and resellers to return older versions of products which have been superseded by new product releases. We anticipate that product returns will continue to be impacted by product update cycles, new product releases such as AutoCAD 2005 and software quality.

We establish reserves for stock balancing and product rotation. These reserves are based on historical experience, estimated channel inventory levels and the timing of new product introductions and other factors.

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While we maintain strict measures to monitor these reserves, actual product returns may exceed our reserve estimates, and such differences could harm our business.

If we are not able to adequately protect our proprietary rights, our business could be harmed.

We rely on a combination of patents, copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect our proprietary rights. Despite such efforts to protect our proprietary rights, unauthorized parties from time to time have copied aspects of our software products or have obtained and used information that we regard as proprietary. Policing unauthorized use of our software products is time-consuming and costly. While we have recovered some revenues resulting from the unauthorized use of our software products, we are unable to measure the extent to which piracy of our software products exists, and software piracy can be expected to be a persistent problem. Furthermore, our means of protecting our proprietary rights may not be adequate, and our competitors may independently develop similar technology.

We may face intellectual property infringement claims that could be costly to defend and result in our loss of significant rights.

As more and more software patents are granted worldwide, as the number of products and competitors in our industry segments grows and as the functionality of products in different industry segments overlap, we expect that software product developers will be increasingly subject to infringement claims. Infringement, invalidity claims or misappropriation claims may be asserted against us, and any such assertions could harm our business. Litigation often becomes more likely in times of economic downturn. Additionally, certain patent holders have become more aggressive in threatening litigation in attempts to obtain fees for licensing the right to use patents. Any such claims or threats, whether with or without merit, could be time-consuming to defend, result in costly litigation and diversion of resources, or could cause product shipment delays or require us to enter into royalty or licensing agreements. In addition, such royalty or license agreements, if required, may not be available on acceptable terms, if at all, which would likely harm our business.

If we are required to expense options granted under our employee stock plans as compensation, our net income and earnings per share would be significantly reduced, and we may be forced to change our business practices to attract and retain employees.

Historically, we have used stock options as a key component of our employee compensation packages. We believe that stock options provide an incentive to our employees to maximize long-term stockholder value and, through the use of vesting, encourage valued employees to remain with us. Proposals related to accounting for the grant of an employee stock option as an expense have been issued for comment by the Financial Accounting Standards Board. If such proposals are implemented, our net income and earnings per share will be negatively impacted, and we will not achieve our announced target for operating margins. As a result, we may decide to reduce the number of employees who receive stock options or grant fewer options to particular employees. This could adversely affect our ability to retain existing employees and attract qualified candidates, and also could increase the cash compensation we would have to pay to them.

Our restructuring for fiscal year 2005 could result in disruptions to our business or to our employee base, which could negatively impact anticipated revenues during those periods.

In the fourth quarter of fiscal 2004, we announced a restructuring which included workforce reduction and closure of certain facilities, which we revised in the first half of fiscal 2005. We expect related restructuring charges to be charged through the end of fiscal 2005. If we fail to effect all of the currently planned headcount and facilities reductions, our results of operations may be negatively impacted. Additionally, disruptions to our employee base may adversely impact anticipated revenues during those periods.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We have no material changes to the disclosure on this matter made in Item 7A of our report on Form 10-K for the fiscal year ended January 31, 2004.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

(b) Changes in internal control over financial reporting.

There was no change in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On December 27, 2001, Spatial Corp. (“Spatial”) filed suit in Marin County Superior Court against Autodesk and one of our consultants, D-Cubed Ltd., seeking among other things, termination of a development and license agreement between Spatial and Autodesk and an injunction preventing Autodesk from working with contractors under the agreement. On October 2, 2003, a jury found that Autodesk did not breach the agreement. As the prevailing party in the action, the court awarded Autodesk approximately \$2.4 million for reimbursement of attorneys’ fees and the costs of trial, which was paid during the second quarter of fiscal 2005. Spatial filed a notice of appeal on December 2, 2003 appealing the decision of the jury. Spatial claims that certain testimony of a witness should not have been considered by the jury and as a result, Spatial asserts that it is entitled to a new trial. Autodesk filed its opposition to Spatial’s appeal in August 2004. At the present time, the appeal has not been set for hearing by the appellate court. After reviewing the arguments made in the appeal, we believe the ultimate resolution of this matter will not have a material effect on Autodesk’s consolidated statements of financial position, results of operations or cash flows. However, it is possible that an unfavorable resolution of this matter could occur and materially affect our future results of operations, cash flows or financial position in a particular period.

On May 13, 2004, Nuvo Services, LLC (“Nuvo”) filed suit in United States District Court, District of Arizona against Autodesk seeking to compel arbitration of Nuvo’s claim that Autodesk breached a contract that allegedly existed between Nuvo and a company acquired by Buzzsaw.com (“Buzzsaw”) in 2000. Autodesk acquired Buzzsaw in 2001. In the complaint, Nuvo alleges that Autodesk breached the contract by assigning the contract or rights under the contract to a third party without Nuvo’s prior consent. The complaint seeks unspecified damages and recovery of the amount in which Autodesk was unjustly enriched by the assignment. While Autodesk believes the ultimate resolution of this matter will not have a material effect on Autodesk’s consolidated statements of financial position, results of operations or cash flows, it is possible that an unfavorable resolution of this matter could occur and materially affect our future results of operations, cash flows or financial position in a particular period.

In connection with our anti-piracy program, designed to enforce copyright protection of our software and conducted both internally and through the Business Software Alliance (“BSA”), we from time to time undertake litigation against alleged copyright infringers. Such lawsuits may lead to counter claims alleging improper use of litigation or violation of other local law and have recently increased in frequency, especially in Latin American countries. To date, none of such counter claims has resulted in material damages and the Company does not believe that any such pending claims, individually or in the aggregate, will result in a material adverse effect on our future results of operations, cash flows or financial position.

In addition, we are involved in legal proceedings from time to time arising from the normal course of business activities including claims of alleged infringement of intellectual property rights, commercial, employment, piracy prosecution and other matters. In our opinion, resolution of pending matters is not expected to have a material adverse impact on our consolidated results of operations, cash flows or our financial position. However, it is possible that an unfavorable resolution of one or more such proceedings could in the future materially affect our future results of operations, cash flows or financial position in a particular period.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no sales of unregistered securities during the six months ended July 31, 2004.

The information concerning issuer purchases of equity securities required by this Item is incorporated by reference herein to the section of this Report entitled “Issuer Purchases of Equity Securities” in Part I, Item 2 above.

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ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

At our Annual Meeting of Stockholders held on June 17, 2004, the following individuals were re-elected to the Board of Directors. Each director will serve for the ensuing year and until their successors are duly elected and qualified.

	<u>Votes For</u>	<u>Votes Withheld</u>
Carol A. Bartz	100,487,592	3,035,562
Mark A. Bertelsen	89,140,019	14,383,135
Crawford W. Beveridge	94,976,207	8,546,947
J. Hallam Dawson	99,193,358	4,329,796
Michael J. Fister	101,965,406	1,557,748
Per-Kristian Halvorsen	96,116,535	7,406,619
Steven L. Scheid	100,338,128	3,185,026
Mary Alice Taylor	100,336,242	3,186,912
Larry W. Wangberg	96,114,759	7,408,395

The following proposals were approved at our Annual Meeting:

	<u>Affirmative Votes</u>	<u>Negative Votes</u>	<u>Votes Withheld</u>	<u>Broker Non-Votes</u>
1. To ratify the appointment of Ernst & Young LLP as Autodesk's independent auditors for the fiscal year ending January 31, 2005.	98,036,283	4,555,444	931,427	—
2. Stockholder proposal urging the Compensation and Human Resource Committee of the Board of Directors to adopt a policy requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs during their employment, and to report to stockholders regarding the policy before Autodesk's 2005 annual meeting of stockholders.	34,124,729	54,664,999	2,753,718	11,979,708

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibits

The Exhibits listed below are filed as part of this Form 10-Q.

Exhibit 10.1	Description of Autodesk Executive Growth Bonus Plan
Exhibit 10.2	Autodesk Incentive Program
Exhibit 10.3	1996 Stock Plan and form of stock option agreement
Exhibit 10.4	Nonstatutory Stock Option Plan and form of stock option agreement
Exhibit 10.5	2000 Directors' Option Plan and forms of agreements
Exhibit 10.6	1998 Employee Qualified Stock Purchase Plan and form of agreement
Exhibit 31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) or 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) or 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

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

Dated: September 9, 2004

AUTODESK, INC.
(Registrant)

/s/ ALFRED J. CASTINO

Alfred J. Castino
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Description of Autodesk Executive Growth Bonus Plan

In order to provide incentive to exceed the projected revenue growth targets set for fiscal 2005, the Compensation Committee of the Autodesk Board of Directors has adopted the Autodesk Growth Bonus Plan. This Plan, which is incremental to the company's standard bonus plan, provides for payout only in circumstances where actual year-over-year revenue growth substantially exceeds the expected revenue growth levels. Participants in the Plan are various Autodesk officers, including the officers named in the summary compensation table of Autodesk's 2004 Proxy Statement. The Plan is not embodied in a formal written document and is scheduled to expire following any payouts made based on revenue growth achieved for the fiscal year ending January 31, 2005. The Committee has reserved authority to make changes to the Plan prior to payout in certain circumstances.

[GRAPHIC APPEARS HERE]

The Autodesk Incentive Program
Fiscal Year 2005
February 1, 2004 – January 31, 2005

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Overview

The FY05 Autodesk Incentive Plan (AIP) replaces the FY04 AIP Plan. The AIP plan (the Plan) consists of an overall corporate plan and a number of group plans covering all Autodesk divisions, groups, and business units. The Plan is funded at various levels based upon the company and/or business unit achieving defined financial goals. Participants of the Plan are eligible to receive a portion of the funding based on their individual achievement and overall job performance. Participation in this plan supercedes any and all previous bonus or incentive arrangements that may have been communicated verbally or in writing, including bonus or incentive plans detailed in offer letters.

Plan Year

The FY 2005 plan coincides with the Autodesk fiscal year, February 1, 2004 through January 31, 2005.

Eligibility

To be eligible for payout under the Plan, participants must be hired prior to January 1st of the plan year (the first day of the last month of the plan year). All regular non-sales employees in the U.S. and Canada are eligible to participate in the Plan. Eligibility in all other locations is defined by local market practice and approved by the Director of Compensation.

Plan participants are not eligible for any other formal incentive, bonus, or sales commission plan except for certain Sales Vice Presidents where the total incentive opportunity is divided between commissions and AIP and approved by the Director of Compensation at the beginning of the plan year.

Eligible participants are assigned by Corporate Compensation to the appropriate group plan within AIP based on organization and role. See the Appendix for group plan participant profiles.

Target Incentive

Each Plan participant will have a target incentive. This target is based on internal equity and external market practices and is approved by the Director of Compensation. Targets in the U.S. and Canada are set for each pay grade by Corporate Compensation based on market competitive data and are not subject to individual agreements or contracts. In other regions, the minimum Plan target is 5% of base (fixed) salary, and is documented in individual employment contracts and in the HR Information System (SAP). The exact target is confirmed to participants according to local practice. It is important to understand that incentive targets are simply mechanisms for incentive plan funding and should not be misconstrued as commitments of future payout.

Goal Setting

It is recommended that each Plan participant work with his/her manager to document clear and measurable individual goals, linked to the goals of the business. For Directors and above, divisional and/or corporate goals will also apply. There will likely be some discussion regarding the relative weight and priority of the goals, but what's really important is that the goals are clear and measurable.

The number of individual goals should be set so that each receives proper attention from the participant. A sample form for this purpose is included in the Appendix. Once the goals have been finalized and documented, managers should retain a copy for their records and provide a copy to the participant.

Important Tip...

Participants are encouraged to review the appendix on "SMART" Goals at the end of this document for tips on setting goals. It is strongly suggested that participants check their goals to make sure they follow these guidelines to avoid miscommunication throughout the fiscal year. As work progresses on goals throughout the year, participants are encouraged to track accomplishments and check in periodically with their manager to discuss progress and goal revisions, if applicable.

Plan Funding

Funding for each AIP group plan is based on achievement of revenue growth and operating or contribution margin goals. In emerging groups or business units, funding may also be partially based on growth initiatives approved by the CEO.

At the beginning of each Plan year, a series of group plan matrices are constructed portraying various achievement scenarios. At the end of the Plan year, a plan modifier is applied to the group target incentive pool, adjusting it up/down, based on financial performance and achievement of growth initiatives where applicable. AIP funding is not capped. Group plan matrices may be viewed via the Autodesk Incentive Plan web pages located in the HR section of InfoSys.

The sum of all eligible participants' incentive targets in effect on the last day of the Plan year (January 31) is used to determine the funding for each group plan. This sum is applied to the group plan multiplier, to determine the total pool available for each organization.

Example:

Sum of Plan eligible participants' targets:	\$200,000
Group Plan modifier:	80% (.8x)
Adjusted pool available for payout:	\$160,000 (200K * .8)

Most AIP group plans are based on two funding tables. The Plan participant's business unit funding table typically has a heavier weighting than the secondary funding table.

Example:

Sum of Plan eligible participants' targets:	\$200,000
Modifier #1 – 70% weighting:	75% (.75x)
Modifier #2 – 30% weighting:	50% (.5x)
Group Plan modifier:	125% (1.25x)
Adjusted pool available for payout:	\$250,000 (200K * 1.25)

Individual Award Recommendations

The amount of individual AIP awards is discretionary and should not be confused with AIP group plan funding amounts. There is, however, a strong correlation between individual performance ratings and AIP award payouts. An overall performance rating is determined for each participant at the end of each fiscal year based on a number of factors, including individual performance and goal achievement.

In determining each individual performance rating, managers take into account:

- Overall individual performance
- Contribution to the success of the team goals and objectives
- Individual goal achievement
- Relative difficulty and importance of the goals to the achievement of business objectives

Award Payout Schedule

Annual AIP awards are distributed at the end of the fiscal year, typically in April. However, after the second quarter and dependent on business financial results, at the discretion of the CEO, a mid-year payment may be approved. If awards are granted mid-year, the amount will be deducted from the end of the year incentive payout.

Final Approval and Payout

After overall performance ratings and AIP awards are recommended by the appropriate manager and approved by the SVP/EVP, they are forwarded to the SVP of HR and the CEO for review¹. At the Director level and above, award recommendations will be reviewed and may be adjusted to ensure equity with the awards for others in the organization in similar levels with similar performance.

When final AIP awards are approved and reflected in the Bonus Planning System, the Compensation Programs Manager will notify managers and HR Business Partners that awards may be communicated to participants. Individualized congratulatory award letters are available via the Bonus Planning System (AIM). Award payout amounts will then be forwarded to the appropriate payroll center for processing. Payout will occur as soon as administratively possible following final approval, but no later than 3 months following the end of the fiscal year (Plan year).

¹ In the case of Executive Staff members, the Compensation Committee of the Board of Directors will review and approve the recommended AIP awards.

New Hires, Terminations, and Transfers

To be eligible for payout under the Plan, participants must be hired prior to January 1st of the plan year (the first day of the last month of the plan year). Funding for Plan participants hired during the Plan year but before January 1st is pro-rated according to the actual number of days active. Actual payout is discretionary based on criteria listed in the Individual Award Recommendations section of this document.

Participants must be active regular employees on the Autodesk payroll on the last day of the Plan year (January 31) to receive a bonus for the Plan year unless local law dictates that a partial payment be made based on performance and time in the job. All exceptions to this policy must be approved by the SVP of HR. Appeals must include documentation that clearly describes any local law violated by this policy. These exceptions, if approved, will be based on Plan performance criteria as well as group plan funding, and will be made at the end of the Plan year at the same time as regular AIP award payouts.

Employees who transfer to a non-eligible (i.e.; sales) position before the end of the Plan year may be eligible for a prorated award payout if still employed by Autodesk on the last day of the Plan year. Awards will be discretionary based on performance in the eligible position. All prorated payouts, if applicable, will be manually processed at the end of the Plan year and paid on the normal AIP payout date.

General Interpretation

The Autodesk Incentive Plan is administered under the direction of Corporate Compensation. Questions about the Plan may be raised with the appropriate manager, HR Business Partner and/or anyone in the Compensation team. The SVP of HR will interpret the provisions of this Plan and rule on situations not specifically covered.

Plan Changes

Any changes or amendments to the Plan must have the approval of the SVP of HR. Autodesk reserves the right to revise, alter, amend, or terminate the Plan and/or any compensation at any time before, during, or after the applicable Plan year. Decisions regarding payment under this Plan are within the sole and exclusive direction of Autodesk. All decisions of Autodesk are final. The Plan does not constitute a contract of employment and does not in any way alter the “at-will” status of employment at Autodesk.

The Plan shall be applied in compliance with legal requirements, as interpreted and determined by Autodesk at its sole discretion. Accordingly, Autodesk may from time to time waive some of the requirements contained herein and apply the compensation plan differently from country to country with the approval of the SVP of HR.

Final Authority

For issues not specifically addressed in the Plan document, and for matters of administration of the Plan, including Plan modifications, the SVP of Human Resources must individually review and ratify any such decisions or exceptions, including any payout guarantees made at the time of an employment offer. All exceptions require the written approval of the SVP of HR.

AUTODESK, INC.

1996 STOCK PLAN¹

1. Purposes of the Plan. The purposes of this Stock Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide additional incentive to Employees, and
- to promote the success of the Company's business.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights and Long-Term Performance Awards may also be granted under the Plan.

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

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the legal requirements relating to the administration of stock option plans under U. S. state corporate laws, U.S. federal and state securities laws, the Code and the applicable laws of any foreign country or jurisdiction where Options or Stock Purchase Rights will be or are being granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a Committee appointed by the Board in accordance with Section 4 of the Plan.

(f) "Common Stock" means the Common Stock of the Company.

(g) "Company" means Autodesk, Inc., a Delaware corporation.

(h) "Continuous Status as an Employee" means that the employment relationship with the Company, its Parent, or any Subsidiary, is not interrupted or terminated. Continuous Status as an Employee shall not be considered interrupted in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. A leave of absence approved by the Company shall include sick leave, military leave, or any other

¹ As amended by the Company's Board of Directors on September 25, 2003.

personal leave approved by an authorized representative of the Company. For purposes of Incentive Stock Options, no such leave may exceed ninety days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 181st day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

(i) “Director” means a member of the Board.

(j) “Disability” means total and permanent disability as defined in Section 22(e)(3) of the Code.

(k) “Employee” means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director’s fee by the Company shall be sufficient to constitute “employment” by the Company.

(l) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(m) “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 or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the date of such determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is 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 bid 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 Administrator deems reliable;

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

(n) “Incentive Stock Option” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(o) “Insiders” means individuals subject to Section 16 of the Exchange Act.

(p) “Long-Term Performance Award” means an award of cash or stock pursuant to Section 12 of the Plan.

(q) “Nonstatutory Stock Option” means an Option not intended to qualify as an Incentive Stock Option.

(r) “Notice of Grant” means a written or electronic notice evidencing certain terms and conditions of an individual Option, Stock Purchase Right or Long-Term Performance Award grant. The Notice of Grant is part of the Option Agreement.

(s) “Officer” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(t) "Option" means a stock option granted pursuant to the Plan.

(u) "Option Agreement" means a written or electronic agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(v) "Optioned Stock" means the Common Stock subject to an Option, Stock Purchase Right or Long-Term Performance Award.

(w) "Optionee" means an Employee who holds an outstanding Option, Stock Purchase Right or Long-Term Performance Award.

(x) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(y) "Plan" means this 1996 Stock Plan, as amended.

(z) "Restricted Stock" means shares of Common Stock acquired pursuant to a grant of Stock Purchase Rights under Section 11 below.

(aa) "Restricted Stock Purchase Agreement" means a written agreement between the Company and the Optionee evidencing the terms and restrictions applying to stock purchased under a Stock Purchase Right. The Restricted Stock Purchase Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(bb) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(cc) "Section 16(b)" means Section 16(b) of the Securities Exchange Act of 1934, as amended.

(dd) "Share" means a share of the Common Stock, as adjusted in accordance with Section 14 of the Plan.

(ee) "Stock Purchase Right" means the right to purchase Common Stock pursuant to Section 11 of the Plan, as evidenced by a Notice of Grant.

(ff) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 7,000,000 shares, plus (a) an annual increase to be made on the last day of the immediately preceding fiscal year equal to the lesser of (i) 10,000,000 Shares, (ii) 3.5% of the Issued Shares (as defined below) on such date or (iii) a lesser amount determined by the Board, (b) any Shares which have been reserved but unissued under the Company's 1987 Stock Option Plan ("1987 Plan") as of the date of stockholder approval of the original adoption of this Plan not to exceed 3,000,000 Shares, and (c) any Shares returned to the 1987 Plan as a result of termination of options under the 1987 Plan not to exceed 18,000,000 Shares. "Issued Shares" shall mean the number of shares of Common Stock of the Company outstanding on such date plus any shares reacquired by the Company during the fiscal year that ends on such date.

If an Option, Stock Purchase Right or Long-Term Performance Award expires or becomes unexercisable without having been exercised in full, the unpurchased Shares which were subject thereto shall

become available for future grant or sale under the Plan (unless the Plan has terminated); provided, however, that Shares that have actually been issued under the Plan, whether upon exercise of an Option, Stock Purchase Right or Long-Term Performance Award, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if Shares of Restricted Stock are repurchased by the Company at their original purchase price, and the original purchaser of such Shares did not receive any benefits of ownership of such Shares, such Shares shall become available for future grant under the Plan. For purposes of the preceding sentence, voting rights shall not be considered a benefit of Share ownership.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. If permitted by Rule 16b-3, the Plan may be administered by different bodies with respect to Directors, Officers who are not Directors, and Employees who are neither Directors nor Officers.

(ii) Administration With Respect to Directors and Officers Subject to Section 16(b). With respect to Option, Stock Purchase Right or Long-Term Performance Award grants made to Employees who are also Officers or Directors subject to Section 16(b) of the Exchange Act, the Plan shall be administered by (A) the Board, if the Board may administer the Plan in a manner complying with the rules under Rule 16b-3 relating to the disinterested administration of employee benefit plans under which Section 16(b) exempt discretionary grants and awards of equity securities are to be made, or (B) a committee designated by the Board to administer the Plan, which committee shall be constituted to comply with the rules under Rule 16b-3 relating to the disinterested administration of employee benefit plans under which Section 16(b) exempt discretionary grants and awards of equity securities are to be made. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. From time to time the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and substitute new members, fill vacancies (however caused), and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by the rules under Rule 16b-3 relating to the disinterested administration of employee benefit plans under which Section 16(b) exempt discretionary grants and awards of equity securities are to be made.

(iii) Administration With Respect to Other Persons. With respect to Option, Stock Purchase Right or Long-Term Performance Award grants made to Employees who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a committee designated by the Board, which committee shall be constituted to satisfy Applicable Laws. Once appointed, such Committee shall serve in its designated capacity until otherwise directed by the Board. The Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and substitute new members, fill vacancies (however caused), and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value of the Common Stock, in accordance with Section 2(n) of the Plan;

(ii) to select the Employees to whom Options, Stock Purchase Rights and Long-Term Performance Awards may be granted hereunder;

(iii) to determine whether and to what extent Options, Stock Purchase Rights and Long-Term Performance Awards or any combination thereof, are granted hereunder;

(iv) to determine the number of shares of Common Stock to be covered by each Option, Stock Purchase Right and Long-Term Performance Awards granted hereunder;

(v) to approve forms of agreement for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options, Stock Purchase Rights or Long-Term Performance Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option, Stock Purchase Right or Long-Term Performance Awards or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(ix) to modify or amend each Option, Stock Purchase Right or Long-Term Performance Awards (subject to Section 16(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option, Stock Purchase Right or Long-Term Performance Awards previously granted by the Administrator;

(xi) to determine the terms and restrictions applicable to Options, Stock Purchase Rights, Long-Term Performance Awards and any Restricted Stock; and

(xii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations shall be final and binding on all Optionees and any other holders of Options, Stock Purchase Rights or Long-Term Performance Awards.

5. Eligibility. Incentive Stock Options, Nonstatutory Stock Options, Stock Purchase Rights and Long-Term Performance Awards may be granted to Employees. If otherwise eligible, an Employee who has been granted an Option, Stock Purchase Right or Long-Term Performance Awards may be granted additional Options, Stock Purchase Rights or Long-Term Performance Awards.

6. Limitations.

(a) Each Option shall be designated in the written option agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds \$100,000, such Options shall be treated as Nonstatutory Stock Options.

(b) Neither the Plan nor any Option, Stock Purchase Right or Long-Term Performance Award shall confer upon an Optionee any right with respect to continuing the Optionee's employment or consulting relationship with the Company, nor shall they interfere in any way with the Optionee's right or the Company's right to terminate such employment or consulting relationship at any time, with or without cause.

(c) The following limitations shall apply to grants of Options to Employees:

(i) No Employee shall be granted, in any fiscal year of the Company, Options to purchase more than 1,000,000 Shares.

(ii) In connection with his or her initial employment, an Employee may be granted Options to purchase up to an additional 1,000,000 Shares which shall not count against the limit set forth in subsection (i) above.

(iii) The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 14.

(iv) If an Option is cancelled in the same fiscal year of the Company in which it was granted (other than in connection with a transaction described in Section 14), the cancelled Option will be counted against the limits set forth in subsections (i) and (ii) above.

7. Term of Plan. Subject to Section 20 of the 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 20 of the Plan. It shall continue in effect for a term of ten (10) years unless terminated earlier under Section 16 of the Plan.

8. Term of Option. The term of each Option shall be stated in the Notice of Grant; provided, however, that in the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the Notice of Grant.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised. In so doing, the Administrator may specify that an Option may not be exercised until either the completion of a service period or the achievement of performance criteria with respect to the Company or the Optionee.

(c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of:

(i) cash;

(ii) check;

(iii) promissory note;

(iv) other Shares which (A) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six months on the date of surrender, and (B) 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;

(v) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price;

(vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

(vii) any combination of the foregoing methods of payment; or

(viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement and the Notice of Grant.

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

An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), 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. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised and, in the Company's discretion, may be held in book form by the Company or in a brokerage account, as determined by the Administrator. 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 14 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter 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) Termination of Employment Relationship. Upon termination of an Optionee's Continuous Status as an Employee, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Notice of Grant to the extent that he or she is entitled to exercise it on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). In the absence of a specified time in the Notice of Grant, the Option shall remain exercisable for three (3) months following the Optionee's termination. If, on the date of termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. Upon termination of an Optionee's Continuous Status as an Employee as a result of the Optionee's Disability, the Optionee may exercise his or her Option at any time within twelve (12) months (or such other period of time as is determined by the Administrator) from the date of termination, but only to the extent that the Optionee is entitled to exercise it on the date of termination (and in no event later than the expiration of the term of the Option as set forth in the Notice of Grant). If, on the date of termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. In the event of the death of an Optionee, the Option shall become fully exercisable, including as to Shares for which it would not otherwise be exercisable and may be exercised at any time within twelve (12) months (or such other period of time as is determined by the Administrator) following the date of death (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance. If, after death, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Rule 16b-3. Options granted to individuals subject to Section 16 of the Exchange Act (Insiders) must comply with the applicable provisions of Rule 16b-3 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.

11. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing or electronically, by means of a Notice of Grant, of the terms, conditions and restrictions related to the offer, including the number of Shares that the offeree shall be entitled to purchase, the price to be paid provided, however, that the purchase price shall not be less than the par value of the Company's Common Stock, and the time within which the offeree must accept such offer, which shall in no event exceed ninety (90) days from the later of (i) the date upon which the Administrator made the determination to grant the Stock Purchase Right, or (ii) the date the Notice of Grant of Stock Purchase Rights is delivered to the Executive. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator. The number of Shares subject to grants of Stock Purchase Rights shall not exceed fifteen percent (15%) of the total number of Shares authorized under the Plan.

(b) Repurchase Option. The Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's employment with the Company for any reason (including Disability); provided, however, that such repurchase option shall terminate in the event of the death of the Purchaser. In all other cases, the repurchase option shall lapse at a rate determined by the Administrator; provided, however that, except as otherwise provided in this subsection, no portion of the repurchase option shall lapse before the end of three years from the date of purchase of the Restricted Stock. The purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company.

(c) Rule 16b-3. Stock Purchase Rights granted to Insiders, and Shares purchased by Insiders in connection with Stock Purchase Rights, shall be subject to any restrictions applicable thereto in compliance with Rule 16b-3. An Insider may only purchase Shares pursuant to the grant of a Stock Purchase Right, and may only sell Shares purchased pursuant to the grant of a Stock Purchase Right, during such time or times as are permitted by Rule 16b-3.

(d) Other Provisions. The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. In addition, the provisions of Restricted Stock Purchase Agreements need not be the same with respect to each purchaser.

(e) Rights as a Stockholder. Once the Stock Purchase Right is exercised, the purchaser shall have the rights equivalent to those of a stockholder, and shall be a stockholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 14 of the Plan.

(f) Issuance of Shares. As soon as possible after full payment of the purchase price, the Shares purchased shall be duly issued; provided, however, that the Administrator may require that the purchaser make adequate provision for any Federal and State withholding obligations of the Company as a condition to such purchase.

(g) Shares Available Under the Plan. Exercise of a Stock Purchase Right in any manner shall result in a decrease in the number of Shares that thereafter shall be available for reissuance under the Plan.

(h) Stock Withholding to Satisfy Tax Obligations. The Administrator may, in its discretion, permit a purchaser to satisfy any withholding tax obligation that arises in connection with the vesting of Shares by electing to have the Company withhold from such vested Shares that number of Shares having a Fair Market Value equal to the amount required to be withheld. Elections by purchasers to have Shares withheld for this purpose shall be made in writing in a form acceptable to the Administrator and shall be subject to such restrictions and limitations as the Administrator may specify.

12. Long-Term Performance Awards.

(a) Awards. Long-Term Performance Awards are cash or stock bonus awards that may be granted either independently or along with, in addition to or in tandem with other awards granted under the Plan and/or awards made outside of the Plan. Long-Term Performance Awards shall not require payment by the recipient of any consideration for the Long-Term Performance Award or for the Shares covered by such award. The Administrator shall determine the nature, length and starting date of any performance period (the "Performance Period") for each Long-Term Performance Award and shall determine the performance and/or employment factors to be used in the determination of the value of Long-Term Performance Awards and the extent to which such Long-Term Performance Awards have been earned. Shares issued pursuant to a Long-Term Performance Award may be made subject to various conditions, including vesting or forfeiture provisions. Long-Term Performance Awards may vary from participant to participant and between groups of participants and shall be based upon the achievement of Company, Subsidiary and/or individual performance factors or upon such other criteria as the Administrator may deem appropriate. Performance Periods may overlap and participants may participate simultaneously with respect to Long-Term Performance Awards that are subject to different Performance Periods and different performance factors and criteria. Long-Term Performance Awards shall be confirmed by, and be subject to the terms of, a written Long-Term Performance Award agreement.

(b) Value of Awards. At the beginning of each Performance Period, the Administrator may determine for each Long-Term Performance Award subject to such Performance Period the range of dollar values and/or numbers of Shares to be issued to the participant at the end of the Performance Period if and to the extent that the relevant measures of performance for such Long-Term Performance Award are met. Such dollar values or numbers of Shares may be fixed or may vary in accordance with such performance or other criteria as may be determined by the Administrator.

(c) Adjustment of Awards. Notwithstanding the provisions of Section 16 hereof, the Administrator may, after the grant of Long-Term Performance Awards, adjust the performance factors applicable to such Long-Term Performance Awards to take into account changes in the law or in accounting or tax rules and to make such adjustments as the Administrator deems necessary or appropriate to reflect the inclusion or exclusion of the impact of extraordinary or unusual items, events or circumstances in order to avoid windfalls or hardships.

(d) Termination. Unless otherwise provided in the applicable Long-Term Performance Award agreement, if a participant terminates his or her employment or his or her consultancy during a Performance Period because of death or Disability, the Administrator may in its discretion provide for an earlier payment in settlement of such award, which payment may be in such amount and under such terms and conditions as the Administrator deems appropriate.

Unless otherwise provided in the applicable Long-Term Performance Award agreement, if a participant terminates employment or his or her consultancy during a Performance Period for any reason other than death or Disability, then such a participant shall not be entitled to any payment with respect to the Long-Term Performance Award subject to such Performance Period, unless the Administrator shall otherwise determine in its discretion.

(e) Form of Payment. The earned portion of a Long-Term Performance Award may be paid currently or on a deferred basis (with such interest or earnings equivalent as may be determined by the Administrator). Payment shall be made in the form of cash or whole Shares (including Restricted Stock), or a combination thereof, either in a lump sum payment or in installments, all as the Administrator shall determine.

(f) Reservation of Shares. In the event that the Administrator grants a Long-Term Performance Award that is payable in cash or Common Stock, the Administrator may (but need not) reserve an appropriate number of Shares under the Plan at the time of grant of the Long-Term Performance Award. If and to the extent that the full amount reserved is not actually paid in Common Stock, the Shares representing the portion of the reserve for that Long-Term Performance Award that is not actually issued in satisfaction of such Long-Term Performance Award shall again become available for award under the Plan. If Shares are not reserved by the Administrator at the time of grant, then (i) no Shares shall be deducted from the number of Shares available for grant under the Plan at that time and (ii) at the time of payment of the Long-Term Performance Award, only the number of Shares actually issued to the participant shall be so deducted. If there are not a sufficient number of Shares available under the Plan for issuance to a participant at the time of payment of a Long-Term Performance Award, any shortfall shall be paid by the Company in cash.

(g) Rule 16b-3. Grants of Long-Term Performance Awards to Directors and Officers must comply with the applicable provisions of Rule 16b-3 and such Long-Term Performance Awards shall contain such additional conditions or restrictions, if any, as may be required by Rule 16b-3 to be in the written agreement relating to such Long-Term Performance Awards in order to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

13. Non-Transferability of Options, Stock Purchase Rights and Long-Term Performance Awards. An Option, Stock Purchase Right or Long-Term Performance Award 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.

14. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Option, Long-Term Performance Award and Stock Purchase Right, and the number of Shares which have been authorized for issuance under the Plan but as to which no Options, Long-Term Performance Awards or Stock Purchase Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, Long-Term Performance Award or Stock Purchase Right, as well as the price per Share covered by each such outstanding Option, Long-Term Performance Award or Stock Purchase Right, 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 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, Long-Term Performance Award or Stock Purchase Right.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for an Optionee to have the right to exercise his or her Option, Stock Purchase Right or Long-Term Performance Award until ten (10) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option, Stock Purchase Right or Long-Term Performance Award shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option, Stock Purchase Right or Long-Term Performance Award will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Asset Sale. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option, Stock Purchase Right and Long-Term Performance Award shall be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation, or in the event that the successor corporation refuses to assume or substitute for the Option, Stock Purchase Right or Long-Term Performance Award, the Optionee shall have the right to exercise the Option, Stock Purchase Right or Long-Term Performance Award as to all of the Optioned Stock, including Shares as to which it would not otherwise be exercisable. If an Option, Stock Purchase Right or Long-Term Performance Award is exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee in writing or electronically that the Option, Stock Purchase Right or Long-Term Performance Award shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Option, Stock Purchase Right or Long-Term Performance Award shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option, Stock Purchase Right or Long-Term Performance Award shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option, Stock Purchase Right or Long-Term Performance Award immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets was not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option, Stock Purchase Right or Long-Term Performance Award, for each Share of Optioned Stock subject to the Option, Stock Purchase Right or Long-Term Performance Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

15. Date of Grant. The date of grant of an Option, Stock Purchase Right or Long-Term Performance Award shall be, for all purposes, the date on which the Administrator makes the determination granting such Option, Stock Purchase Right or Long-Term Performance Award, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

16. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company shall obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Rule 16b-3 or with Sections 162(m) or 422 of the Code (or any successor rule or statute or other applicable law, rule or regulation, including the requirements of any exchange or quotation system on which the Common Stock is listed or quoted). Such stockholder approval, if required, shall be obtained in such a manner and to such a degree as is required by the applicable law, rule or regulation.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

17. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option, Stock Purchase Right or Long-Term Performance Award unless the exercise of such Option, Stock Purchase Right or Long-Term Performance Award and the issuance and delivery of such Shares 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, Applicable Laws, and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Option, Stock Purchase Right or Long-Term Performance Award, the Company may require the person exercising such Option, Stock Purchase Right or Long-Term Performance Award 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.

18. Liability of Company.

(a) Inability to Obtain Authority. The 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.

(b) Grants Exceeding Allotted Shares. If the Optioned Stock covered by an Option, Stock Purchase Right or Long-Term Performance Award exceeds, as of the date of grant, the number of Shares

which may be issued under the Plan without additional stockholder approval, such Option, Stock Purchase Right or Long-Term Performance Award shall be void with respect to such excess Optioned Stock, unless stockholder approval of an amendment sufficiently increasing the number of Shares subject to the Plan is timely obtained in accordance with Section 16(b) of the Plan.

19. 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.

20. Stockholder Approval. Continuance of the Plan shall be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted. Such stockholder approval shall be obtained in the manner and to the degree required under applicable federal and state law.

**Notice of Grant of Stock Options
and Option Agreement**

Autodesk, Inc.
ID: 94-2819853
111 MC INNIS PARKWAY
SAN RAFAEL, CA 94903
(415) 507-5000

Grant Number:

Plan:

ID:

NAME

ADDRESS

CITY ST ZIP

You have been granted an option to purchase Common Stock of the Company, subject to the terms and conditions in the [Plan] and the [Plan] Stock Option Agreement, as follows:

Date of Grant:

Exercise Price Per Share:

Total Number of Shares Granted:

Total Exercise Price:

Type of Option:

Expiration Date of Option:

Vesting Schedule: This Option may be exercised in whole or in part, in accordance with the following:

You and the Company agree that the options granted by this Notice are governed by the terms and conditions of the [Plan] as amended and the [Plan] Stock Option Agreement, all of which are made a part of this document and may be accessed by you or InfoSys. You acknowledge receipt of a copy of the [Plan] Stock Option Agreement and a copy of the [Plan], that you have read and are familiar with the terms and provisions of each, and accept this option grant subject to all of the terms and provisions contained in each document. By accepting below, you agree to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the [Plan].

Autodesk, Inc.



Chairman of the Board, President and CEO

STOCK OPTION AGREEMENT

Autodesk, Inc., a Delaware corporation (the “Company”), has granted to the optionee (the “Optionee”), named on the Notice of Grant of Stock Options (the “Notice of Grant”) which is attached hereto an option to purchase that number of shares of Common Stock (the “Shares”) set forth on the Notice of Grant at the price set forth on the Notice of Grant and in all respects subject to the terms, definitions and provisions of the Company’s stock option plan stated in the Notice of Grant (as applicable, the “Plan”), which is incorporated herein by reference. The terms defined in the Plan shall have the same defined meanings in this Option Agreement.

1. Nature of Option. If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Otherwise, this Option is a nonstatutory stock option and will not qualify as an Incentive Stock Option.

2. Exercise of Option. This Option shall be exercisable during its term in accordance with the provisions in Section 10 of the Plan as follows:

(i) Right to Exercise.

(a) Subject to subsections 2(i)(b) and (c) and Section 8 below, this Option shall vest over the period and at the rate set forth on the Notice of Grant.

(b) This Option may not be exercised for a fraction of a share.

(c) In the event of Optionee’s death, disability or other termination of employment or other service relationship, the exercisability of the Option is governed by Sections 6, 7, and 8 below.

(ii) Method of Exercise. This Option shall be exercisable by written or electronic notice (as determined by the Administrator), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holders’ investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan. Such notice shall be properly completed and delivered in such manner as the Administrator may determine (including electronically). Payment of the exercise price may only be made in such manner as described in Section 4 below, and if appropriate, shall accompany the written notice. This Option shall be deemed to be exercised upon receipt by the Company (or its designated representative) of the exercise notice and completion of payment of the exercise price.

No Shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise shall comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may be listed.

3. Optionee’s Representations. In the event the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act of 1933, as amended, at the time this Option is exercised, Optionee shall, concurrently with the exercise of all or any portion of this Option, deliver to the Company an Investment Representation Statement in the form provided by the Company.

4. Method of Payment. Payment of the exercise price shall be by (i) cash, (ii) check, (iii) surrender of other shares of Common Stock of the Company, which either have been vested and owned by the Optionee for more than six months on the date of surrender or were not acquired, directly or indirectly, from the Company, and in either case have a fair market value on the date of surrender equal to the exercise price of the Shares as to which the Option is being exercised or (iv) delivery of a properly executed exercise notice together with irrevocable instructions to an agent of the Company to sell the Shares and promptly deliver to the Company that portion of the sale proceeds required to pay the exercise price (and any applicable withholding taxes).

5. Restrictions on Exercise. This Option may not be exercised if the issuance of such Shares upon such exercise or the method of payment of consideration for such Shares would constitute a violation of any applicable federal or state securities or other law or regulation. As a condition to the exercise of this Option, the Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

6. Termination of Status as an Employee. If Optionee ceases to serve as an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant, he or she may, but only within three (3) months after the date of such cessation, exercise this Option to the extent that he or she was entitled to exercise it at the date of such cessation. To the extent that he or she was not entitled to exercise this Option as the date of such cessation, or if he or she does not exercise this Option within the time specified herein, the Option shall terminate.

7. Disability of Optionee. Notwithstanding the provisions of Section 6 above, if Optionee ceases to serve as an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Plan, Consultant as a result of his or her total and permanent disability (as defined in Section 22(e)(3) of the Code), he or she may, but only within twelve (12) months from the date of such cessation, exercise his or her Option to the extent he or she was entitled to exercise it at the date of such cessation. To the extent that he or she was not entitled to exercise this Option at the date of cessation, or if he or she does not exercise such Option within the time specified herein, the Option shall terminate.

8. Death of Optionee. In the event of the death of Optionee during the term of this Option and while an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant, the Option shall become fully exercisable, including as to Shares for which it would not otherwise be exercisable and may be exercised, at any time within twelve (12) months following the date of death, by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance.

9. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

10. Term of Option. This Option may be exercised only within the term set out on the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

11. Tax Obligations.

(i) Withholding Taxes. Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all Federal, state, and local income and employment tax withholding requirements applicable to the Option exercise. Optionee acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(ii) Notice of Disqualifying Disposition of Incentive Stock Option Shares. If the Option granted to Optionee herein is an Incentive Stock Option, and if Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the Incentive Stock Option on or before the later of (1) the date two years after its date of grant (as provided in the Notice of Grant), or (2) the date one year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee.

12. Entire Agreement; Governing Law. The Plan, this Option Agreement and the Notice of Grant constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This Option Agreement is governed by California law except for that body of law pertaining to conflict of laws.

13. No Guarantee of Employment. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE OR, IF THIS OPTION WAS GRANTED UNDER THE COMPANY'S NONSTATUTORY STOCK OPTION PLAN, CONSULTANT AT THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED SERVICE ENGAGEMENT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S SERVICE RELATIONSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

AUTODESK, INC.

STOCK OPTION AGREEMENT

Version: Cashless Exercise

Autodesk, Inc., a Delaware corporation (the “Company”), has granted to the optionee (the “Optionee”), named on the Notice of Grant of Stock Options (the “Notice of Grant”), which is attached hereto, an option to purchase that number of shares of Common Stock (the “Shares”) set forth on the Notice of Grant at the price set forth on the Notice of Grant and in all respects subject to the terms, definitions and provisions of the Company’s stock option plan stated in the Notice of Grant (as applicable, the “Plan”), which is incorporated herein by reference. The terms defined in the Plan shall have the same defined meanings in this Option Agreement.

1. Nature of Option. If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Otherwise, this Option is a nonstatutory stock option and will not qualify as an Incentive Stock Option.

2. Exercise of Option. This Option shall be exercisable during its term in accordance with the provisions in Section 10 of the Plan as follows:

(i) Right to Exercise.

(a) Subject to subsections 2(i)(b) and (c) and Section 8 below, this Option shall vest over the period and at the rate set forth on the Notice of Grant.

(b) This Option may not be exercised for a fraction of a share.

(c) In the event of Optionee’s death, disability or other termination of employment or other service relationship, the exercisability of the Option is governed by Sections 6, 7, and 8 below.

(ii) Method of Exercise. This Option shall be exercisable by written or electronic notice (as determined by the Administrator), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holder’s investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan. Such notice shall be properly completed and delivered in such manner as the Administrator may determine (including electronically). Payment of the exercise price may only be made in such manner as described in paragraph 4 below. This Option shall be deemed to be exercised upon receipt by the Company (or its designated representative) of the exercise notice and completion of payment of the exercise price.

In connection with the payment procedure described in paragraph 4 below, Optionee will be required to sell all of the Shares Optionee elects to exercise and will not be permitted to retain any of the exercised Shares.

No Shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise shall comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may be listed.

3. Optionee's Representations. In the event the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act of 1933, as amended, at the time this Option is exercised, Optionee shall, concurrently with the exercise of all or any portion of this Option, deliver to the Company an Investment Representation Statement in the form provided by the Company.

4. Method of Payment. Payment of the exercise price shall be made by delivery (including electronic delivery) of a properly completed exercise notice together with irrevocable instructions to an agent of the Company to sell all of the Shares pursuant to which the Option is being exercised and promptly deliver to the Company that portion of the sale proceeds required to pay the exercise price (and any applicable withholding taxes).

5. Restrictions on Exercise. This Option may not be exercised if the issuance of such Shares upon such exercise or the method of payment of consideration for such Shares would constitute a violation of any applicable federal or state securities or other law or regulation. As a condition to the exercise of this Option, the Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

6. Termination of Status as an Employee. If Optionee ceases to serve as an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant, he or she may, but only within three (3) months after the date he or she ceases to be an Employee or Consultant, exercise this Option to the extent that he or she was entitled to exercise it at the date of such cessation. To the extent that Optionee was not entitled to exercise this Option as the date of such cessation, or if Optionee does not exercise this Option within the time specified herein, the Option shall terminate.

7. Disability of Optionee. Notwithstanding the provisions of Section 6 above, if Optionee ceases to be an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant as a result of Optionee's total and permanent disability (as defined in Section 22(e)(3) of the Code), he or she may, but only within twelve (12) months from the date of cessation as an Employee or Consultant, exercise his or her Option to the extent he or she was entitled to exercise it at the date of such cessation. To the extent that Optionee was not entitled to exercise the Option on the date of cessation, or if he or she does not exercise such Option within the time specified herein, the Option shall terminate.

8. Death of Optionee. Notwithstanding the provisions of Section 6 above, in the event of the death of Optionee during the term of this Option and while Optionee is an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant, the Option shall become fully exercisable, including as to Shares for which it would not otherwise be exercisable and may be exercised at any time within twelve (12) months following the date of death by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance. To the extent that the Option is not exercised within the time specified herein, the Option shall terminate.

9. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

10. Term of Option. This Option may be exercised only within the term set out on the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

11. Tax Obligations.

(i) Withholding. Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all Federal, state, local and foreign income and employment tax withholding requirements as well as social security charges applicable to the Option exercise or the disposition of any Shares acquired upon exercise. In this regard, Optionee authorizes the Company (and/or the Parent or Subsidiary employing or retaining Optionee) to withhold all applicable taxes legally payable by Optionee from the Optionee's wages or other cash compensation paid to Optionee by the Company (and/or the Parent or Subsidiary employing or retaining Optionee) or from proceeds from the sale of Shares acquired upon exercise of the Option in an amount sufficient to cover such tax obligations. Optionee acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(ii) Notice of Disqualifying Disposition of Incentive Stock Option Shares. If the Option granted to Optionee herein is an Incentive Stock Option, and if Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the Incentive Stock Option on or before the later of (1) the date two years after its date of grant (as provided in the Notice of Grant), or (2) the date one year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee.

(iii) Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee will consult with any tax advisors Optionee deems appropriate in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

12. Entire Agreement; Governing Law. The Plan, this Option Agreement and the Notice of Grant constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This Option Agreement is governed by California law except for that body of law pertaining to conflict of laws.

13. NO GUARANTEE OF SERVICE. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE OR, IF THIS OPTION WAS GRANTED UNDER THE COMPANY'S NONSTATUTORY STOCK OPTION PLAN, CONSULTANT AT THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES

HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED SERVICE ENGAGEMENT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S SERVICE RELATIONSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

AUTODESK, INC.

NONSTATUTORY STOCK OPTION PLAN

as amended through September 25, 2003

1. Purposes of the Plan. The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide additional incentive to Employees and Consultants, and
- to promote the success of the Company's business.

Nonstatutory Stock Options may be granted under the Plan.

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

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the legal requirements relating to the administration of stock option plans and issuance of stock and stock options under U. S. state corporate laws, U.S. federal and state securities laws, the Code and the applicable laws of any foreign country or jurisdiction where Options will be or are being granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a Committee appointed by the Board in accordance with Section 4 of the Plan.

(f) "Common Stock" means the Common Stock of the Company.

(g) "Company" means Autodesk, Inc., a Delaware corporation.

(h) "Consultant" means any person, including an advisor, engaged by the Company or a parent, subsidiary or affiliate to render services. The term "Consultant" shall not include any person who is also an Officer or Director of the Company.

(i) "Director" means a member of the Board.

(j) “Disability” means total and permanent disability as defined in Section 22(e)(3) of the Code.

(k) “Employee” means any person, except for Officers and Directors, employed by the Company or any parent, subsidiary or affiliate of the Company.

(l) “Fair Market Value” means, as of any date, the closing sales price for the Common Stock (or the closing bid, if no sales were reported) as quoted on any established stock exchange or national market system, including without limitation The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, for the date of such determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable.

(m) “Notice of Grant” means a written or electronic notice evidencing certain terms and conditions of an individual Option grant. The Notice of Grant is part of the Option Agreement.

(n) “Officer” means a person who is an officer of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(o) “Option” means a stock option granted pursuant to the Plan. Options granted under the Plan are nonstatutory stock options.

(p) “Option Agreement” means a written or electronic agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(q) “Optioned Stock” means the Common Stock subject to an Option.

(r) “Optionee” means an Employee or Consultant who holds an outstanding Option.

(s) “Plan” means this Nonstatutory Stock Option Plan.

(t) “Share” means a share of the Common Stock, as adjusted in accordance with Section 12 of the Plan.

3. Stock Subject to the Plan. Subject to the provisions of Section 12 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 16,900,000 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Option expires or becomes unexercisable without having been exercised in full, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated).

4. Administration of the Plan.

(a) Administration. The Plan shall be administered by (i) the Board or (ii) a Committee designated by the Board, which Committee shall be constituted to satisfy Applicable Laws. Once appointed, such Committee shall serve in its designated capacity until otherwise directed by the Board. The Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and substitute new members, fill vacancies (however caused), and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

- (i) to determine the Fair Market Value of the Common Stock, in accordance with Section 2(l) of the Plan;
- (ii) to select the Consultants and Employees to whom Options may be granted hereunder;
- (iii) to determine whether and to what extent Options are granted hereunder;
- (iv) to determine the number of shares of Common Stock to be covered by each Option granted hereunder;
- (v) to approve forms of agreement for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(ix) to modify or amend each Option (subject to Section 14(b) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option previously granted by the Administrator;

(xi) to determine the terms and restrictions applicable to Options;

(xii) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option that number of Shares having a Fair Market Value equal to the amount required to be withheld; and

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations shall be final and binding on all Optionees and any other holders of Options.

5. Eligibility. Stock Options may be granted to Employees and Consultants.

6. Limitations. Neither the Plan nor any Option shall confer upon an Optionee any right with respect to continuing the Optionee's employment or consulting relationship with the Company, nor shall they interfere in any way with the Optionee's right or the Company's right to terminate such employment or consulting relationship at any time, with or without cause.

7. Term of Plan. The Plan shall become effective upon its adoption by the Board. It shall continue in effect until terminated under Section 14 of the Plan.

8. Term of Option. The term of each Option shall be stated in the Notice of Grant.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator.

(b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised. In so doing, the Administrator may specify that an Option may not be exercised until either the completion of a service period or the achievement of performance criteria with respect to the Company or the Optionee.

(c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. Such consideration may consist entirely of:

(i) cash;

(ii) check;

(iii) promissory note;

(iv) other Shares which (A) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six months on the date of surrender, and (B) 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;

(v) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price;

(vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

(vii) any combination of the foregoing methods of payment; or

(viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement.

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

An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised and, in the Company's discretion, may be held in book form by the Company or in a brokerage account, as determined by the Administrator. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter 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) Termination of Employment or Consulting Relationship. In the event an Optionee ceases to be an Employee or Consultant, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Notice of Grant to the extent that he or she is entitled to exercise it on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). In the absence of a specified time in the Notice of Grant, the Option shall remain exercisable for three (3) months following the Optionee's termination. If, on the date of termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

Notwithstanding the above, in the event of an Optionee's change in status from Consultant to Employee or Employee to Consultant, the Optionee's Continuous Status as an Employee or Consultant shall not automatically terminate solely as a result of such change in status.

(c) Disability of Optionee. In the event an Optionee ceases to be an Employee or Consultant as a result of the Optionee's Disability, the Optionee may exercise his or her Option at any time within twelve (12) months (or such other period of time as is determined by the Administrator) from the date of termination, but only to the extent that the Optionee is entitled to exercise it on the date of termination (and in no event later than the expiration of the term of the Option as set forth in the Notice of Grant). If, on the date of termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. In the event of the death of an Optionee, the Option shall become fully exercisable, including as to Shares for which it would not otherwise be exercisable and may be exercised

at any time within twelve (12) months (or such other period of time as is determined by the Administrator) following the date of death (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance. If, after death, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

11. Non-Transferability of Options. Unless otherwise specified by the Administrator in the Option Agreement, an 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.

12. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the shareholders 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 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.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for all Options to vest and for an Optionee to have the right to exercise his or her Option until ten (10) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option would not otherwise be vested and exercisable. To the extent it has not been previously exercised, an Option will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Asset Sale. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option shall be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation, or in the event that the successor corporation refuses to assume or substitute for the Option, the Option shall fully vest and the Optionee shall have the right to exercise the Option as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested and exercisable. If an Option is exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee in writing or electronically that the Option shall be fully vested and exercisable for a period of fifteen (15) days from the date of such notice, and the Option shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding

Shares); provided, however, that if such consideration received in the merger or sale of assets was not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option, for each Share of Optioned Stock subject to the Option, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

13. Date of Grant. The date of grant of an Option shall be, for all purposes, the date on which the Administrator makes the determination granting such Option, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

14. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

15. Conditions Upon Issuance of Shares.

(a) Legal Compliance. 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 shall comply with all Applicable Laws, and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. 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.

16. Liability of Company. The 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.

17. 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.

**Notice of Grant of Stock Options
and Option Agreement****Autodesk, Inc.**

ID: 94-2819853

111 MC INNIS PARKWAY

SAN RAFAEL, CA 94903

(415) 507-5000

**NAME
ADDRESS
CITY ST ZIP****Grant Number:
Plan:
ID:**

You have been granted an option to purchase Common Stock of the Company, subject to the terms and conditions in the [Plan] and the [Plan] Stock Option Agreement, as follows:

Date of Grant:

Exercise Price Per Share:

Total Number of Shares Granted:

Total Exercise Price:

Type of Option:

Expiration Date of Option:

Vesting Schedule: This Option may be exercised in whole or in part, in accordance with the following:

You and the Company agree that the options granted by this Notice are governed by the terms and conditions of the [Plan] as amended and the [Plan] Stock Option Agreement, all of which are made a part of this document and may be accessed by you or InfoSys. You acknowledge receipt of a copy of the [Plan] Stock Option Agreement and a copy of the [Plan], that you have read and are familiar with the terms and provisions of each, and accept this option grant subject to all of the terms and provisions contained in each document. By accepting below, you agree to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the [Plan].

Autodesk, Inc.



Chairman of the Board, President and CEO

STOCK OPTION AGREEMENT

Autodesk, Inc., a Delaware corporation (the “Company”), has granted to the optionee (the “Optionee”), named on the Notice of Grant of Stock Options (the “Notice of Grant”) which is attached hereto an option to purchase that number of shares of Common Stock (the “Shares”) set forth on the Notice of Grant at the price set forth on the Notice of Grant and in all respects subject to the terms, definitions and provisions of the Company’s stock option plan stated in the Notice of Grant (as applicable, the “Plan”), which is incorporated herein by reference. The terms defined in the Plan shall have the same defined meanings in this Option Agreement.

1. Nature of Option. If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Otherwise, this Option is a nonstatutory stock option and will not qualify as an Incentive Stock Option.

2. Exercise of Option. This Option shall be exercisable during its term in accordance with the provisions in Section 10 of the Plan as follows:

(i) Right to Exercise.

(a) Subject to subsections 2(i)(b) and (c) and Section 8 below, this Option shall vest over the period and at the rate set forth on the Notice of Grant.

(b) This Option may not be exercised for a fraction of a share.

(c) In the event of Optionee’s death, disability or other termination of employment or other service relationship, the exercisability of the Option is governed by Sections 6, 7, and 8 below.

(ii) Method of Exercise. This Option shall be exercisable by written or electronic notice (as determined by the Administrator), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holders’ investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan. Such notice shall be properly completed and delivered in such manner as the Administrator may determine (including electronically). Payment of the exercise price may only be made in such manner as described in Section 4 below, and if appropriate, shall accompany the written notice. This Option shall be deemed to be exercised upon receipt by the Company (or its designated representative) of the exercise notice and completion of payment of the exercise price.

No Shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise shall comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may be listed.

3. Optionee’s Representations. In the event the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act of 1933, as amended, at the time this Option is exercised, Optionee shall, concurrently with the exercise of all or any portion of this Option, deliver to the Company an Investment Representation Statement in the form provided by the Company.

4. Method of Payment. Payment of the exercise price shall be by (i) cash, (ii) check, (iii) surrender of other shares of Common Stock of the Company, which either have been vested and owned by the Optionee for more than six months on the date of surrender or were not acquired, directly or indirectly, from the Company, and in either case have a fair market value on the date of surrender equal to the exercise price of the Shares as to which the Option is being exercised or (iv) delivery of a properly executed exercise notice together with irrevocable instructions to an agent of the Company to sell the Shares and promptly deliver to the Company that portion of the sale proceeds required to pay the exercise price (and any applicable withholding taxes).

5. Restrictions on Exercise. This Option may not be exercised if the issuance of such Shares upon such exercise or the method of payment of consideration for such Shares would constitute a violation of any applicable federal or state securities or other law or regulation. As a condition to the exercise of this Option, the Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

6. Termination of Status as an Employee. If Optionee ceases to serve as an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant, he or she may, but only within three (3) months after the date of such cessation, exercise this Option to the extent that he or she was entitled to exercise it at the date of such cessation. To the extent that he or she was not entitled to exercise this Option as the date of such cessation, or if he or she does not exercise this Option within the time specified herein, the Option shall terminate.

7. Disability of Optionee. Notwithstanding the provisions of Section 6 above, if Optionee ceases to serve as an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Plan, Consultant as a result of his or her total and permanent disability (as defined in Section 22(e)(3) of the Code), he or she may, but only within twelve (12) months from the date of such cessation, exercise his or her Option to the extent he or she was entitled to exercise it at the date of such cessation. To the extent that he or she was not entitled to exercise this Option at the date of cessation, or if he or she does not exercise such Option within the time specified herein, the Option shall terminate.

8. Death of Optionee. In the event of the death of Optionee during the term of this Option and while an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant, the Option shall become fully exercisable, including as to Shares for which it would not otherwise be exercisable and may be exercised, at any time within twelve (12) months following the date of death, by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance.

9. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

10. Term of Option. This Option may be exercised only within the term set out on the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

11. Tax Obligations.

(i) Withholding Taxes. Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all Federal, state, and local income and employment tax withholding requirements applicable to the Option exercise. Optionee acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(ii) Notice of Disqualifying Disposition of Incentive Stock Option Shares. If the Option granted to Optionee herein is an Incentive Stock Option, and if Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the Incentive Stock Option on or before the later of (1) the date two years after its date of grant (as provided in the Notice of Grant), or (2) the date one year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee.

12. Entire Agreement; Governing Law. The Plan, this Option Agreement and the Notice of Grant constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This Option Agreement is governed by California law except for that body of law pertaining to conflict of laws.

13. No Guarantee of Employment. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE OR, IF THIS OPTION WAS GRANTED UNDER THE COMPANY'S NONSTATUTORY STOCK OPTION PLAN, CONSULTANT AT THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED SERVICE ENGAGEMENT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S SERVICE RELATIONSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

AUTODESK, INC.

STOCK OPTION AGREEMENT

Version: Cashless Exercise

Autodesk, Inc., a Delaware corporation (the “Company”), has granted to the optionee (the “Optionee”), named on the Notice of Grant of Stock Options (the “Notice of Grant”), which is attached hereto, an option to purchase that number of shares of Common Stock (the “Shares”) set forth on the Notice of Grant at the price set forth on the Notice of Grant and in all respects subject to the terms, definitions and provisions of the Company’s stock option plan stated in the Notice of Grant (as applicable, the “Plan”), which is incorporated herein by reference. The terms defined in the Plan shall have the same defined meanings in this Option Agreement.

1. Nature of Option. If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Otherwise, this Option is a nonstatutory stock option and will not qualify as an Incentive Stock Option.

2. Exercise of Option. This Option shall be exercisable during its term in accordance with the provisions in Section 10 of the Plan as follows:

(i) Right to Exercise.

(a) Subject to subsections 2(i)(b) and (c) and Section 8 below, this Option shall vest over the period and at the rate set forth on the Notice of Grant.

(b) This Option may not be exercised for a fraction of a share.

(c) In the event of Optionee’s death, disability or other termination of employment or other service relationship, the exercisability of the Option is governed by Sections 6, 7, and 8 below.

(ii) Method of Exercise. This Option shall be exercisable by written or electronic notice (as determined by the Administrator), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holder’s investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan. Such notice shall be properly completed and delivered in such manner as the Administrator may determine (including electronically). Payment of the exercise price may only be made in such manner as described in paragraph 4 below. This Option shall be deemed to be exercised upon receipt by the Company (or its designated representative) of the exercise notice and completion of payment of the exercise price.

In connection with the payment procedure described in paragraph 4 below, Optionee will be required to sell all of the Shares Optionee elects to exercise and will not be permitted to retain any of the exercised Shares.

No Shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise shall comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may be listed.

3. Optionee's Representations. In the event the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act of 1933, as amended, at the time this Option is exercised, Optionee shall, concurrently with the exercise of all or any portion of this Option, deliver to the Company an Investment Representation Statement in the form provided by the Company.

4. Method of Payment. Payment of the exercise price shall be made by delivery (including electronic delivery) of a properly completed exercise notice together with irrevocable instructions to an agent of the Company to sell all of the Shares pursuant to which the Option is being exercised and promptly deliver to the Company that portion of the sale proceeds required to pay the exercise price (and any applicable withholding taxes).

5. Restrictions on Exercise. This Option may not be exercised if the issuance of such Shares upon such exercise or the method of payment of consideration for such Shares would constitute a violation of any applicable federal or state securities or other law or regulation. As a condition to the exercise of this Option, the Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

6. Termination of Status as an Employee. If Optionee ceases to serve as an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant, he or she may, but only within three (3) months after the date he or she ceases to be an Employee or Consultant, exercise this Option to the extent that he or she was entitled to exercise it at the date of such cessation. To the extent that Optionee was not entitled to exercise this Option as the date of such cessation, or if Optionee does not exercise this Option within the time specified herein, the Option shall terminate.

7. Disability of Optionee. Notwithstanding the provisions of Section 6 above, if Optionee ceases to be an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant as a result of Optionee's total and permanent disability (as defined in Section 22(e)(3) of the Code), he or she may, but only within twelve (12) months from the date of cessation as an Employee or Consultant, exercise his or her Option to the extent he or she was entitled to exercise it at the date of such cessation. To the extent that Optionee was not entitled to exercise the Option on the date of cessation, or if he or she does not exercise such Option within the time specified herein, the Option shall terminate.

8. Death of Optionee. Notwithstanding the provisions of Section 6 above, in the event of the death of Optionee during the term of this Option and while Optionee is an Employee or, if this Option has been granted under the Company's Nonstatutory Stock Option Plan, Consultant, the Option shall become fully exercisable, including as to Shares for which it would not otherwise be exercisable and may be exercised at any time within twelve (12) months following the date of death by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance. To the extent that the Option is not exercised within the time specified herein, the Option shall terminate.

9. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

10. Term of Option. This Option may be exercised only within the term set out on the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

11. Tax Obligations.

(i) Withholding. Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all Federal, state, local and foreign income and employment tax withholding requirements as well as social security charges applicable to the Option exercise or the disposition of any Shares acquired upon exercise. In this regard, Optionee authorizes the Company (and/or the Parent or Subsidiary employing or retaining Optionee) to withhold all applicable taxes legally payable by Optionee from the Optionee's wages or other cash compensation paid to Optionee by the Company (and/or the Parent or Subsidiary employing or retaining Optionee) or from proceeds from the sale of Shares acquired upon exercise of the Option in an amount sufficient to cover such tax obligations. Optionee acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(ii) Notice of Disqualifying Disposition of Incentive Stock Option Shares. If the Option granted to Optionee herein is an Incentive Stock Option, and if Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the Incentive Stock Option on or before the later of (1) the date two years after its date of grant (as provided in the Notice of Grant), or (2) the date one year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee.

(iii) Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee will consult with any tax advisors Optionee deems appropriate in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

12. Entire Agreement; Governing Law. The Plan, this Option Agreement and the Notice of Grant constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This Option Agreement is governed by California law except for that body of law pertaining to conflict of laws.

13. NO GUARANTEE OF SERVICE. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE OR, IF THIS OPTION WAS GRANTED UNDER THE COMPANY'S NONSTATUTORY STOCK OPTION PLAN, CONSULTANT AT THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES

HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED SERVICE ENGAGEMENT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S SERVICE RELATIONSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

AUTODESK, INC.

2000 DIRECTORS' OPTION PLAN¹

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.
- (b) "Code" means the Internal Revenue Code of 1986, as amended.
- (c) "Common Stock" means the Common Stock of the Company, par value \$0.01 per share.
- (d) "Company" means Autodesk, Inc., a Delaware corporation.
- (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.

(g) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(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 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;

¹ As amended by the Board of Directors on May 5, 2003, and approved by the stockholders on June 19, 2003.

(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 2000 Directors' Option Plan.

(n) "Purchaser" means an Outside Director who purchases Restricted Stock.

(o) "Qualified Retirement" means a retirement from the Board after the retiring Director either (i) has attained 62 years of age and has served on the Board for at least five (5) years, or (ii) has served on the Board for at least ten (10) years.

(p) "Restricted Stock" means Shares granted to and purchased by Outside Directors in accordance with Section 4(c) of this Plan.

(n) "Restricted Stock Award" means the Company's grant of Restricted Stock pursuant to Section 4(c) of the Plan.

(o) "Share" means a share of the Common Stock, as adjusted in accordance with Section 11 of the Plan.

3. Stock Subject to the Plan. Subject to the provisions of Section 11 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 400,000 Shares (the "Pool") of Common Stock, together with any shares remaining in the Company's 1990 Directors' Option Plan as of its termination on July 24, 2000. The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Option expires or becomes unexercisable without having been exercised in full, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). If Shares are forfeited to the Company pursuant to a Restricted Stock agreement, such Shares shall be returned to the Plan and shall become available for reissuance under the Plan, unless the Plan shall have been terminated. However, such Shares shall not return to the Plan if the persons to whom they were originally issued receive the benefits of ownership of such Shares (other than voting), as such concept is interpreted from time to time by the Securities and Exchange Commission in the context of Rule 16b-3.

4. Administration of and Grants under the Plan.

(a) Administration. Except as otherwise required herein, the Plan shall be administered by the Board. All grants of Options and Restricted Stock to Outside Directors under this Plan shall be automatic and nondiscretionary and shall be made strictly in accordance with the following provisions:

(b) Option Grants.

(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 the date of adoption of this plan shall be automatically granted an Option to purchase 50,000 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 Section 16 hereof.

(iii) On the date of each annual stockholder meeting (an "Annual Meeting") during the term of this Plan, each Outside Director shall automatically receive an additional option to purchase 20,000 Shares (the "Annual Option"), 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:

(1) Each Option shall terminate, if not previously exercised or otherwise terminated, on a date ten (10) years after the date of grant.

(2) Each Option shall be exercisable only while the Outside Director remains a Director of the Company, except as set forth in Section 8 hereof.

(3) 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.

(4) Each Initial Option shall become exercisable in installments cumulatively as 34%, 33% and 33%, respectively, of the Optioned Stock, on each of the three (3) succeeding years on the anniversary of such Option's date of grant, for a total vesting period of approximately three (3) years, provided that the Director continues to serve on the Board on such dates.

(5) Each Annual Option shall become fully exercisable on the date of the Company's next Annual Meeting for a total vesting period of approximately one (1) year, provided that the Director continues to serve on the Board on such date.

(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) Restricted Stock Awards.

(i) No person shall have any discretion to select which Outside Directors shall receive Restricted Stock Awards or to determine the number of Shares to be covered by Restricted Stock awarded to Outside Directors; provided, however, that nothing in this Plan shall be construed to prevent an Outside Director from declining to receive a Restricted Stock Award under this Plan.

(ii) On the date of each Annual Meeting of Stockholders of the Company during the term of this Plan, each Outside Director shall automatically receive a Restricted Stock Award for that number of Shares determined by dividing (1) the product of (a) fifty percent (50%) of the cash value of his or her annual retainer as a Director multiplied by (b) 1.2, by (2) the Fair Market Value of a Share on that date, rounded to the nearest whole Share, provided that on the date of grant of any such Restricted Stock Award such person is an Outside Director; and provided further that sufficient Shares are available under the Plan for the grant of such Restricted Stock Award.

(iii) On the date of each Annual Meeting of Stockholders of the Company during the term of this Plan, each Outside Director may elect to receive any or all of the remaining cash balance of his or her annual retainer as a Director in the form of a Restricted Stock Award by making an election (the "Election"). The Election must be in writing and delivered to the Secretary of the Company prior to the date of such Annual Meeting of Stockholders of the Company. Any Election made by an Outside Director pursuant to this subsection 4(c)(iii) shall be irrevocable. Effective as of the Annual Meeting of Stockholders of the Company, the Outside Director shall receive a Restricted Stock Award for that number of Shares determined by dividing (1) the product of (a) the amount of his or her annual retainer as a Director covered by the Election, multiplied by (b) 1.2, by (2) the Fair Market Value of a Share on that date, rounded to the nearest whole Share, provided that on the date of grant of any such Restricted Stock Award such person is an Outside Director; and provided further that sufficient Shares are available under the Plan for the grant of such Restricted Stock Award.

(iv) The terms of a Restricted Stock Award granted hereunder shall be as follows:

(1) the purchase price shall be \$.01 per Share (the par value of the Company's Common Stock); and

(2) Subject to Sections 9(d) and 11(c), Restricted Stock shall vest on the date of the following year's Annual Meeting of Stockholders of the Company, provided that the Purchaser is an Outside Director on such date.

(d) 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 or Restricted Stock Award previously granted hereunder; and (v) to make all other determinations deemed necessary or advisable for the administration of the Plan.

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

5. Eligibility. Options and Restricted Stock Awards may be granted only to Outside Directors. All Options shall be automatically granted in accordance with the terms set forth in Section 4(b) and all Restricted Stock Awards shall be automatically granted in accordance with the terms set forth in Section 4(c)

The Plan shall not confer upon any Optionee or Purchaser 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 or her directorship at any time.

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 17 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. Option 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.

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 11 of the Plan.

Except as otherwise provided in Section 3, 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; provided, however, that if an Outside Director ceases to serve as a Director upon a Qualified Retirement, then he may, but only within three (3) years after the date he ceases to be a Director of the Company, exercise his Option to the extent he was qualified to exercise it at the date of such Qualified Retirement. 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 shall become fully exercisable, including as to Shares for which it would not otherwise be exercisable and 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. Notwithstanding the foregoing, in no event may the Option be exercised after its term has expired.

9. Restricted Stock.

(a) Procedure for Purchase. Following a Restricted Stock Award in accordance with Section 4(c), the Board shall notify the offeree in writing of the terms, conditions

and restrictions relating to the offer, and the offeree shall have ninety (90) days following receipt of such notice within which to accept such offer. The offer shall be accepted by execution of a Restricted Stock purchase agreement in such form as the Board shall approve.

(b) Rights as a Stockholder. 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 Restricted Stock, no right to vote or to receive dividends or any other rights as a stockholder shall exist with respect to purchased Shares. A share certificate for the number of Shares of Restricted Stock purchased shall be issued to the Purchaser as soon as practicable after purchase of the Restricted Stock. 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 11 of the Plan.

(c) Termination of Continuous Status as a Director. In the event a Purchaser's Continuous Status as a Director terminates prior to vesting (other than by reason of the Purchaser's death), Restricted Stock shall be forfeited by the Purchaser without any consideration therefor.

(d) Death. In the event a Purchaser's Continuous Status as a Director terminates by reason of the Purchaser's death, the Purchaser's Restricted Stock shall become fully vested as of the date of death.

(e) Shares Available Under the Plan. Except as otherwise provided in Section 3 hereof, a purchase of Restricted Stock as provided hereunder shall result in a decrease in the number of Shares that thereafter shall be available under the Plan, by the number of Shares of Restricted Stock purchased.

(f) Rule 16b-3. Restricted Stock Awards to Outside Directors must comply with the applicable provisions of Rule 16b-3 of the Exchange Act and shall contain such additional conditions or restrictions as may be required thereunder to qualify Plan transactions, and other transactions by Outside Directors that could be matched with Plan transactions, for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

10. Non-Transferability of Options and Restricted Stock Awards. Options and Restricted Stock Awards 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. Options may be exercised, during the lifetime of the Optionee, only by the Optionee.

11. Adjustments Upon Changes in Capitalization, Dissolution, Merger, Asset Sale or Change of Control.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Option and Restricted Stock Award, the number of Shares which have been authorized for issuance under the Plan but as to which no Options or Restricted Stock Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or repurchase or forfeiture of Restricted Stock, as well as the price per Share covered by each such outstanding Option, as applicable, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, spin off, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the 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." 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 or Restricted Stock Award.

(b) Dissolution or Liquidation. In the event of a proposed dissolution or liquidation of the Company, Options and Restricted Stock shall become fully vested and, in the case of Options, fully exercisable, including as to Shares as to which it would not otherwise be exercisable. To the extent an Option or Restricted Stock Award remains unexercised at the time of the dissolution or liquidation, the Option or Restricted Stock Award shall terminate.

(c) Merger or Asset Sale. In the event of a merger of the Company with or into another corporation or the sale of substantially all of the assets of the Company, Restricted Stock shall fully vest and outstanding Options may be assumed or equivalent options may be substituted by the successor corporation or a parent or subsidiary thereof (the "Successor Corporation"). If an Option is assumed or substituted for, the Option or equivalent option shall continue to be exercisable as provided in Section 4 hereof for so long as the Optionee serves as a Director or a director of the Successor Corporation. Following such assumption or substitution, if the Optionee's status as a Director or director of the Successor Corporation, as applicable, is terminated other than upon a voluntary resignation by the Optionee, the Option or option shall become fully exercisable, including as to Shares for which it would not otherwise be exercisable. Thereafter, the Option or option shall remain exercisable in accordance with Sections 8(c) through (e) above.

If the Successor Corporation does not assume an outstanding Option or substitute for it an equivalent option, the Option shall become fully vested and exercisable, including as to Shares for which it would not otherwise be exercisable. In such event the Board 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 upon the expiration of such period the Option shall terminate.

For the purposes of this Section 11(c), an Option shall be considered assumed if, following the merger or sale of assets, the Option confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares).

12. 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 or Purchaser under any grant theretofore made, without his or her consent. In addition, to the extent necessary and desirable to comply with any 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.

(b) Effect of Amendment or Termination. Any such amendment or termination of the Plan shall not impair the rights of any Optionee or Purchaser under Options or Restricted Stock already granted without his or her consent and, in the absence of such consent, such Options and Restricted Stock shall remain in full force and effect as if this Plan had not been amended or terminated.

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

14. Conditions Upon Issuance of Shares. Shares shall not be issued pursuant to the exercise of an Option or Restricted Stock Award unless the exercise of such Option or Restricted Stock Award 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 or Restricted Stock Award, the Company may require the person exercising such Option or Restricted Stock Award 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.

15. 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.

16. Agreements. Options and Restricted Stock Awards shall be evidenced by written option agreements in such form as the Board shall approve.

17. 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 adoption of the Plan. Such stockholder approval shall be obtained in the degree and manner required under applicable state and federal law.

2000 DIRECTORS' OPTION PLAN

NOTICE OF GRANT OF STOCK OPTION

Unless otherwise defined herein, the terms defined in the 2000 Directors' Option Plan (the "Plan") shall have the same defined meanings in this Notice of Grant.

[Optionee's name and address]

You have been granted an option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number	_____
Date of Grant	_____
Vesting Commencement Date	_____
Exercise Price per Share	\$ _____
Total Number of Shares Granted	_____ Shares
Total Exercise Price	\$ _____
Type of Option	Nonstatutory Stock Option
Term/Expiration Date	_____

Vesting Schedule:

This Option may be exercised, in whole or in part, in accordance with the following schedule:

[FOR AN INITIAL GRANT: This Option shall become exercisable in installments cumulatively as to thirty four percent (34%), thirty three percent (33%) and thirty three percent (33%), respectively, of the Optioned Stock on each of the three (3) succeeding years on the anniversary of such Option's date of grant, for a total vesting period of approximately three (3) years, provided that the Director continues to serve on the Board on such dates.]

[FOR AN ANNUAL GRANT: This Option shall become fully exercisable on the date of the Company's next Annual Meeting for a total vesting period of approximately one (1) year, provided that the Director continues to serve on the Board on such date.]

AUTODESK, INC.

2000 DIRECTORS' OPTION PLAN

STOCK OPTION AGREEMENT

Autodesk, Inc., a Delaware corporation (the "Company"), has granted to the optionee (the "Optionee"), named on the Notice of Grant of Stock Option (the "Notice of Grant") which is attached hereto an option to purchase that number of shares of Common Stock (the "Shares") set forth on the Notice of Grant at the price set forth on the Notice of Grant and in all respects subject to the terms, definitions and provisions of the 2000 Directors' Option Plan adopted by the Company which is incorporated herein by reference. The terms defined in the Plan shall have the same defined meanings in this Option Agreement.

1. Nature of the Option. This Option is a nonstatutory option and is not intended to qualify for any special tax benefits to the Optionee.

2. Exercise of Option. This Option shall be exercisable during its term in accordance with the provisions of Section 8 of the Plan as follows:

(i) Right to Exercise.

(a) [**FOR AN INITIAL GRANT:** This Option shall become exercisable in installments cumulatively as to thirty four percent (34%), thirty three percent (33%) and thirty three percent (33%), respectively, of the Optioned Stock on each of the three (3) succeeding years on the anniversary of such Option's date of grant, for a total vesting period of approximately three (3) years, provided that the Director continues to serve on the Board on such dates; provided, however, that in no event shall the Option be exercisable prior to the date the stockholders of the Company approve the Plan.] [**FOR AN ANNUAL GRANT:** This Option shall become fully exercisable on the date of the Company's next Annual Meeting for a total vesting period of approximately one (1) year, provided that the Director continues to serve on the Board on such date.]

(b) This Option may not be exercised for a fraction of a share.

(c) In the event of Optionee's death, disability or other termination of service as a Director, the exercisability of the Option is governed by Section 8 of the Plan.

(ii) Method of Exercise. This Option shall be exercisable by written notice which shall state the election to exercise the Option and the number of Shares in respect of which the Option is being exercised. Such written notice, in the form attached hereto as Exhibit A, shall be signed by the Optionee and shall be delivered in person or by U. S. mail to the Secretary of the Company. The written notice shall be accompanied by payment of the exercise price.

3. Method of Payment. Payment of the exercise price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(i) cash;

(ii) check; or

(iii) surrender of other shares 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.

4. Restrictions on Exercise. This Option may not be exercised if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable federal or state securities or other law or regulations, or if such issuance would not comply with the requirements of any stock exchange upon which the Shares may then be listed. As a condition to the exercise of this Option, the Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

5. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

6. Term of Option. This Option may be exercised only within the term set out on the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

7. Taxation Upon Exercise of Option. Optionee understands that, upon exercise of this Option, he or she will recognize income for tax purposes in an amount equal to the excess of the then Fair Market Value of the Shares purchased over the exercise price paid for such Shares. Since the Optionee is subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, under certain limited circumstances the measurement and timing of such income (and the commencement of any capital gain holding period) may be deferred, and the Optionee is advised to contact a tax advisor concerning the application of Section 83 in general and the availability of a Section 83(b) election in particular in connection with the exercise of the Option. Upon a resale of such Shares by the Optionee, any difference between the sale price and the Fair Market Value of the Shares on the date of exercise of the Option, to the extent not included in income as described above, will be treated as capital gain or loss.

AUTODESK, INC.
a Delaware corporation

Signature

Optionee acknowledges receipt of a copy of the Plan, a copy of which is attached hereto, and represents that he or she is familiar with the terms and provisions hereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Plan.

Dated: _____

Signature

Type or Print Name

EXHIBIT A

2000 DIRECTORS' OPTION PLAN

EXERCISE NOTICE

Autodesk, Inc.
111 McInnis Parkway
San Rafael, CA 94903

Attention:: Corporate Secretary

1. Exercise of Option. The undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of Autodesk, Inc. (the "Company") under and pursuant to the Company's 2000 Directors' Option Plan and the Option Agreement dated _____ (the "Agreement").

2. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Agreement.

3. Federal Restrictions on Transfer. Optionee understands that the Shares must be held indefinitely unless they are registered under the Securities Act of 1933, as amended (the "1933 Act"), or unless an exemption from such registration is available, and that the certificate(s) representing the Shares may bear a legend to that effect. Optionee understands that the Company is under no obligation to register the Shares and that an exemption may not be available or may not permit Optionee to transfer Shares in the amounts or at the times proposed by Optionee.

4. Tax Consequences. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultant(s) Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

5. Delivery of Payment. Optionee herewith delivers to the Company the aggregate purchase price for the Shares that Optionee has elected to purchase and has made provision for the payment of any federal or state withholding taxes required to be paid or withheld by the Company.

6. Entire Agreement. The Agreement is incorporated herein by reference. This Exercise Notice and the Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof. This Exercise Notice and the Agreement are governed by California law except for that body of law pertaining to conflict of laws.

Submitted by:

OPTIONEE

Signature

Type or Print Name

Address

Accepted by:

AUTODESK, INC.

Signature

Chairman of the Board,
President and Chief Executive Officer

111 McInnis Parkway
San Rafael, CA 94903

Date Accepted

AUTODESK, INC.

2000 DIRECTORS' OPTION PLAN

NOTICE OF GRANT OF RESTRICTED STOCK AWARD

Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice of Grant.

<Name Name>

You have been granted the right to purchase Common Stock of the Company, subject to forfeiture and your continuing status as an Outside Director (as described in the Plan and the attached Restricted Stock Purchase Agreement), as follows:

Grant Number	<Number>
Date of Grant	<Date>
Price Per Share	\$0.01
Total Number of Shares Subject to this Restricted Stock Award	<Number>
Expiration Date	<90 days from grant date>

This option shall fully vest on the date of the next Annual Stockholders Meeting.

YOU MUST EXERCISE THIS STOCK PURCHASE RIGHT BEFORE THE EXPIRATION DATE OR IT WILL TERMINATE AND YOU WILL HAVE NO FURTHER RIGHT TO PURCHASE THE SHARES. By your signature and the signature of the Company's representative below, you and the Company agree that this Restricted Stock Award is granted under and governed by the terms and conditions of the Autodesk, Inc. 2000 Directors' Option Plan and the Restricted Stock Purchase Agreement, attached hereto, both of which are made a part of this document. You further agree to execute the attached Restricted Stock Purchase Agreement as a condition to purchasing any shares under this Restricted Stock Award.

GRANTEE:

AUTODESK, INC.

Signature

Signature

Type or Print Name

Chairman of the Board, President and Chief Executive Officer

2000 DIRECTORS' OPTION PLAN
RESTRICTED STOCK PURCHASE AGREEMENT

Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Purchase Agreement.

WHEREAS in order to give the Purchaser named in the Notice of Grant, (the "Purchaser") an opportunity to acquire an equity interest in the Company as an incentive for the Purchaser to participate in the affairs of the Company, the Administrator has granted to the Purchaser a Restricted Stock Award subject to the terms and conditions of the Plan and the Notice of Grant, which are incorporated herein by reference, and pursuant to this Restricted Stock Purchase Agreement (the "Agreement").

NOW THEREFORE, the parties agree as follows:

1. Sale of Stock. The Company hereby agrees to sell to the Purchaser and the Purchaser hereby agrees to purchase shares of the Company's Common Stock (the "Shares"), at the per Share purchase price and as otherwise described in the Notice of Grant

2. Payment of Purchase Price. The purchase price for the Shares may be paid by delivery to the Company at the time of execution of this Agreement of cash, a check, or some combination thereof.

3. Repurchase Option. In the event the Purchaser ceases to be an Outside Director for any or no reason (other than death) before the Shares are released from the forfeiture provision (see Section 4), the Shares shall be forfeited by the Purchaser without any consideration therefor. In such event, the Company shall deliver written notice to the Purchaser (with a copy to the Escrow Holder). Upon delivery of such notice, the Company shall become the legal and beneficial owner of the forfeited Shares and all rights and interests therein or relating thereto, and the Company shall have the right to retain and transfer to its own name the number of Shares forfeited to the Company. In the event of the Purchaser's death, the Purchaser's Restricted Stock shall become vested as of the date of death.

4. Release of Shares From Forfeiture Provision.

(a) The Shares shall be released from the forfeiture provision at the first annual stockholder meeting following the Date of Grant provided that the Purchaser continues to be an Outside Director until the date of such release.

(b) Until the Shares have been released from the forfeiture provision, such Shares shall be referred to herein as "Unreleased Shares."

(c) The Shares that have been released from the forfeiture provision shall be delivered to the Purchaser. (See Section 6).

5. Restriction on Transfer. Except for the escrow described in Section 6 or the transfer of the Shares to the Company or its assignees contemplated by this Agreement, none of the Shares or any beneficial interest therein shall be transferred, encumbered or otherwise disposed of in any way until such Shares are released from the forfeiture provision in accordance with the provisions of this Agreement, other than by will or the laws of descent and distribution.

6. Escrow of Shares

(a) To ensure the availability for delivery of the Purchaser's Unreleased Shares upon forfeiture pursuant to the forfeiture provisions, upon execution of this Agreement, the share certificates representing the Unreleased Shares, together with the stock assignment duly endorsed in blank, attached hereto as Exhibit A, shall be delivered and deposited with an escrow holder designated by the Company (the "Escrow Holder"). The Unreleased Shares and stock assignment shall be held by the Escrow Holder, pursuant to the Joint Escrow Instructions of the Company and Purchaser attached hereto as Exhibit B, until such time as the forfeiture provisions lapse.

(b) The Escrow Holder shall not be liable for any act it may do or omit to do with respect to holding the Unreleased Shares in escrow while acting in good faith and in the exercise of its judgment.

(c) If Shares are forfeited hereunder or when the forfeiture provisions lapse, the Escrow Holder shall promptly cause a new certificate to be issued for the released Shares and shall deliver the certificate to the Company or the Purchaser, as the case may be.

(d) Subject to the terms hereof, the Purchaser shall have all the rights of a stockholder with respect to the Shares while they are held in escrow, including without limitation, the right to vote the Shares and to receive any cash dividends declared thereon. If, from time to time during the term of the forfeiture provisions, there is (i) any stock dividend, stock split or other change in the Shares, or (ii) any merger or sale of all or substantially all of the assets or other acquisition of the Company, any and all new, substituted or additional securities to which the Purchaser is entitled by reason of the Purchaser's ownership of the Shares shall be immediately subject to this escrow, deposited with the Escrow Holder and included thereafter as "Shares" for purposes of this Agreement and the forfeiture provisions.

7. Adjustment for Stock Split. All references to the number of Shares and the purchase price of the Shares in this Agreement shall be appropriately adjusted to reflect any stock split, stock dividend or other change in the Shares which may be made by the Company after the date of this Agreement.

8. Tax Consequences. The Purchaser has reviewed with the Purchaser's own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Purchaser is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Purchaser understands that the Purchaser (and not the Company) shall be responsible for the Purchaser's own tax liability that may arise as a result of the transactions contemplated by this Agreement. The Purchaser understands that Section 83 of the Internal Revenue Code of 1986, as amended (the "Code"), taxes as ordinary income the difference between the purchase price for the Shares and the Fair Market Value of the Shares as of the date any restrictions on the Shares lapse. In this context, "restriction" includes the possible forfeiture of Shares pursuant to the forfeiture provisions. The Purchaser understands that the Purchaser may elect to be taxed at the time the Shares are purchased rather than when and as the forfeiture provisions lapse by filing an election under Section 83(b) of the Code with the Internal Revenue Service within 30 days from the date of purchase. The form for making this election is attached as Exhibit C hereto.

THE PURCHASER ACKNOWLEDGES THAT IT IS THE PURCHASER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY THE ELECTION UNDER SECTION 83(b).

9. General Provisions

(a) This Agreement shall be governed by the laws of the State of California. This Agreement, subject to the terms and conditions of the Plan and the Notice of Grant, represents the entire agreement between the parties with respect to the purchase of the Shares by the Purchaser. Subject to Section 12(b) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Agreement.

(b) Any notice, demand or request required or permitted to be given by either the Company or the Purchaser pursuant to the terms of this Agreement shall be in writing and shall be deemed given when delivered personally or deposited in the U.S. mail, First Class with postage prepaid, and addressed to the parties at the addresses of the parties set forth at the end of this Agreement or such other address as a party may request by notifying the other in writing.

Any notice to the Escrow Holder shall be sent to the Company's address with a copy to the other party hereto.

(c) The rights of the Company under this Agreement shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The rights and obligations of the Purchaser under this Agreement may only be assigned with the prior written consent of the Company.

(d) Either party's failure to enforce any provision of this Agreement shall not in any way be construed as a waiver of any such provision, nor prevent that party from thereafter enforcing any other provision of this Agreement. The rights granted both parties hereunder are cumulative and shall not constitute a waiver of either party's right to assert any other legal remedy available to it.

(e) The Purchaser agrees upon request to execute any further documents or instruments necessary or desirable to carry out the purposes or intent of this Agreement.

(f) PURCHASER ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO SECTION 4 HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN OUTSIDE DIRECTOR (AND NOT THROUGH THE ACT OF PURCHASING SHARES HEREUNDER). PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS AN OUTSIDE DIRECTOR FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH PURCHASER'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE PURCHASER'S DIRECTORSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

By Purchaser's signature below, Purchaser represents that he or she is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. Purchaser has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of this Agreement. Purchaser agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement. Purchaser further agrees to notify the Company upon any change in the residence indicated in the Notice of Grant.

DATED: _____

PURCHASER:

AUTODESK, INC.

Signature

Signature

Chairman of the Board, President and Chief Executive Officer

Typed or Printed Name

Title

EXHIBIT A

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED I, _____, hereby sell, assign and transfer unto Autodesk, Inc. shares of the Common Stock of Autodesk, Inc. standing in my name of the books of said corporation represented by Certificate No. _____ herewith and do hereby irrevocably constitute and appoint Autodesk, Inc. to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Stock Assignment may be used only in accordance with the Restricted Stock Purchase Agreement (the "Agreement") between Autodesk, Inc. and the undersigned dated _____.

Dated: _____

Signature

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to reacquire the shares in the event of forfeiture, as set forth in the Agreement, without requiring additional signatures on the part of the Purchaser.

EXHIBIT B

JOINT ESCROW INSTRUCTIONS

_____, 20____

Corporate Secretary
Autodesk, Inc.
111 McInnis Parkway
San Rafael, CA 94903

As Escrow Agent for both Autodesk, Inc., a Delaware corporation (the "Company"), and the undersigned purchaser of stock of the Company (the "Purchaser"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Restricted Stock Purchase Agreement ("Agreement") between the Company and the undersigned, in accordance with the following instructions:

1. In the event the stock becomes forfeitable pursuant to the terms of the forfeiture provisions, the Company shall give to Purchaser and you a written notice specifying the number of shares of stock to be forfeited. Purchaser and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

2. At the closing, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of shares being transferred, and (c) to deliver same, together with the certificate evidencing the shares of stock to be transferred, to the Company.

3. Purchaser irrevocably authorizes the Company to deposit with you any certificates evidencing shares of stock to be held by you hereunder and any additions and substitutions to said shares as defined in the Agreement. Purchaser does hereby irrevocably constitute and appoint you as Purchaser's attorney-in-fact and agent for the term of this escrow to execute with respect to such securities all documents necessary or appropriate to make such securities negotiable and to complete any transaction herein contemplated, including but not limited to the filing with any applicable state blue sky authority of any required applications for consent to, or notice of transfer of, the securities. Subject to the provisions of this paragraph 3, Purchaser shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.

4. In the event the forfeiture provisions lapse, you shall deliver to Purchaser a certificate representing the shares of stock.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Purchaser, you shall deliver all of the same to Purchaser and shall be discharged of all further obligations hereunder.

6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Purchaser while acting in good faith, and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law, and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You shall not be liable for the outlawing of any rights under the statute of limitations with respect to these Joint Escrow Instructions or any documents deposited with you.

11. You shall be entitled to employ such legal counsel and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefor.

12. Your responsibilities as Escrow Agent hereunder shall terminate if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to each party. In the event of any such termination, the Company shall appoint a successor Escrow Agent.

13. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession without liability to anyone all or any part of said securities until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

15. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other

parties thereunto entitled at the following addresses or at such other addresses as a party may designate by ten days' advance written notice to each of the other parties hereto.

COMPANY: Autodesk, Inc.
111 McInnis Parkway
San Rafael, CA 94903

PURCHASER: <Name>
<Address>
<Address>

ESCROW AGENT: Corporate Secretary
Autodesk, Inc.
111 McInnis Parkway
San Rafael, CA 94903

16. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instruction; you do not become a party to the Agreement.

17. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

18. These Joint Escrow Instructions shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

Very truly yours,

AUTODESK, INC.

Signature

Chairman of the Board, President and Chief Executive Officer
Title

PURCHASER:

Signature

Typed or Printed Name

ESCROW AGENT:

Corporate Secretary

EXHIBIT C
ELECTION UNDER SECTION 83(b)
OF THE INTERNAL REVENUE CODE OF 1986

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in taxpayer's gross income for the current taxable year the amount of any compensation taxable to taxpayer in connection with his or her receipt of the property described below:

1. The name, address, taxpayer identification number and taxable year of the undersigned are as follows:

NAME:	TAXPAYER:	SPOUSE:
ADDRESS:		
IDENTIFICATION NO:	TAXPAYER:	SPOUSE:
TAXABLE YEAR:		

2. The property with respect to which the election is made is described as follows: _____ shares (the "Shares") of the Common Stock of Autodesk, Inc. (the "Company").

3. The date on which the property was transferred is: _____.

4. The property is subject to the following restrictions:

The Shares may be forfeited by the Company upon certain events. This right lapses with regard to the Shares based on the continued performance of services by the taxpayer over time.

5. The fair market value at the time of transfer, determined without regard to any restriction other than a restriction which by its terms will never lapse, of such property is:

\$_____.

6. The amount (if any) paid for such property is:

\$_____.

The undersigned has submitted a copy of this statement to the person for whom the services were performed in connection with the undersigned's receipt of the above-described property. The transferee of such property is the person performing the services in connection with the transfer of said property.

The undersigned understands that the foregoing election may not be revoked except with the consent of the Commissioner.

Dated: _____, 20__

Taxpayer

The undersigned spouse of taxpayer joins in this election.

Dated: _____, 20__

Spouse of Taxpayer

AUTODESK, INC.

1998 EMPLOYEE QUALIFIED STOCK PURCHASE PLAN¹

The following constitute the provisions of the 1998 Employee Qualified Stock Purchase Plan (herein called the "Plan") of Autodesk, Inc. (herein called the "Company").

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986. The provisions of the Plan shall, accordingly, be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.

2. Definitions.

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Code" shall mean the Internal Revenue Code of 1986.

(c) "Common Stock" shall mean the Common Stock, par value \$0.01 per share, of the Company.

(d) "Company" shall mean Autodesk, Inc., a Delaware corporation.

(e) "Compensation" shall mean all regular straight time earnings, payments for overtime, shift premium and commissions, but exclusive of any incentive compensation, incentive payments, bonuses, or other compensation.

(f) "Continuous Status as an Employee" shall mean the absence of any interruption or termination of service as an Employee. Continuous Status as an Employee shall not be considered interrupted in the case of a leave of absence agreed to in writing by the Company, provided that such leave is for a period of not more than 90 days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

(g) "Designated Subsidiaries" shall mean the Subsidiaries which have been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.

¹ As amended by the Company's Board of Directors on September 9, 2004.

(h) "Employee" shall mean any person, including an officer, who is customarily employed for at least twenty (20) hours per week and more than five (5) months in a calendar year by the Company or one of its Designated Subsidiaries.

(i) "Exercise Date" shall mean the date one day prior to the date six (6) months, twelve (12) months, eighteen (18) months or twenty-four (24) months after the Offering Date of each Offering Period.

(j) "Exercise Period" shall mean a period commencing on an Offering Date or on the day after an Exercise Date and terminating one day prior to the date six (6) months later.

(k) "Offering Period" shall mean a period of twenty-four (24) months consisting of four (4) six-month Exercise Periods during which options granted pursuant to the Plan may be exercised.

(l) "Offering Date" shall mean the first day of each Offering Period of the Plan.

(m) "Plan" shall mean this 1998 Employee Qualified Stock Purchase Plan.

(n) "Subsidiary" shall mean a corporation, domestic or foreign, of which not less than 50% of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.

3. Eligibility.

(a) Any Employee as defined in paragraph 2 who shall be employed by the Company on the Offering Date shall be eligible to participate in the Plan, subject to limitations imposed by Section 423(b) of the Code.

(b) Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) if, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own stock and/or hold outstanding options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any subsidiary of the Company, or (ii) which permits such Employee's rights to purchase stock under all employee stock purchase plans of the Company and its subsidiaries to accrue at a rate which exceeds Twenty-Five Thousand Dollars (\$25,000) of fair market value of such stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. Offering Periods. The Plan shall be implemented by twenty-four (24) month Offering Periods beginning every six (6) months, until terminated in accordance with Section 20 hereof; provided that, the first Offering Period shall begin on the first business day after the Company's Special Meeting on March 31, 1998. The Board of Directors of the Company shall have the power to change the duration of offering periods with respect to future offerings without stockholder approval if such change is announced at least fifteen (15) days prior to the scheduled beginning of the first offering period to be affected.

5. Participation.

(a) An eligible Employee may become a participant in the Plan by completing a subscription agreement authorizing payroll deductions on the form provided by the Company and filing it with the Company's payroll office on or prior to the applicable Offering Date, unless a later or earlier time for filing the subscription agreement is set by the Board for all eligible Employees with respect to a given offering.

(b) Payroll deductions for a participant shall continue at the rate specified in the subscription agreement throughout the Offering Period with automatic re-enrollment for the Offering Period which commences the day after the Exercise Date at the same rate specified in the original subscription agreement, subject to any change in subscription rate made pursuant to Section 6(c), unless sooner terminated by the participant as provided in Section 10.

6. Payroll Deductions.

(a) At the time a participant files his or her subscription agreement, such participant shall elect to have payroll deductions made on each payday during the offering period in an amount not exceeding fifteen percent (15%) of his or her Compensation on each payroll date. The aggregate of such payroll deductions during any offering period shall not exceed fifteen percent (15%) of his or her aggregate Compensation during said offering period.

(b) All payroll deductions made by a participant shall be credited to his or her account under the Plan. A participant may not make any additional payments into such account.

(c) A participant may discontinue his or her participation in the Plan as provided in Section 11, or may increase or decrease the rate of his or her payroll deductions at any time during the Offering Period by completing or filing with the Company a form provided by the Company notifying the payroll office of such withdrawal or reduction of withholding rate. The change in rate shall be effective as of the next pay date following receipt of the form or at such other time as the Company and the participant may agree.

7. Grant of Option.

(a) On the Offering Date of each Offering Period, each eligible Employee participating in the Plan shall be granted an option to purchase on each Exercise Date during such Offering Period (at the per share option price) up to a number of shares of the Company's Common Stock determined by dividing such Employee's payroll deductions to be accumulated prior to such Exercise Date by the lower of (i) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Offering Date or (ii) eighty-five percent (85%) of the fair market

value of a share of the Company's Common Stock on the Exercise Date; provided that in no event shall an Employee be permitted to purchase during an Offering Period a number of shares in excess of a number determined by dividing \$50,000 by the fair market value of a share of the Company's Common Stock on the Offering Date, subject to the limitations set forth in Sections 3(b) and 13 hereof. Fair market value of a share of the Company's Common Stock shall be determined as provided in Section 7(b) herein.

(b) The option price per share of the shares offered in a given Exercise Period shall be the lower of: (i) 85% of the fair market value of a share of the Common Stock of the Company on the Offering Date; or (ii) 85% of the fair market value of a share of the Common Stock of the Company on the Exercise Date. The fair market value of the Company's Common Stock on a given date shall be the closing price as quoted on the Nasdaq Stock Market, Inc.'s National Market or, if traded on a securities exchange, the closing price on such exchange.

8. Exercise of Option. Unless a participant withdraws from the Plan as provided in Section 11, his or her option for the purchase of shares will be exercised automatically on each Exercise Date of the Offering Period, and the maximum number of full shares subject to option will be purchased for him or her at the applicable option price with the accumulated payroll deductions in his or her account. During his or her lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

9. Delivery. As promptly as practicable after the Exercise Date of each offering, the Company shall arrange the delivery to each participant, as appropriate, of a certificate representing the shares purchased upon exercise of his or her option. Any cash remaining which is insufficient to purchase a full share of Common Stock at the termination of each Exercise Period shall be refunded to the participant.

10. Automatic Transfer to Low Price Offering Period. In the event that the fair market value of the Company's Common Stock is lower on an Exercise Date than it was on the first Offering Date for that Offering Period, all Employees participating in the Plan on the Exercise Date shall be deemed to have withdrawn from the Offering Period immediately after the exercise of their option on such Exercise Date and to have enrolled as participants in a new Offering Period which begins on or about the day following such Exercise Date. A participant may elect to remain in the previous Offering Period by filing a written statement declaring such election with the Company prior to the time of the automatic change to the new Offering Period.

11. Withdrawal; Termination of Employment.

(a) A participant may withdraw all but not less than all the payroll deductions credited to his or her account under the Plan at any time prior to the Exercise Date of the Offering Period by giving written notice to the Company. All of the participant's payroll deductions credited to his or her account will be paid to him or her at the next pay date after receipt of his or her notice of withdrawal and his or her option for the current period will be automatically terminated, and no further payroll deductions for the purchase of shares will be made during the Offering Period.

(b) Upon termination of the participant's Continuous Status as an Employee prior to the Exercise Date for any reason, including retirement or death, the payroll deductions credited to his or her account will be returned to the participant's or, in the case the of participant's death, to the person or persons entitled thereto under Section 15, and his or her option will be automatically terminated.

(c) A participant's withdrawal from an offering will not have any effect upon his or her eligibility to participate in a succeeding offering or in any similar plan which may hereafter be adopted by the Company.

12. Interest. No interest shall accrue on the payroll deductions of a participant in the Plan.

13. Stock.

(a) The maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 4,000,000 shares (as adjusted to account for the 2-for-1 stock split that occurred on April 19, 2002), plus an annual increase to be made on the last day of the immediately preceding fiscal year equal to the lesser of (i) 5,000,000 shares (as adjusted to account for the 2-for-1 stock split that occurred on April 19, 2002), (ii) 2% of the Issued Shares (as defined below) on such date or (iii) a lesser amount determined by the Board, subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof. "Issued Shares" shall mean the number of shares of Common Stock of the Company outstanding on such date plus any shares reacquired by the Company during the fiscal year that ends on such date. If the total number of shares which would otherwise be subject to options granted pursuant to Section 7(a) hereof on the Exercise Date of an Offering Period exceeds the number of shares then available under the Plan (after deduction of all shares for which options have been exercised or are then outstanding), the Company shall make a pro rata allocation of the shares remaining available for option grant in as uniform a manner as shall be practicable and as it shall determine to be equitable. In such event, the Company shall give written notice of such reduction of the number of shares subject to the option to each Employee affected thereby and shall similarly reduce the rate of payroll deductions, if necessary.

(b) The participant will have no interest or voting right in shares covered by his or her option until such option has been exercised.

(c) Shares to be delivered to a participant under the Plan will be registered in the name of the participant or in the name of the participant and his or her spouse.

14. Administration. The Plan shall be administered by the Board of Directors of the Company or a committee appointed by the Board. The administration, interpretation or application of the Plan by the Board or its committee shall be final, conclusive and binding upon all participants. Members of the Board who are eligible Employees are permitted to participate in the Plan, provided that:

(a) Members of the Board who are eligible to participate in the Plan may not vote on any matter affecting the administration of the Plan or the grant of any option pursuant to the Plan.

(b) If a Committee is established to administer the Plan, no member of the Board who is eligible to participate in the Plan may be a member of the Committee.

15. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to the end of the offering period but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to the Exercise Date of the offering period.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. Transferability. Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Section 11.

17. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

18. Reports. Individual accounts will be maintained for each participant in the Plan. Statements of account will be given to participating Employees annually promptly following the Exercise Date, which statements will set forth the amounts of payroll deductions, the per share purchase price, the number of shares purchased and the remaining cash balance refunded or to be refunded, if any.

19. Adjustments Upon Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each option under the

Plan which has not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but have not yet been placed under option (collectively, the "Reserves"), as well as the price per share of Common Stock covered by each option under the Plan which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of shares of Common Stock 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 issue 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 of Common Stock subject to an option.

In the event of the proposed dissolution or liquidation of the Company, the offering period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board. 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 option under the Plan 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 participant 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 Board shall notify the participant 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.

The Board may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the price per share of Common Stock covered by each outstanding option, in the event that the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding Common Stock.

20. Amendment or Termination. The Board of Directors of the Company may at any time terminate or amend the Plan. No such termination can affect options previously granted, nor may an amendment make any change in any option theretofore granted which adversely affects the rights of any participant. In addition, to the extent necessary to comply with Rule 16b-3 under the Act or under Section 423 of the Code (or any successor rule or provision or any other applicable law or regulation), the Company shall obtain stockholder approval in such a manner and to such a degree as so required.

21. Notices. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Stockholder Approval.

(a) Continuance of the Plan shall be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted. If such stockholder approval is obtained at a duly held stockholders' meeting, it must be obtained by the affirmative vote of the holders of a majority of the outstanding shares of the Company, or if such stockholder approval is obtained by written consent, it must be obtained by the unanimous written consent of all stockholders of the Company; provided, however, that approval at a meeting or by written consent may be obtained by a lesser degree of stockholder approval if the Board determines, in its discretion after consultation with the Company's legal counsel, that such a lesser degree of stockholder approval will comply with all applicable laws and will not adversely affect the qualification of the Plan under Section 423 of the Code.

(b) If and in the event that the Company registers any class of equity securities pursuant to Section 12 of the Exchange Act, any required approval of the stockholders of the Company obtained after such registration shall be solicited substantially in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

(c) If any required approval by the stockholders of the Plan itself or of any amendment thereto is solicited at any time otherwise than in the manner described in paragraph 21(b) hereof, then the Company shall, at or prior to the first annual meeting of stockholders held subsequent to the later of (1) the first registration of any class of equity securities of the Company under Section 12 of the Exchange Act or (2) the granting of an option hereunder to an officer or director after such registration, do the following:

(i) furnish in writing to the holders entitled to vote for the Plan substantially the same information which would be required (if proxies to be voted with respect to approval or disapproval of the Plan or amendment were then being solicited) by the rules and regulations in effect under Section 14(a) of the Exchange Act at the time such information is furnished; and

(ii) file with, or mail for filing to, the Securities and Exchange Commission four copies of the written information referred to in subsection (i) hereof not later than the date on which such information is first sent or given to stockholders.

23. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, 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 applicable provisions of law.

24. Term of Plan. The Plan shall become effective upon the earlier to occur of its adoption by the Board of Directors or its approval by the stockholders of the Company as described in paragraph 22. It shall continue in effect for a term of twenty (20) years unless sooner terminated under paragraph 20.

EMPLOYEE QUALIFIED STOCK PURCHASE PLAN
SUBSCRIPTION AGREEMENT

_____ Original Application
_____ Change in Payroll Deduction Rate
_____ Change of Beneficiary(ies)

Date: _____

1. _____ hereby elects to participate in the Autodesk, Inc. Employee Qualified Stock Purchase Plan (the "Stock Purchase Plan") and subscribes to purchase shares of the Company's Common Stock, without par value, in accordance with this Subscription Agreement and the Stock Purchase Plan.
2. I hereby authorize payroll deductions from each paycheck in the amount of _____% (maximum 15%) of my Compensation on each payday during the Offering Period in accordance with the Stock Purchase Plan. Such deductions are to continue for succeeding Offering Periods until I give written instructions for a change in or termination of such deductions.
3. I understand that said payroll deductions shall be accumulated for the purchase of shares of Common Stock, without par value, at the applicable purchase price determined in accordance with the Stock Purchase Plan. I further understand that, except as otherwise set forth in the Stock Purchase Plan, shares will be purchased for me automatically on each Exercise Date of the offering period unless I otherwise withdraw from the Stock Purchase Plan by giving written notice to the Company for such purpose.
4. I have received a copy of the complete "Autodesk, Inc. Employee Qualified Stock Purchase Plan." I understand that my participation in the Stock Purchase Plan is in all respects subject to the terms of the Plan. I have been provided with a prospectus describing the Stock Purchase Plan. I understand that I may withdraw from the Stock Purchase Plan and have payroll deductions refunded (without interest) on the next payroll date following notice of withdrawal at any time during the Offering Period.
5. Shares purchased for me under the Stock Purchase Plan should be issued in the name(s) of: _____
_____ .
6. I understand that if I dispose of any shares received by me pursuant to the Stock Purchase Plan within 2 years after the Offering Date (the first day of the offering period during which I purchased such shares) or within one year after the date on which such shares were transferred to me, I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were transferred to me over the price which I paid for the shares, and that I

Employee's Address:** _____

I UNDERSTAND THAT THIS SUBSCRIPTION AGREEMENT SHALL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

Dated: _____

Signature of Employee

** It is the participant's responsibility to notify the Company's stock administrator in the event of a change of address.

CERTIFICATION

I, Carol A. Bartz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Autodesk, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 9, 2004

/s/ CAROL A. BARTZ

Carol A. Bartz
Chairman, Chief Executive Officer and President

CERTIFICATION

I, Alfred J. Castino, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Autodesk, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 9, 2004

/s/ ALFRED J. CASTINO

Alfred J. Castino
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Based on my knowledge, I, Carol A. Bartz, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Autodesk, Inc. on Form 10-Q for the quarterly period ended July 31, 2004 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Autodesk, Inc.

September 9, 2004

/s/ CAROL A. BARTZ

Carol A. Bartz
Chairman, Chief Executive Officer and President

Based on my knowledge, I, Alfred J. Castino, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Autodesk, Inc. on Form 10-Q for the quarterly period ended July 31, 2004 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Autodesk, Inc.

September 9, 2004

/s/ ALFRED J. CASTINO

Alfred J. Castino
Senior Vice President and Chief Financial Officer