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

FORM 10-K/A
Amendment No. 1

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended January 31, 2003

☐ **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 **(Address of principal executive offices)**	**94903** **(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	**None**

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $0.01 Par Value

Preferred Share Rights (currently attached to and trading only with Common Stock)
(Title of Class)

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

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

Indicate by check mark whether the Registrant is an accelerated filer (as defined by Rule 12b-2 of the Act). Yes ☒ No

As of July 31, 2002, the last business day of the Registrant’s most recently completed second fiscal quarter, there were approximately 112.5 million shares of the Registrant’s common stock outstanding, and the aggregate market value of such shares held by non-affiliates of the Registrant (based on the closing sale price of such shares on the Nasdaq National Market on July 31, 2002) was approximately $1.5 billion. Shares of the Registrant’s common stock held by each executive officer and director and by each entity that owns 5% or more of the Registrant’s outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of April 1, 2003, Registrant had outstanding approximately 113.5 million shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for Registrant’s Annual Meeting of Stockholders to be held June 19, 2003 are incorporated by reference in Part III of this Form 10-K. The Proxy Statement will be filed within 120 days of the Registrant’s fiscal year ended January 31, 2003.

EXPLANATORY NOTE

This Annual Report on Form 10-K/A ("Form 10-K/A") is being filed as Amendment No. 1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 2003 ("Form 10-K"). This Form 10-K/A is filed with the Securities and Exchange Commission to amend a statement in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and to add an exhibit erroneously omitted from Item 15(a)3. *Exhibits*.

Within the section "Overview of Fiscal 2003 Results of Operations" in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*, we stated in the third paragraph that during fiscal 2003, upgrade revenues for our software products decreased to $85.6 million from $258.4 million in the previous year. We are replacing that statement with a statement that during fiscal 2003 upgrade revenues for our AutoCAD-based software products decreased to $69.0 million from $229.7 million in the previous year.

Our exhibit listing under Item 15(a)3. *Exhibits* excludes an employment agreement involving an executive officer. This agreement is attached hereto as Exhibit 10.9 Agreement between Registrant and Tom Vadnais, dated November 21, 2001.

Both Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and the Exhibit Index from Item 15(a)3 are hereby amended and restated in their entirety as follows. This Form 10-K/A does not otherwise change or update the disclosures set forth in the Form 10-K as originally filed and does not otherwise reflect events occurring after the original filing of the Form 10-K.

PART II

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

The discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains trend 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 net revenues, revenue mix, level of product returns, gross margins, costs and expenses, legal contingencies and restructuring activity, as well as statements involving trend analyses and statements including such words as "we believe" 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 elsewhere herein, including "Risk Factors Which May Impact Future Operating Results."

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S. 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 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, which are described in Note 1 in the Notes to Consolidated Financial Statements, 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 Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

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 collectibility is probable. However, determining whether 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.

Based on whether the sale is product or service related, we recognize revenue as follows. Product sales are recognized at the time of shipment as long as all other criteria for revenue recognition have been met. Subscription, customer support and hosted service revenues are recognized 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 doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. At January 31, 2003, we had a bad debt reserve of $9.2 million.

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. While we believe our existing reserve for doubtful accounts is adequate and proper, additional reserves may be required should the financial condition of our customers deteriorate or as unusual circumstances arise.

Product Return 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. At January 31, 2003, we had a product returns reserve of $19.8 million.

In the past three years, product returns as a percentage of applicable revenues have been in the range of 4% to 7% annually. During fiscal year 2003, product returns as a percentage of applicable revenue was 6%. The product return reserves are based on estimated channel inventory levels, the timing of new product introductions and other factors. The greater the channel inventory level or the closer the proximity of a major new product release such as AutoCAD 2004, the more product returns we expect. During fiscal year 2003, we recorded a reserve for product returns of $33.3 million, which reduced our gross sales.

While we believe our accounting practice for establishing and monitoring product returns reserves is adequate and proper, 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 review the realizability of our long-lived assets and related intangible assets annually during the fourth fiscal quarter, or sooner whenever events or changes in circumstances indicate the carrying values of such assets may not be recoverable. We consider some of the following factors important in deciding 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. Impairment charges, if any, result in situations when 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. This situation occurred during the fourth quarter of fiscal 2003 resulting in additional amortization expense of $0.3 million.

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. On February 1, 2002, we adopted Statement of Financial Accounting Standards No. 142 “Goodwill and Other Intangible Assets”. Therefore, we no longer amortize goodwill. We test goodwill for impairment annually in the fourth quarter or sooner whenever 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 $27.2 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 future taxable income of approximately $70.0 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 Associated with Office Closures. During the year ended January 31, 2003, we recorded restructuring charges of $25.9 million of which $12.5 million related to the closure of several domestic and international offices. These office closure costs were based upon the projected rental payments through the remaining terms of the underlying operating leases, offset by projected subleasing income. The projected subleasing income amounts were calculated by using information provided by third-party real estate brokers and management judgments and were based on assumptions for each of the real estate markets where the leased offices were located. Should 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 determinations are made. This situation occurred during fiscal 2002 and 2003 and 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 some of the underlying restructuring accruals, which will result in increased net income in the period when such determinations are made.

Legal Contingencies. As described in Item 3. Legal Proceedings and Note 7, Commitments and Contingencies, in the Notes to the Consolidated Financial Statements, 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. During the fourth quarter of fiscal 2003 we recorded a $2.5 million reserve related to the Spatial matter. 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, our net income would have been substantially less. The impact of expensing employee stock awards is further described in Note 1 in the Notes to Consolidated Financial Statements.

Recently Issued Accounting Standards

During November 2002, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others, an interpretation of FASB Statements No. 5, 57 and 107 and a rescission of FASB Interpretation No. 34" ("FIN 45"). FIN 45 elaborates on the existing disclosure requirements for a guarantor in its interim and annual financial statements about its obligations under guarantees issued. It also clarifies that at the time a guarantee is issued, the guarantor must recognize an initial liability for the fair value of the obligations it assumes under the guarantee and must disclose that information in its financial statements. The initial recognition and measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002, and the disclosure requirements apply to guarantees outstanding as of December 31, 2002. We adopted the provisions of FIN 45 effective January 31, 2003. Some of the software licenses we grant contain provisions that indemnify licensees of our software from damages and costs resulting from claims alleging that our software infringes the intellectual property rights of a third party. We have historically received only a limited number of requests for indemnification under these provisions and have not been required to make material payments

pursuant to these provisions. Accordingly, we have not recorded a liability related to these indemnification provisions.

Overview of Fiscal 2003 Results of Operations
(in thousands)

	For the year ended January 31, 2003	As a % of Net Revenues	For the year ended January 31, 2002	As a % of Net Revenues
Net Revenues	$ 824,945	100%	$ 947,491	100%
Cost of revenues	140,162	17%	151,203	16%
Operating expenses	633,635	77%	643,581	68%
Amortization of goodwill and purchased intangibles	299	—	20,903	2%
Restructuring and other	25,887	3%	33,630	4%
Income from Operations	$ 24,962	3%	$ 98,174	10%

Our fiscal 2003 net revenues were down 13 percent from the prior fiscal year. This revenue decline resulted in an operating margin of 3 percent of fiscal 2003 net revenues as compared to 10 percent in fiscal 2002 and 15 percent in fiscal 2001. The decline in revenue this year was due to two primary factors.

First, we faced a difficult customer purchasing environment across the industries we serve, particularly manufacturing, commercial construction, and media and entertainment. Our customers both delayed purchases and purchased in smaller quantities than we would normally expect. We believe our customers were impacted by economic pressures in their own businesses.

Second, our revenues were impacted by a relatively slow year for new product releases across many of our divisions, leading to weakness in sales of both new commercial seats as well as sales of upgrades. In previous years, when new product cycles occurred such as for AutoCAD, our flagship product, revenues from customers upgrading and new commercial seat licenses resulted in significant revenue growth between years. During fiscal 2003, upgrade revenues for our AutoCAD-based software products decreased to $69.0 million from $229.7 million in the previous year, which is a decline much greater than the decrease in total net revenues between years. Our most significant new product releases occurred either late in fiscal 2003 or are scheduled for release early in fiscal 2004.

During fiscal 2002, we introduced in the U.S. the Autodesk Subscription Program, which is an option for our customers who own the most recent version of the underlying product. Through this program, which is available for a majority of our Design Solutions products as well as Discreet’s 3ds max, we offer customers strong value while allowing us to reduce our dependence on revenues from customers upgrading when new product cycles occur. While the customer subscription program met our internal growth goals during fiscal 2003, subscription revenues were not yet large enough to offset the relatively weak upgrade sales. This was due to the ratable revenue recognition model that we use for subscription bookings and the lack of availability of the subscription program in several regions outside of the U.S.

Each of our sales geographies suffered due to the two factors described above. We generate a significant amount of revenue in several countries, including the U.S., Japan, Germany, United Kingdom, Italy, France, Canada and China. Japan was particularly weak in our Asia Pacific region, due largely to continued weakness in the Japanese economy.

Our operating margins are very sensitive to reductions in sales 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. During fiscal 2003 we invested in several new internal product initiatives which we believe will contribute to future operating margin growth. These investments were in areas such as product lifecycle management, building lifecycle management, location based services, online collaborative services and desktop video.

We have chosen to continue each of these important investments during our current sales slowdown because we believe each of them is very promising, and we believe our ability to fund such investments during an economic slowdown is a strong competitive advantage. By continuing to fund these initiatives,

we have explicitly chosen not to reduce our costs to a level that would achieve historical operating margin levels.

During fiscal 2003, we acquired three new businesses, Revit Technology Corporation, CAiCE Software Corporation and truEInnovations, Inc. These investments either provide us with future opportunities in markets where we have a limited presence or supplement existing technology. For a more detailed discussion, see Note 10, Business Combinations, in the Notes to Consolidated Financial Statements.

During fiscal 2003, we continued our cost reduction efforts, primarily in areas such as employee and facilities related costs. The objective of this restructuring activity and other cost saving initiatives, such as no incentive bonus payouts and mandatory time off for our employees, was to provide a level of profitability and provide funding during fiscal 2003 for the investments described above. We believe that our recent activities will result in an annual operating expense run rate between $650.0 million to $660.0 million, exclusive of any additional restructuring or unusual charges. At this operating expense level, we expect to continue to remain profitable at recent levels of revenue and be able to fund investments we believe will increase future revenues and operating margins.

Throughout fiscal 2003, we maintained a financially strong balance sheet and we generated $86.2 million of cash from our operating activities. We finished the year with $411.0 million in cash and marketable securities and a significantly higher deferred revenue balance as compared to the previous year. Over 60 percent of the deferred revenues balance at January 31, 2003 consisted of customer subscription contracts, which as described previously will be recognized as revenue ratably over the life of the contracts.

Results of Operations

Net Revenues

		Increase (decrease) compared to prior fiscal year			Increase (decrease) compared to prior fiscal year		
	Fiscal 2003	$	percent	Fiscal 2002	$	percent	Fiscal 2001
				(in millions)			
Net Revenues by Geographic Area:							
Americas	$374.2	$ (59.5)	(14%)	$433.7	$ 1.0	0%	$432.7
Europe	263.4	(27.4)	(9%)	290.8	(5.2)	(2%)	296.0
Asia Pacific	187.3	(35.7)	(16%)	223.0	15.4	7%	207.6
	$824.9	$(122.6)	(13%)	$947.5	$ 11.2	1%	$936.3
Net Revenues by Operating Segment:							
Design Solutions	$696.4	$ (95.0)	(12%)	$791.4	$ 48.3	6%	$743.1
Discreet	128.5	(27.6)	(18%)	156.1	(37.1)	(19%)	193.2
	$824.9	$(122.6)	(13%)	$947.5	$ 11.2	1%	$936.3
Net Design Solutions Revenues:							
Manufacturing Solutions Division	$118.8	$ (11.4)	(9%)	$130.2	$ (3.8)	(3%)	$134.0
Infrastructure Solutions Division	103.4	(13.0)	(11%)	116.4	18.9	19%	97.5
Building Solutions Division	73.5	(9.4)	(11%)	82.9	25.3	44%	57.6
Platform Technology Division and Other	400.7	(61.2)	(13%)	461.9	7.9	2%	454.0
	$696.4	$ (95.0)	(12%)	$791.4	$ 48.3	6%	$743.1

Our net revenues for fiscal 2003 were $824.9 million as compared to $947.5 million in fiscal 2002. Net revenues decreased in all three geographic areas. As previously described, the overall decrease was primarily due to a difficult selling environment across the industries we serve and by a slow year for new

product releases. With most of our competitors suffering similar slowdowns, we do not believe we have lost market share to competitors. The timing of our product cycles typically impact the amount of sales in periods when new releases occur. Should the difficult economic environment continue, our net revenues in fiscal 2004 will be adversely affected.

Net revenues in the Americas decreased to $374.2 million in fiscal 2003 from $433.7 million in fiscal 2002 due primarily to lower sales of Design Solutions products as a result of poor economic conditions in the industries that constitute our customer base. Net revenues in Europe decreased to $263.4 million in fiscal 2003 from $290.8 million in 2002 due to the impact of lower customer spending across product lines. Net revenues in Asia Pacific decreased to $187.3 million in fiscal 2003 from $223.0 million in fiscal 2002 due primarily to weakness in the Japanese economy.

Net revenues for the Discreet Segment were $128.5 million in fiscal 2003 as compared to $156.1 million in fiscal 2002 as advanced system sales were significantly affected by the timing of new product releases and delays in customer purchases as those customers were severely impacted by the economic slow down in the media, advertising and entertainment sectors. Discreet advanced system sales are dependent upon capital spending from post production companies. Demand from post production companies is largely dependent upon television advertising spending. Television advertising spending has been weak over the past two years.

In the Design Solutions Segment, net revenues from sales of combined AutoCAD and AutoCAD LT products decreased to $357.0 million in fiscal 2003 from $439.8 million in fiscal 2002 due primarily to a weak spending environment across the industries we serve, and reduced revenues in anticipation of new product releases. Although we have been reducing our dependence on key product lines, sales of AutoCAD, AutoCAD upgrades and AutoCAD LT continue to be 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 43 percent of our consolidated net revenues in fiscal 2003 and 46 percent of our consolidated net revenues in fiscal 2002. Should sales of AutoCAD, AutoCAD upgrades and AutoCAD LT products decrease as a result of weakened demand due to poor economic conditions in the industries that constitute our customer base, our results of operations will be adversely affected.

The weaker value of the U.S. dollar, relative to international currencies, had a positive impact on net revenues in fiscal 2003. Had exchange rates from the prior year been in effect in fiscal 2003, translated international revenue billed in local currencies would have been $14.1 million lower. Changes in the value of the U.S. dollar may have a significant impact on net revenues in fiscal 2004.

International sales accounted for approximately 61 percent of our net revenues in fiscal 2003 as compared to 66 percent in the prior fiscal year. We believe that international sales will continue to be a significant portion of total revenues. Many world economies are in the midst of current economic slowdowns. Economic weakness in any of the countries which contribute a significant portion of our net revenues would have a material adverse effect on our business.

Our net revenues for fiscal 2002 were $947.5 million as compared to $936.3 million in fiscal 2001. Increased net revenues in Asia Pacific and the Americas were partially offset by lower sales in Europe.

Net revenues for the Discreet Segment were $156.1 million in fiscal 2002 as compared to $193.2 million in the prior fiscal year as advanced system sales were significantly affected by a slowdown in the media, advertising and entertainment sectors upon which product sales depend.

Net revenues for the Design Solutions Segment were $791.4 million in fiscal 2002 as compared to $743.1 million in the prior fiscal year. The overall increase in segment revenues was attributable to a stronger portfolio of product offerings, such as Autodesk Inventor, Autodesk Architectural Desktop, Autodesk Map, Autodesk Land Desktop and AutoCAD 2002, and increased customer demand for greater productivity tools. Sales of AutoCAD, AutoCAD upgrades and AutoCAD LT accounted for 46 percent of our consolidated net revenues in fiscal 2002 and 47 percent of our consolidated net revenues in fiscal 2001.

The stronger value of the U.S. dollar, relative to international currencies, had a negative impact on net revenues in fiscal 2002. Had exchange rates from the prior year been in effect in fiscal 2002, translated international revenue billed in local currencies would have been $23.2 million higher.

International sales accounted for approximately 66 percent of our net revenues in fiscal 2002 as compared to 60 percent in the prior fiscal year. We believe that international sales will continue to be a significant portion of total revenues.

Cost of Revenues

	Fiscal 2003	Increase (decrease) compared to prior fiscal year		Fiscal 2002	Increase (decrease) compared to prior fiscal year		Fiscal 2001
		$	percent		$	percent	
				(in millions)			
Cost of revenues	$ 140.2	$ (11.0)	(7%)	$ 151.2	$ 1.0	1%	$ 150.2
As a percentage of net revenues	17%			16%			16%

Cost of revenues includes direct material and overhead charges, royalties, amortization of purchased technology and capitalized software 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.

The decrease of $11.0 million between fiscal years 2003 and 2002 was due primarily to the mix of product sales and overall lower revenue between years.

The cost of revenues in fiscal year 2002 was the same as a percentage of net revenues and similar in absolute dollars to cost of revenues in fiscal year 2001.

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 and the geographic distribution of sales. However, we expect future cost of revenues as a percentage of net revenues to remain within our historical range of 16 to 20 percent.

Marketing and Sales Expenses

	Fiscal 2003	Increase (decrease) compared to prior fiscal year		Fiscal 2002	Increase (decrease) compared to prior fiscal year		Fiscal 2001
		$	percent		$	percent	
				(in millions)			
Marketing and sales	$ 331.7	$ (11.8)	(3%)	$ 343.5	$ 25.7	8%	$ 317.8
As a percentage of net revenues	40%			36%			34%

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

The decrease of $11.8 million between fiscal years 2003 and 2002 was due primarily to lower dealer and sales commissions of $4.6 million due to lower revenue, lower rent and occupancy charges of $1.4 million, which resulted from cost saving initiatives, and lower professional services of $4.5 million.

The increase of $25.7 million between fiscal years 2002 and 2001 was primarily due to higher employee-related expenses resulting from an increasing focus on direct sales to major accounts.

We expect to continue to invest in marketing and sales of our products, to develop market opportunities and to promote our competitive position. 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 Expenses

	Fiscal 2003	Increase (decrease) compared to prior fiscal year $	Increase (decrease) compared to prior fiscal year percent	Fiscal 2002	Increase (decrease) compared to prior fiscal year $	Increase (decrease) compared to prior fiscal year percent	Fiscal 2001
				(in millions)			
Research and development	$ 173.0	$ 4.4	3%	$ 168.6	$ (1.9)	(1%)	$ 170.5
As a percentage of net revenues	21%			18%			18%

Research and development expenses consist primarily of salaries and benefits for software engineers, contract development fees and depreciation of computer equipment used in software development. The increase of $4.4 million between fiscal years 2003 and 2002 was primarily due to incremental costs resulting from our recent acquisitions of Revit in April 2002 and CAiCE in September 2002 and our continued funding of location based services and product lifecycle management initiatives. Research and development expenses for fiscal year 2003 were offset by $3.6 million of capitalized development costs mostly associated with AutoCAD 2004, which was released in March 2003.

Research and development expenses in fiscal year 2002 were the same as a percentage of net revenues and similar in absolute dollars to research and development expenses in fiscal year 2001.

We expect that research and development spending will continue to be significant in fiscal 2004 as we continue to invest in product development.

General and Administrative Expenses

	Fiscal 2003	Increase (decrease) compared to prior fiscal year $	Increase (decrease) compared to prior fiscal year percent	Fiscal 2002	Increase (decrease) compared to prior fiscal year $	Increase (decrease) compared to prior fiscal year percent	Fiscal 2001
				(in millions)			
General and administrative	$ 128.9	$ (2.6)	(2%)	$ 131.5	$ (1.0)	(1%)	$ 132.5
As a percentage of net revenues	16%			14%			14%

General and administrative expenses include our information systems, finance, human resources, legal and other administrative operations. We generally do not allocate these costs to the business divisions they support, so such expenses impact general and administrative rather than cost of revenues, research and development or marketing and sales expenses. The decrease of $2.6 million between fiscal years 2003 and 2002 was due primarily to lower rent and occupancy charges of $1.7 million, which resulted from cost saving initiatives, and a $4.9 million decrease in bad debt expense, as a result of improved collection of trade receivables. These decreases were primarily offset by $3.5 million of additional legal settlement reserves, of which $2.5 million was specifically set aside for the Spatial legal proceedings matter.

General and administrative expenses in fiscal year 2002 were the same as a percentage and similar in absolute dollars to general and administrative expenses in fiscal year 2001.

We currently expect that in the coming year general and administrative expenses, as a percentage of net revenues, will remain generally consistent with the level experienced in fiscal 2003.

Other Intangible Assets. Amortization of purchased intangibles is provided on a straight-line basis over the respective useful lives of the assets, which range from three to seven years. Amortization expense was $0.3 million in fiscal 2003, $1.0 million in fiscal 2002 and $2.2 million in fiscal 2001.

Goodwill Amortization Expense. On February 1, 2002, we adopted Statement of Financial Accounting Standards No. 142 “Goodwill and Other Intangible Assets”. Therefore, Autodesk no longer amortizes goodwill but rather tests it for impairment annually in the fourth quarter. There was no

impairment of goodwill during the year ended January 31, 2003. Goodwill amortization expense was $19.9 million in fiscal 2002 and $24.3 million in fiscal 2001.

Restructuring and Other Charges

	Fiscal 2003	Increase (decrease) compared to prior fiscal year		Fiscal 2002	Increase (decrease) compared to prior fiscal year		Fiscal 2001
		$	percent		$	percent	
				(in millions)			
Restructuring and other	$ 25.9	$ (7.7)	(23%)	$ 33.6	$ 34.8	2900%	$ (1.2)

During fiscal 2003 Autodesk recognized $25.9 million of restructuring and other charges resulting solely from restructuring activities. Of the $25.9 million, $10.7 million related to additional costs associated with the fiscal 2002 restructuring plan and $18.2 million related to a new fiscal 2003 restructuring plan partially offset by a credit of $3.0 million resulting from accrual reversals. Of the $10.7 million related to the fiscal 2002 plan, $1.2 million related to the further consolidation of certain European offices and the remaining $9.5 million resulted from increases to estimated accrued liabilities related to vacated facilities. Since these offices were closed in fiscal 2002, there has been a significant downturn in the real estate market, particularly in Northern California where some of the offices are located. As such, we were unable to either buyout the remaining lease obligations at favorable amounts or sub-lease the space at amounts originally estimated during fiscal 2002.

During the third quarter of fiscal 2003 the Board of Directors approved a new restructuring plan that resulted in the termination of 394 employees and the closure of several additional international and domestic offices. As a result of the restructuring plan approved in the third quarter of 2003, we expect to realize immediate pretax savings of $10.0 million per quarter and increased cash flows of $10.0 million per quarter. These savings are expected to last for the next several quarters and the pretax savings will be reflected in each on-going cost and expense line item in the consolidated statements of income. Both the pretax and cash flow savings are being used to fund the new business opportunities previously described. During the year ended January 31, 2003, we recognized $18.2 million of expenses as part of this restructuring effort, of which $16.5 million related to employee termination costs and $1.7 million related to office closures. Employee termination costs consisted of wage continuation, advance notice pay, medical benefits, and outplacement costs for 184 employees in the U.S. and 210 employees outside the U.S. Office closure costs included losses on operating leases and the write-off of leasehold improvements and equipment. During fiscal year 2003 we also reversed $2.0 million and $1.0 million of facility related accruals related to restructuring reserves established in fiscal 2002 and fiscal 2000, respectively. The facility-related accruals were settled for less than originally estimated.

During fiscal 2002 we recognized $33.6 million of restructuring and other charges. These charges resulted from restructuring activities ($24.5 million), in-process research and development expenses related to the acquisition of Media 100 ($3.2 million), the wind-down costs associated with the dissolution of RedSpark, a development stage company ($3.6 million), and a goodwill write-off of $2.3 million. The write-off of goodwill primarily related to an acquired Infrastructure Solutions Division business and resulted from a strategic decision to abandon the underlying product line.

The restructuring costs, which were part of a formal exit plan approved by our Board of Directors during the second quarter of fiscal 2002, were in connection with our effort to reduce operating expense levels. During that same quarter, we reduced our revenue estimates for the remainder of fiscal 2002. As a result of the restructuring we realized immediate pretax savings of $6.0 million per quarter and increased cash flows of $4.0 million per quarter in addition to the savings expected to be realized from the 2003 restructuring plan. These savings are expected to last for the next several quarters and the pretax savings have been reflected in each on-going cost and expense line item in the consolidated statements of income. Both the pretax and cash flow savings were re-invested in other parts of the business.

During fiscal 2001 we reversed $1.2 million of accruals, $1.0 million of which related to a restructuring reserve established in fiscal 2000. The accruals were settled for less than originally estimated.

For additional information regarding the restructuring and other charges recorded over the past three fiscal years, see Note 11, Restructuring and Other, in the Notes to Consolidated Financial Statements.

Interest and Other Income

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

	2003	2002	2001
Interest and investment income	$ 9,466	$14,144	$22,397
Gains (losses) on foreign currency transactions	1,727	(440)	(628)
Minority interest in net loss of RedSpark	—	2,657	1,112
Write-downs of investments in privately-held businesses	(3,436)	(2,861)	(2,553)
Realized gains (losses) on investments	2,069	2,775	(263)
Other	3,678	2,783	983
	$13,504	$19,058	$21,048

Investment income fluctuates based on average cash and marketable securities balances, average maturities and interest rates. The decrease in interest and other income between fiscal 2003, 2002 and 2001 was primarily due to a trend of declining interest rates on the investment of cash and marketable securities balances combined with lower cash and marketable securities balances.

Gain on disposal of affiliate. During the third quarter of fiscal 2002 we recognized a one-time non-cash gain of $9.5 million related to the dissolution of RedSpark. Because we owned greater than 50 percent of the voting stock, we had been consolidating RedSpark's operating losses since RedSpark was formed in April 2000. RedSpark's expenses, which were primarily research and development related, were included within the operating expense categories of our statement of income. The gain, which resulted from the reversal of the minority interest liability balance, represents the reversal of cumulative losses recognized in excess of the $3.2 million we originally invested.

Provision for income taxes. Absent the impact of the non-recurring tax benefit resulting from the Internal Revenue Service ("IRS") audit resolution for fiscal 1997-1999, our effective income tax rate was 27 percent in fiscal 2003, 30 percent in fiscal 2002 (absent the impact of the gain on disposal of affiliate) and 32 percent in fiscal 2001. The non-recurring net tax benefit of $3.8 million resulted from the resolution of our IRS audit for the fiscal years ended 1997-1999 and the establishment of U.S. deferred income taxes on previously permanently reinvested foreign earnings. The effective tax rate for fiscal 2003 is less than the federal statutory rate of 35 percent due to the benefits associated with our foreign earnings which are taxed at rates different from the federal statutory rate, research credits and tax-exempt interest, partially offset by additional taxes provided on prior year foreign earnings. Additional taxes on prior year foreign earnings relate to a foreign tax audit and to intercompany transfer pricing adjustments. The fiscal 2003 tax rate was lower than the fiscal 2002 and 2001 tax rates due to a relatively higher impact of these permanent items.

Our future effective tax rate may be impacted by the amount of benefits associated with our foreign earnings, which are taxed at rates different from the federal statutory rate, research credits and tax-exempt interest. We currently believe that our fiscal 2004 effective tax rate will be less than 27 percent primarily due to a relatively higher impact of benefits associated with our foreign earnings which are taxed at rates different from the federal statutory rate.

At January 31, 2003 we had net deferred tax assets of $27.2 million. Realization of these assets is dependent on our ability to generate approximately $70.0 million of future taxable income in appropriate tax jurisdictions. We believe that sufficient income will be earned in the future to realize these assets.

Equity in net loss of affiliate. In August 2001 we acquired the remaining 60 percent interest in Buzzsaw that we did not own. Consequently, from the date of the acquisition, Buzzsaw's on-going

revenues and costs and expenses have been included in each of the respective line items in our consolidated statements of income.

We recognized equity in net losses of $1.2 million in fiscal 2002 and $16.3 million in fiscal 2001, representing our proportionate share of Buzzsaw's losses during those periods. In April 2000 we invested $17.5 million in Buzzsaw and maintained a 40 percent interest. Loss recognition was suspended during the first quarter of 2002, after we fully expensed all previous investments in Buzzsaw.

Business Combinations

Over the past three years, we acquired new technology or supplemented our technology by purchasing businesses focused in specific markets or industries. During this time period, we acquired the following businesses:

Date	Company and Purchase Consideration	Details
December 2002	truEInnovations, Inc. $1.7 million in cash	truEInnovations, Inc. developed file and data management software that is very tightly integrated into our Autodesk Inventor Series environment. The truEInnovations, Inc. acquisition has been integrated with our Manufacturing Solutions Division.
September 2002	CAiCE Software Corporation $10.0 million in cash	This acquisition allows us to expand our presence in the transportation software market as well as enhance our core civil design industry business. The CAiCE acquisition has been integrated with our Infrastructure Solutions Division.
April 2002	Revit Technology Corporation $139.5 million, of which $133.0 million was in cash	This acquisition provides us with parametric building information modeling technology and provides us with potential next generation technology. The Revit acquisition has been integrated with our Building Solutions Division.
October 2001	Software Division of Media 100 $16.0 million in cash	This acquisition provides us with streaming media technology, cleaner brand encoding software, production and editing tools. This business has been integrated with our Discreet segment.
August 2001	Buzzsaw, Inc. $28.3 million of which $15.0 million was in cash	We acquired the remaining 60 percent of stock in Buzzsaw that we did not own. This acquisition provides us with leading online project collaboration applications to improve efficiencies and reduce costs for the building industry. Buzzsaw's results are reported in the Platform Technology Division and Other.

These acquisitions were all accounted for under the purchase method of accounting pursuant to Statement of Financial Accounting Standards No. 141, "Business Combinations."

Of these acquisitions, $3.2 million of the Media 100 purchase price was allocated to in-process research and development ("IPR&D") and was expensed immediately since the technology had not yet reached technological feasibility and no alternative future uses could be identified.

As of the acquisition date, the IPR&D substantially consisted of the Hitman product, an enterprise encoding system that automates the encoding process and allows for the encoding of multiple jobs at the same time. The Hitman product was 75 percent complete at the time, with $0.4 million of estimated

remaining costs to reach technological feasibility. We recently released this product with actual costs to complete that approximated the initial $0.4 million estimate.

In valuing the developed and in-process technologies, we used a discounted cash flow analysis based on projected net revenues, cost of revenues, operating expenses and income taxes resulting from such technologies over a 6-year period. The projected financial results, which were discounted using a 40 percent rate for the developed technology and a 50 percent rate for the IPR&D, were based on expectations of Media 100 on a stand-alone basis.

The revenue projections for developed technologies, which considered the release dates of new products, assumed a gradual decline. We based the revenue projections for the IPR&D on expected trends in technology and the timing of new product introductions.

For a more detailed discussion of the allocation of the total purchase considerations for each of the acquired businesses described above, which includes among other things liabilities assumed, see Note 10, Business Combinations, in the Notes to Consolidated Financial Statements.

Liquidity and Capital Resources

At January 31, 2003 our principal sources of liquidity were cash and marketable securities totaling $411.0 million and accounts receivable of $132.8 million. Additionally, we currently have a $40.0 million line of credit with a financial institution**.** Other than operating leases, described below we do not engage in off-balance sheet financing arrangements or any special purpose entities.

During fiscal 2003 we generated $86.2 million of cash from operating activities as compared to $210.2 million in fiscal 2002. Cash flows from operating activities, together with the proceeds from stock issuances resulting from 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, changes in working capital accounts and add-backs of non-cash expense items such as depreciation and amortization.

During fiscal 2003 the cash generated, together with cash and securities available at the start of the year, was used to fund the repurchase of 4.4 million shares of our common stock for $64.8 million, the acquisition of Revit for $133.0 million, the acquisition of two other businesses for $12.2 million, capital and other expenditures of $36.1 million and dividend payments totaling $13.6 million.

Between November 1999 and March 2001 the Board of Directors approved plans to repurchase up to 44.0 million shares of our common stock. Of these 44.0 million shares, 33.9 million have been repurchased and retired as of January 31, 2003. The purpose of the 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.

As of February 2003 we have a U.S. line of credit permitting short-term, unsecured borrowings of up to $40.0 million, which may be used from time to time for working capital or other business needs. This credit facility contains restrictive covenants that, among other provisions require Autodesk to maintain certain financial ratios and expires in February 2004.

We generally do not enter into binding purchase commitments. Principal commitments at January 31, 2003, consisted of obligations under operating leases for facilities and some computer equipment. At January 31, 2003 the future minimum lease payments under these lease commitments were as follows (in millions). Of these amounts $10.2 million has been included in our restructuring accruals at January 31, 2003.

2004	$	37.8
2005		33.3
2006		21.5
2007		13.1
2008		7.5
Thereafter		28.1
	$	141.3

We believe our existing cash, cash equivalents, marketable securities, available line of credit 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. In February 2003, we acquired the assets of Linius Technologies, Inc. for $1.0 million in cash and in March 2003, we acquired certain assets of VIA Development Corporation for approximately $4.2 million in cash. Capital expenditures for fiscal 2004 are currently anticipated to approximate what was incurred during fiscal 2003, but could be reduced if our revenues are less than anticipated.

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 payables and receivables 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 fiscal 2003 were the Euro, Swiss franc, British pound, Canadian dollar and Japanese yen. We monitor our foreign exchange exposures to ensure the overall effectiveness of our foreign currency hedge positions.

Stock Compensation

We maintain 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 to employees but not directors), the Nonstatutory Stock Option Plan (available only to non-executive employees) and the 2000 Directors' Option Plan (available only to outside directors). Additionally, there are five expired plans with options outstanding.

Our stock option program is a broad-based, long-term retention program. Essentially all of our employees participate. Approximately 91 percent of the options we granted during fiscal 2003 were awarded to employees other than our CEO and four most highly compensated executive officers. Options granted under the above mentioned plans vest over periods ranging from one to five years and expire within ten years. The exercise price of the stock options is equal to the fair market value of the stock on the grant date.

With the exception of grants to our outside directors, all stock option grants to executive officers and guidelines for grants to other employees are made by the Compensation Committee of the Board of Directors. All members of the Compensation Committee are independent directors, as defined in the application rules for issuers traded on The Nasdaq Stock Market. See the "Report of the Compensation Committee on Executive Compensation" appearing in Autodesk's proxy statement dated May 20, 2002, for further information concerning the policies and procedures of Autodesk and the Compensation Committee regarding the use of stock options. Grants to our outside directors are pre-determined by the terms of the 2000 Directors' Option Plan.

Additional information regarding stock compensation is incorporated by reference to the section of the Proxy Statement entitled "Employee and Director Stock Options".

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.

General economic conditions may continue to reduce 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, including the conflict in the Persian Gulf

and the potential economic impact from current concerns about severe acute respiratory syndrome ("SARS"). Because of the continued slowdown in the U.S. and other countries' economies, many customers are delaying or reducing technology purchases. If this slowdown continues, particularly in industries or countries that contribute a significant portion of our net revenues, it will likely continue to result in reductions in sales of our products, longer sales cycles, slower adoption of new technologies and increased price competition. In addition, weakness in the end-user market could continue to 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.

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 life 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 business, our customers' buying patterns are heavily influenced by advertising and entertainment industry cycles, which has resulted in and may continue to have a negative impact on our operating results. In addition, Discreet's systems products rely on workstations manufactured by Silicon Graphics and failure of Silicon Graphics to deliver products 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, changes in marketing or 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 systems products, which historically have had lower margins, grow at a faster rate than sales of our higher-margin products.

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 comparable 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.

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. An example of this type of software is the ACIS geometric solid modeler we license from Spatial. 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.

In addition, for certain of our products and services, we rely on third party hardware and services. Financial difficulties or even failure of these third parties may impact our ability to deliver such on-line collaboration applications 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, which could harm our business.

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; 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 extended 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 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 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 will achieve acceptance among our current customers, adversely affecting our competitive position.

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 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.

Our business could suffer as a result of risks associated with strategic acquisitions 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 2002 we acquired Revit and in September 2002 we acquired CAiCE. 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 may involve significant transaction-related costs. We may not be successful in overcoming such risks, and such investments and acquisitions 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 merger-related costs and charges associated with eliminating redundant expenses or write-offs of impaired assets recorded in connection with acquisitions. These costs or charges could negatively impact results of operations for a given period or cause lack of a consistent increase quarter to quarter 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.

We anticipate that international operations will continue to account for a significant portion of our consolidated net revenues. Risks inherent in our international operations include the following: unexpected changes in regulatory practices and tariffs, difficulties in staffing and managing foreign 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 may also continue to be impacted by general economic and political conditions in these foreign markets or in specific large foreign markets. In particular, war in the Persian Gulf or the potential economic impact from concerns about SARS could disrupt trade and market relationships in a way that could harm our business. These and other 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, which exist as a part of our ongoing business operations.

If we do not maintain our relationship with the members of our distribution channel, 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, such as current worldwide economic conditions, and may do so in the future. In addition, the changing distribution models resulting from the Internet, from increased focus on direct sales to major 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 percent of our consolidated net revenues in fiscal 2003, 2002 or 2001. However, we rely significantly upon major distributors and resellers in both the U.S. and international regions and the loss of or a significant reduction in business or 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 superceded by new product releases. We anticipate that product returns will continue to be impacted by product update cycles, new product releases such as AutoCAD 2004 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. While we maintain strict measures to monitor these reserves, actual product returns may differ from 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.

We expect that software product developers will be increasingly subject to infringement claims as the number of products and competitors in our industry segments grows and as the functionality of products in different industry segments overlaps. 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. Any such claims, whether with or without merit, could be time-consuming to defend, result in costly litigation and diversion of resources, 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.

The loss of key personnel or the inability to attract and retain additional personnel could harm our business.

Our continued growth and success depends significantly on the continued service of highly skilled employees and independent developers. Our ability to attract and retain key personnel is dependent on a number of factors, including our continued ability to grant stock incentive awards. Changes in the accounting rules for stock options, which are granted to most of our employees and which have been a significant factor in attracting and retaining key technical and management experts, could have a material adverse effect on our business. The loss of key personnel or inability to recruit new employees or independent developers would negatively impact our business. In addition, we may experience increased compensation costs to attract and retain skilled personnel.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

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

1. *Financial Statements*: The information concerning Autodesk's financial statements, and Report of Ernst & Young LLP, Independent Auditors required by this Item is incorporated by reference herein to the section of this Report in Item 8, entitled "Financial Statements and Supplementary Data."

2. *Financial Statement Schedule*: The following financial statement schedule of Autodesk, Inc., for the fiscal years ended January 31, 2003, 2002 and 2001, is filed as part of this Report and should be read in conjunction with the Consolidated Financial Statements of Autodesk, Inc.

Schedule II Valuation and Qualifying Accounts S-1

Schedules not listed above have been omitted because they are not applicable or are not required or the information required to be set forth therein is included in the Consolidated Financial Statements or Notes thereto.

3. *Exhibits*: The Exhibits listed below are filed as part of, or incorporated by reference into, this Report.

Exhibit No.	Description
2.1(7)	Agreement and Plan of Merger by and among Autodesk, Inc., Rosie Acquisition Corporation, Revit Technology Corporation and Irwin Jungreis as Stockholder Representative dated as of February 21, 2002
3.1+	Certificate of Incorporation of Registrant
3.2+	Bylaws of Registrant, as amended
4.1(5)	Preferred Shares Right Agreement dated December 14, 1995
4.2(5)	Amendment No. 1 to Preferred Shares Rights Agreement
10.1(3)*	Registrant's 1998 Employee Qualified Stock Purchase Plan and form of Subscription Agreement, as amended
10.2(2)*	Registrant's 2000 Directors' Option Plan
10.3(3)*	Registrant's 1996 Stock Plan, as amended
10.4(6)*	Form of Indemnification Agreement executed by Autodesk and each of its officers and directors
10.5(1)*	Agreement between Registrant and Carol A. Bartz dated April 7, 1992
10.6(4)*	Retention Agreement dated September 8, 1999
10.7(4)*	Nonstatutory Stock Option Plan, as amended through March 20, 2001
10.8*+	Executive Change in Control Program
10.9*	Agreement between Registrant and Tom Vadnais, dated November 21, 2001
21.1+	List of Subsidiaries
23.1+	Consent of Ernst & Young LLP, Independent Auditors
24.1+	Power of Attorney (contained in the signature page to this Annual Report)

99.1	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

+ Previously filed.
(1) Incorporated by reference to the exhibit filed with the Registrant's Report on Form 10-Q for the fiscal quarter ended April 30, 1992.
(2) Incorporated by reference to the exhibit filed with the Registrant's Registration Statement on Form S-8 as filed on September 15, 2000.
(3) Incorporated by reference to the exhibit filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 2000.
(4) Incorporated by reference to the exhibit filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 2002.
(5) Incorporated by reference to the Registrant's Report on Form 8-A filed on January 5, 1996, as amended on January 8, 1996 and January 15, 1998.
(6) Incorporated by reference to the exhibit filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 1995.
(7) Incorporated by reference to the exhibit filed with the Registrant's Form 8-K filed on April 16, 2002.
* Denotes a management contract or compensatory plan or arrangement.

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: May 19, 2003

AUTODESK, INC.
(Registrant)

/s/ ALFRED J. CASTINO

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

CERTIFICATIONS

I, Carol A. Bartz, certify that:

1. I have reviewed this annual report on Form 10-K of Autodesk, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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 annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 19, 2003

/s/ CAROL A. BARTZ

Carol A. Bartz
Chairman, Chief Executive Officer and President
(Principal Executive Officer)

I, Alfred J. Castino, certify that:

1. I have reviewed this annual report on Form 10-K of Autodesk, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 19, 2003

/s/ ALFRED J. CASTINO

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

Exhibit 10.9

November 21, 2001

Tom Vadnais
111 Greenbriar
Moraga CA 94556

Dear Tom:

On behalf of Autodesk, I am pleased to offer you the position of Executive Vice President, Consulting Services. You will be a member of Autodesk's Executive Staff and a 16B officer of the company. In this role, you will report directly to Carol Bartz, President, CEO and Chairman of the Board, and be located in our San Rafael office. Your starting base salary will be $26,666.67 per month, annualized at $320,000. You will receive a sign-on bonus of $50,000, which will be payable within 30 days of your start date. Your start date will be January 2, 2002.

Also, you will participate in the FY'03 Autodesk Executive Bonus Plan. Your target bonus will be 75% of your base salary and the actual payout will be based on Autodesk's financial results and your overall job performance.

We will recommend to the Board of Directors that you be granted a stock option to purchase 100,000 shares of Autodesk's Common Stock at an exercise price equal to the then current fair market value on the date of grant. The Option will vest annually over four years at 25% per year. The Option shall be subject to the terms, definitions and provisions of the stock option plan under which the Option is granted and the stock option agreement by and between you and Autodesk. Additionally, you will have the opportunity to participate in a wide variety of employee benefit plans pursuant to the terms and conditions of each of those plans. These programs include the employee stock purchase plan, health insurance, a 401(K) savings and investment plan with company match, paid vacation, sabbatical and many other benefits. Details of these programs will be presented to you at your employee orientation (dates to be determined).

Please understand that your employment with Autodesk is for no specified period of time, and constitutes at-will employment. As such, either you or Autodesk may terminate the employment relationship, at any time, for any reason, with or without cause or notice. In the event (i) the position of Executive Vice President, Consulting Services is eliminated within the first two years of your employment or (ii) Carol Bartz leaves the company within the first year of your employment and within three months thereafter your employment is terminated for any reason, then you shall be provided with the following severance package, payable at the next regularly scheduled pay period after termination: (a) six months of base salary, at the rate in effect on the date of termination, (b) 50% of your target bonus in effect for the year of termination and (c) accelerated vesting of options to purchase 12,500 shares from your initial option grant referenced in paragraph 3 above. Although other conditions of your employment may change from time to time, except as set forth in this paragraph, your status as an "at-will" employee may not be altered or modified except in a formal written agreement signed by both you and Autodesk's Chief Executive Officer.

You will also participate in Autodesk's Executive Change in Control Program, which provides for severance pay equal to annual base pay and bonus, and twelve months' accelerated option vesting, in the event of termination without case within twelve months after a Change of Control.

If you accept our offer, you must provide proof of authorization to work in the United States within three (3) business days from your date of hire. Attached is a list of acceptable documents that may be used for this purpose. Please bring these documents with you to the employee orientation. This requirement is in accordance with the Immigration Reform and Control Act of 1986, and applies to U.S. citizens and non-U.S. citizens, alike.

Additionally, you will be required to sign a standard agreement obligating you to hold in confidence any proprietary information received as an Autodesk employee, which is attached to this offer letter. We wish to emphasize that you should not bring with you any confidential or proprietary material from any former employer, nor violate, in any way, previous obligations regarding confidentiality at another firm.

This letter, together with the release, the standard confidential and proprietary information agreement, constitute the entire agreement between us and supersede all previous agreements, representations and understandings, either written or verbal. This offer must be accepted in writing by November 30, 2001 or it will become null and void. Rejection of this offer by you will automatically rescind this letter. Please confirm your acceptance by signing a copy of this letter and returning it to me. We look forward to working with you and hope that you will join us.

Sincerely,

/s/ Janice Becker
Janice Becker
Sr. Vice President, Human Resources
Autodesk, Inc.

I accept this offer of employment and agree to each of the terms and conditions of employment set forth above and understand that it is for no set or definite term and is at-will. I understand that either I or Autodesk can terminate the employment relationship, with or without cause and with or without notice. I understand that although other conditions of my employment may change from time to time, my status as an "at-will" employee may not be altered or modified except in a formal written agreement signed by both me and Autodesk's Chief Executive Officer.

Confirmed on November 27, 2001 by /s/ Tom Vadnais.
Date Tom Vadnais

Enclosures:
- Employee Agreement on Intellectual Property
- Employee Agreement Confidentiality of Product Source Code
- List of Acceptable Documents
- New Employee Information Form
- Deferred Compensation Program

Exhibit 99.1

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

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 Annual Report of Autodesk, Inc. on Form 10-K for the annual period ended January 31, 2003 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-K fairly presents in all material respects the financial condition and results of operations of Autodesk, Inc.

May 19, 2003

/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 Annual Report of Autodesk, Inc. on Form 10-K for the annual period ended January 31, 2003 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-K fairly presents in all material respects the financial condition and results of operations of Autodesk, Inc.

May 19, 2003

/s/ ALFRED J. CASTINO

Alfred J. Castino
Senior Vice President and Chief Financial Officer