

AUTODESK INC
Form PRE 14A
September 18, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

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Check the appropriate box:

x Preliminary proxy statement

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.. Definitive proxy statement

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AUTODESK, INC.

(Name of Registrant as Specified in Its Charter)

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October 5, 2007

Dear Autodesk Stockholder:

You are cordially invited to attend Autodesk's 2007 Special Meeting of Stockholders to be held on Tuesday, November 6, 2007 at 9:00 a.m., Pacific time, at our principal executive offices, 111 McInnis Parkway, San Rafael, California 94903.

At the Special Meeting, you will be asked to approve the Autodesk 2008 Employee Stock Plan, which will replace the Autodesk 2006 Employee Stock Plan that will expire in March 2008. The accompanying Notice of 2007 Special Meeting and Proxy Statement describe this proposal in greater detail. We encourage you to read this information carefully.

Like most technology companies, Autodesk provides equity compensation to our employees as an incentive to increase long-term stockholder value and to align the interests of our employees with those of our stockholders. We believe that our equity compensation programs help us to attract and retain talented and highly-skilled individuals to serve as employees. We also believe that equity compensation plans motivate high levels of performance and create incentives that reward the contributions of our employees to our success and to increased shareholder value.

The approval of the 2008 Employee Stock Plan is necessary if we are to continue to make equity compensation a key part of our employees' total compensation, as has been the case since Autodesk's inception. If the 2008 Employee Stock Plan is not approved at the Special Meeting, we believe that our ability to attract and retain talented employees will be seriously affected, and in turn, we believe our long-term success may suffer. Our competitors would gain an important advantage in the key struggle to retain the services of the best industry talent.

We hope you will be able to attend the Special Meeting of Stockholders. Whether or not you plan to attend the meeting, please sign and return the enclosed proxy card or vote by the Internet or telephone to ensure your representation at the meeting. Your vote is important.

On behalf of the Board of Directors, I would like to express our appreciation for your continued support of Autodesk.

Very truly yours,

Carl Bass

Chief Executive Officer and President

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NOTICE OF 2007 SPECIAL MEETING OF STOCKHOLDERS

Time and Date Tuesday, November 6, 2007, at 9:00 a.m., Pacific time.

Place Autodesk's principal executive offices, located at: 111 McInnis Parkway, San Rafael, California 94903.

Items of Business (1) To approve the adoption of the Autodesk 2008 Employee Stock Plan and the reservation of 16,500,000 shares of Autodesk's Common Stock, plus a number of additional shares equal to that number of shares cancelled on expiration of the 2006 Employee Stock Plan in March 2008 (not to exceed 1,000,000 shares), for issuance thereunder.

(2) To transact such other business as may properly come before the Special Meeting. These items of business are more fully described in the Proxy Statement accompanying this Notice of 2007 Special Meeting of Stockholders.

Adjournments and Postponements Any action on the items of business described above may be considered at the Special Meeting at the time and on the date specified above or at any time and date to which the Special Meeting may be properly adjourned or postponed.

Record Date You are entitled to vote if you were a stockholder of record as of the close of business on September 21, 2007.

Voting **Your vote is very important. Whether or not you plan to attend the Special Meeting, we encourage you to read the Proxy Statement and submit your proxy card or vote on the Internet or by telephone as soon as possible. For specific instructions on how to vote your shares, please refer to the section entitled Questions and Answers About the 2007 Special Meeting and Procedural Matters beginning on page 3 of the Proxy Statement and the instructions on the enclosed proxy card.**

All stockholders are cordially invited to attend the Special Meeting in person. Any stockholder attending the Special Meeting may vote in person even if such stockholder previously signed and returned a proxy card or voted on the Internet or by telephone.

By Order of the Board of Directors,

Pascal W. Di Fronzo

Senior Vice President, General Counsel and Secretary

This notice of special meeting, proxy statement and accompanying form of proxy card are being distributed on or about October 5, 2007.

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PROXY STATEMENT FOR 2007 SPECIAL MEETING OF STOCKHOLDERS

QUESTIONS AND ANSWERS ABOUT THE 2008 EMPLOYEE STOCK PLAN AND EQUITY COMPENSATION

Q: Why is Autodesk asking stockholders to approve a new stock plan?

A: In November 2005, the stockholders of Autodesk, Inc. (Autodesk or the Company) approved the 2006 Employee Stock Plan (the 2006 Plan), which was a two-year plan that will terminate on March 21, 2008. We are asking stockholders to approve the 2008 Employee Stock Plan (the 2008 Plan) so that Autodesk will have the ability to continue to provide equity compensation to employees following the termination of the 2006 Plan.

Q: To what extent is the 2008 Plan different from the 2006 Plan?

A: The 2008 Plan is substantially similar to the 2006 Plan. The differences between the two plans include the following:

The 2006 Plan was a two-year plan; the 2008 Plan is a three-year plan.

The 2006 Plan reserved 9.65 million shares plus any shares that remained available for issuance under the 1996 Stock Plan upon its expiration, not to exceed 4,430,000 shares. The 2008 Plan reserves 16.5 million shares plus any shares that remain available for issuance under the 2006 Plan upon its expiration, not to exceed 1,000,000 shares.

The 2006 Plan permitted the grants of stock options only. Similar to certain of our stock plans prior to the 2006 Plan, the 2008 Plan permits the grant of stock options, restricted stock and restricted stock units.

Options granted under the 2006 Plan have a six-year term; options granted under the 2008 Plan have a seven-year term.

Q: Are there other changes to Autodesk's option grant practices?

A: Autodesk is not changing its option grant practices. Autodesk will continue to limit annual grants to 2.5% of outstanding shares of our common stock, par value \$0.01 per share (the Common Stock), with the exception of shares issued in corporate acquisitions and shares issued to newly appointed senior executives, as was the Board of Directors' policy accompanying the 2006 Plan.

Q: How can investors measure potential dilution from stock option plans?

A: Outstanding equity awards represent potential future stock issuances that would, if exercised, have the effect of diluting the percentage ownership of each investor. The impact of outstanding equity awards, as a percentage of the company's outstanding stock, provides a measure of future dilutive impact, sometimes called overhang. Similarly, shares reserved for future option grants under a company's stock plans can eventually dilute stock ownership as equity awards are granted and exercised.

To help limit the impact of equity awards on stockholder value, the policy of the Board of Directors is to limit annual grants to 2.5% of outstanding Common Stock, with the exception of equity awards granted in connection with corporate acquisitions or to newly appointed senior

executives.

Q: What is the impact of a decision not to exercise employee stock options on this measurement of dilution?

A: Employees often choose to hold onto vested options. Even though this may reflect confidence in future performance, it can have the effect of causing relatively high levels of outstanding options.

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Q: How do corporate acquisitions affect future stock option dilution?

A: In the software industry, a critical component of the value of most acquisitions is intellectual capital, including the know-how of key employees of the acquired company. Since stock options are often granted to employees of the acquired company to ensure continuity and retention, which is often critical to realize full value from acquired technologies, acquisitions usually increase the level of equity awards.

Q: How do financial performance and stock price affect option overhang?

A: Because strong financial performance typically correlates with increased stock price, option exercises tend to increase during such periods and therefore overhang may decrease. However, during periods of strong performance, employee headcount typically increases as well, which can increase overhang as stock is granted to new employees both as a retention vehicle and as a tool for aligning their interests with those of the stockholders. To the extent strong performance is evidenced throughout the software industry, there is often upward pressure on both salaries and option grants as companies compete for talent.

Q: What are the trends at Autodesk regarding overhang?

A: We have reduced options outstanding as a percent of total stock outstanding from 16% at the end of fiscal 2005 to 13% at the end of fiscal 2007. By July 31, 2007, overhang had continued to decline and was down to 12.5%.

Q: What are the trends at Autodesk regarding option grants?

A: We have reduced the level of option grants on a gross basis from 5.1% of our Common Stock outstanding in fiscal 2005 to 2.5% in fiscal 2007. For the first seven months of fiscal 2008, option grants represented 2.2% of our Common Stock outstanding, based on typical practice to award options early in the year, and we expect the level of option grants to remain below 2.5% at the end of fiscal 2008. The Board of Directors is continuing the policy to limit annual option grants in future years to no more than 2.5% of outstanding stock with two exceptions: corporate acquisitions and the appointment of new senior executives.

Q: What is the impact of Autodesk's stock repurchase program on overhang?

A: Our Board of Directors continues to maintain a policy of repurchasing stock in order to offset dilution from employee equity awards. Since the stock repurchase program decreases the number of outstanding shares, it has the effect of increasing overhang, given a constant number of stock option grants. Nonetheless, our Board of Directors has reiterated its commitment to continue to repurchase shares to offset dilution from our equity programs.

Q: How can I make sure my vote counts?

A: Please follow the directions below under "Questions and Answers About the 2007 Special Meeting and Procedural Matters" and keep in mind that, under current proxy rules, ABSTENTIONS COUNT AGAINST THE PROPOSAL. Therefore, if you agree with the unanimous recommendation of the Board of Directors to vote FOR the approval of the 2008 Plan in Proposal One, it is extremely important that you cast your vote FOR Proposal One.

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QUESTIONS AND ANSWERS ABOUT THE 2007 SPECIAL MEETING AND PROCEDURAL MATTERS

2007 Special Meeting

Q: Why am I receiving these proxy materials?

A: The Board of Directors of Autodesk is providing these proxy materials to you in connection with the solicitation of proxies for use at the Special Meeting to be held on Tuesday, November 6, 2007, at 9:00 a.m., Pacific time, and at any adjournment or postponement thereof, for the purpose of considering and acting upon the matters set forth herein.

Q: Where is the Special Meeting?

A: The Special Meeting will be held at Autodesk's principal executive offices, located at 111 McInnis Parkway, San Rafael, California 94903. The telephone number at that location is (415) 507-5000.

Stockholders are cordially invited to attend the Special Meeting and are entitled to and requested to vote on the proposal to approve the Company's 2008 Plan.

Q: Can I attend the Special Meeting?

A: You are cordially invited to attend the Special Meeting if you are a stockholder of record or a beneficial owner as of September 21, 2007. Please notify our Vice President of Investor Relations, Sue Pirri, by calling (415) 507-6705 or by email at investor.relations@autodesk.com if you are planning to attend the Special Meeting. In addition, you should bring proof of identity for entrance to the Special Meeting. If your shares are held in a brokerage account or by a bank or another nominee, you will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. The meeting will begin promptly at 9:00 a.m., Pacific time, and you should leave ample time for the check-in procedures.

Stock Ownership

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: *Stockholders of record* If your shares are registered directly in your name with Autodesk's transfer agent, Computershare Investor Services LLC, you are considered, with respect to those shares, the stockholder of record. If you are a stockholder of record, these proxy materials have been sent directly to you by Autodesk.

Beneficial owners Many Autodesk stockholders hold their shares through a broker, trustee or nominee, rather than directly in their own name. If your shares are held in a brokerage account or by a bank or another nominee, you are considered the beneficial owner of shares held in street name. If you hold your shares in street name, these proxy materials have been forwarded to you by your broker, trustee or nominee who is considered, with respect to those shares, the stockholder of record.

As the beneficial owner, you have the right to direct your broker, trustee or nominee on how to vote your shares. For directions on how to vote shares beneficially held in street name, please refer to the voting instruction card provided by your broker, trustee or nominee. Since a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Special Meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the Special Meeting.

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Quorum and Voting

Q: Who is entitled to vote at the Special Meeting?

A: Holders of record of Autodesk's Common Stock, at the close of business on September 21, 2007 (the Record Date) are entitled to receive notice of and to vote their shares at the Special Meeting. Such stockholders are entitled to cast one vote for each share of Common Stock held as of the Record Date.

As of the Record Date, there were _____ shares of Common Stock outstanding and entitled to vote at the Special Meeting. No shares of Autodesk's Preferred Stock were outstanding.

Q: How many shares must be present or represented to conduct business at the Special Meeting?

A: The presence of the holders of a majority of the shares of Common Stock entitled to vote at the Special Meeting is necessary to constitute a quorum at the Special Meeting. Such stockholders are counted as present at the meeting if they (1) are present in person at the Special Meeting or (2) have properly submitted a proxy card. Under the General Corporation Law of the State of Delaware, abstentions and broker non-votes are counted as present and entitled to vote and are, therefore, included for purposes of determining whether a quorum is present at the Special Meeting.

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

Q: How can I vote my shares in person at the Special Meeting?

A: Shares held in your name as the stockholder of record may be voted in person at the Special Meeting. Shares held beneficially in street name may be voted in person at the Special Meeting only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. *Even if you plan to attend the Special Meeting, we recommend that you also submit your proxy card or voting instructions as described below, so that your vote will be counted if you later decide not to attend the meeting.*

Q: How can I vote my shares without attending the Special Meeting?

A: If you are a stockholder of record, you may instruct the proxy holders how to vote your shares by completing, signing, dating and returning the proxy card in the enclosed, postage pre-paid envelope, or by using the Internet voting site or the toll-free telephone number listed on the proxy card. Proxy cards submitted by mail must be received by the time of the meeting in order for your shares to be voted. Specific instructions for using the telephone and Internet voting systems are on the proxy card. The telephone and Internet voting systems for stockholders of record will be available until 11:59 p.m. (Eastern Time) on November 5, 2007. Whichever method you select to transmit your instructions, the proxy holders will vote your shares in accordance with those instructions. If you sign and return a proxy card without giving specific voting instructions, your shares will be voted as recommended by our Board of Directors.

If a broker, bank or other nominee holds your shares, you will receive instructions from them that you must follow in order to have your shares voted. The instructions from your broker, bank or other nominee will indicate if Internet and telephone voting is available, and if they are available, will provide details regarding Internet and telephone voting.

Q: What proposal will be voted on at the Special Meeting?

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- A: At the Special Meeting, stockholders will be asked to approve the adoption of the 2008 Plan and the reservation of 16,500,000 shares of Autodesk's Common Stock, plus a number of additional shares equal to that number of shares cancelled on expiration of the 2006 Plan in March 2008 (not to exceed 1,000,000 shares), for issuance thereunder.

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Q: What is the voting requirement to approve this proposal?

A: The affirmative vote of a majority of the votes duly cast is required to approve the 2008 Plan. *Abstentions are deemed to be votes cast and have the same effect as a vote against this proposal.*

Q: How are votes counted?

A: You may vote FOR, AGAINST or ABSTAIN on the proposal to approve the 2008 Plan. *Abstentions are deemed to be votes cast and have the same effect as a vote against this proposal.* However, broker non-votes are not deemed to be votes cast and, therefore, are not included in the tabulation of the voting results on this proposal.

Q: How does the Board of Directors recommend that I vote?

A: The Board of Directors unanimously recommends that you vote your shares **FOR** the approval of the 2008 Plan.

Q: If I sign a proxy, how will it be voted?

A: All shares entitled to vote and represented by properly executed proxy cards received prior to the Special Meeting, and not revoked, will be voted at the Special Meeting in accordance with the instructions indicated on those proxy cards. If no instructions are indicated on a properly executed proxy card, the shares represented by that proxy card will be voted as recommended by the Board of Directors.

Q: What happens if additional matters are presented at the Special Meeting?

If any other matters are properly presented for consideration at the Special Meeting, including, among other things, consideration of a motion to adjourn the Special Meeting to another time or place (including, without limitation, for the purpose of soliciting additional proxies), the persons named in the enclosed proxy card and acting thereunder will have discretion to vote on those matters in accordance with their best judgment. Autodesk does not currently anticipate that any other matters will be raised at the Special Meeting.

Q: Can I change or revoke my vote?

A: Subject to any rules your broker, trustee or nominee may have, you may change your proxy instructions at any time before your proxy is voted at the Special Meeting.

If you are a stockholder of record, you may change your vote by (1) filing with Autodesk's General Counsel, prior to your shares being voted at the Special Meeting, a written notice of revocation or a duly executed proxy card, in either case dated later than the prior proxy card relating to the same shares, or (2) by attending the Special Meeting and voting in person (although attendance at the Special Meeting will not, by itself, revoke a proxy). A stockholder of record that has voted on the Internet or by telephone may also change his or her vote by making a timely and valid later Internet or telephone vote.

If you are a beneficial owner of shares held in street name, you may change your vote (1) by submitting new voting instructions to your broker, trustee or nominee or (2) if you have obtained a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares, by attending the Special Meeting and voting in person.

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Any written notice of revocation or subsequent proxy card must be received by Autodesk's General Counsel prior to the taking of the vote at the Special Meeting. Such written notice of revocation or subsequent proxy card should be hand delivered to Autodesk's General Counsel or should be sent so as to be delivered to Autodesk, Inc., 111 McInnis Parkway, San Rafael, California 94903, Attention: General Counsel.

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Q: Who will bear the costs of soliciting votes for the Special Meeting?

A: Autodesk will bear all expenses of this solicitation, including the cost of preparing and mailing these proxy materials. Autodesk may reimburse brokerage firms, custodians, nominees, fiduciaries and other persons representing beneficial owners of Common Stock for their reasonable expenses in forwarding solicitation material to such beneficial owners. Directors, officers and employees of Autodesk may also solicit proxies in person or by other means of communication. Such directors, officers and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. Autodesk has retained The Altman Group, Inc. to assist with the solicitation of proxies for a fee not to exceed \$8,000 plus reimbursement for out of pocket expenses.

Q: Where can I find the voting results of the Special Meeting?

A: We intend to announce preliminary voting results at the Special Meeting and will provide final results in our annual report on Form 10-K for fiscal 2008. In addition, the results will be posted on our website, at www.autodesk.com under Quick Links Investors.

Stockholder Proposals and Director Nominations at Future Meetings

Q: What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?

A: You may submit proposals, including director nominations, for consideration at future stockholder meetings.

Requirements for stockholder proposals to be considered for inclusion in Autodesk's proxy material Stockholders may present proper proposals for inclusion in Autodesk's proxy statement and for consideration at the next annual meeting of its stockholders by submitting their proposals in writing to Autodesk's General Counsel in a timely manner. In order to be included in the proxy statement for the 2008 annual meeting of stockholders, stockholder proposals must be received by Autodesk's General Counsel no later than February 13, 2008, and must otherwise comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Requirements for stockholder proposals to be brought before an annual meeting In addition, Autodesk's bylaws establish an advance notice procedure for stockholders who wish to present certain matters before an annual meeting of stockholders. In general, nominations for the election of directors may be made by (1) the Board of Directors, (2) the Corporate Governance and Nominating Committee or (3) any stockholder entitled to vote who has delivered written notice to Autodesk's General Counsel no later than the Notice Deadline (as defined below), which notice must contain specified information concerning the nominees and concerning the stockholder proposing such nominations.

The Company's bylaws also provide that the only business that may be conducted at an annual meeting is business that is (1) specified in the notice of meeting given by or at the direction of the Board of Directors, (2) properly brought before the meeting by or at the direction of the Board of Directors, or (3) properly brought before the meeting by a stockholder who has delivered written notice to the General Counsel of Autodesk no later than the Notice Deadline (as defined below).

The Notice Deadline is defined as that date which is 120 days prior to the one year anniversary of the date on which Autodesk first mailed its proxy materials to stockholders for the previous year's annual meeting of stockholders. As a result, the Notice Deadline for the 2008 annual meeting of stockholders is February 13, 2008.

If a stockholder who has notified Autodesk of his or her intention to present a proposal at an annual meeting does not appear to present his or her proposal at such meeting, Autodesk need not present the proposal for vote at such meeting.

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Q: How may I obtain a copy of the bylaw provisions regarding stockholder proposals and director nominations?

A copy of the full text of the bylaw provisions discussed above may be obtained by writing to the General Counsel of Autodesk. All notices of proposals by stockholders, whether or not included in Autodesk's proxy materials, should be sent to Autodesk, Inc., 111 McInnis Parkway, San Rafael, California 94903, Attention: General Counsel.

Additional Information about the Proxy Materials

Q: What should I do if I receive more than one set of proxy materials?

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each Autodesk proxy card or voting instruction card that you receive to ensure that all your shares are voted.

Q: How may I obtain a separate set of proxy materials?

A: If you share an address with another stockholder, each stockholder may not receive a separate copy of the proxy materials. Stockholders who do not receive a separate copy of the proxy materials may request to receive a separate copy of the proxy materials by calling (415) 507-6705 or sending an email to investor.relations@autodesk.com. Alternatively, stockholders who share an address and receive multiple copies of our proxy materials can request to receive a single copy by following the instructions above.

Q: What is the mailing address for Autodesk's principal executive offices?

A: Autodesk's principal executive offices are located at 111 McInnis Parkway, San Rafael, California 94903. Any written requests for additional information, additional copies of the proxy materials, notices of stockholder proposals, communications to the Board of Directors or any other communications should be sent to this address.

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PROPOSAL ONE

APPROVAL OF THE 2008 EMPLOYEE STOCK PLAN

The Board of Directors is asking stockholders to approve Autodesk's 2008 Employee Stock Plan (the "2008 Plan") so that we can use the 2008 Plan to achieve Autodesk's employee performance, recruiting, retention and incentive goals, as well as to receive a federal income tax deduction for certain compensation paid under the 2008 Plan. The Board of Directors has adopted the 2008 Plan, subject to stockholder approval. If stockholders approve the 2008 Plan at the Special Meeting, the 2008 Plan will become effective on March 20, 2008 and will terminate on March 31, 2011.

Assuming stockholder approval, the number of shares of Common Stock reserved for issuance under the 2008 Plan will be 16,500,000 shares plus a number of additional shares equal to that number of shares that have been reserved but not issued nor subject to outstanding equity awards under the 2006 Employee Stock Plan (the "2006 Plan") as of March 2008 (not to exceed 1,000,000 shares). However, no more than 2,500,000 of the shares reserved for issuance under the 2008 Plan may be issued pursuant to awards of restricted stock and restricted stock units. The 2006 Plan is currently set to expire in March 2008, after which no new equity awards may be granted thereunder. As of September 21, 2007, shares remained available under the 2006 Plan.

Approval of the 2008 Plan requires the affirmative vote of the holders of a majority of the shares of the Company's Common Stock that are present in person or by proxy and entitled to vote at the Special Meeting. If stockholders do not approve the 2008 Plan, Autodesk's ability to include equity compensation as part of our employees' total compensation package will be limited following the expiration of the 2006 Plan. Our executive officers have an interest in this proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR

THE APPROVAL OF THE 2008 PLAN.

Background and Purpose

We provide equity compensation to our employees as an incentive to increase long-term stockholder value. Our current stock plan, the 2006 Plan, expires in March 2008. In order to continue to make equity compensation a part of our employees' total compensation package following the expiration of the 2006 Plan, the Board of Directors has adopted the 2008 Plan.

The purposes of the 2008 Plan are to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentive to our employees, and promote the success of our business. We believe that equity awards should be a key part of employee compensation, that equity awards promote employee attention to the importance of running the business with a focus on revenue growth and profitability and that equity awards enable us to compete effectively for the best talent in the software industry.

The Benefits of Equity Compensation for Autodesk, our Employees and Stockholders

We strongly believe that the approval of the 2008 Plan and the ability to grant equity awards are essential to our continued success. Our strong financial performance over the past several years can be attributed in large part to our talented and motivated employees. Equity compensation is essential to attracting and retaining this talent and keeping employees motivated. If the 2008 Plan is not approved at the Special Meeting, it would seriously hamper our ability to attract and retain the talent we need, and therefore, could affect our success.

Equity compensation is a key component of employee compensation both at Autodesk and in our competitive labor markets, and we encourage equity ownership. Equity awards give employees the perspective of an owner with a stake in the success of Autodesk. We believe that equity awards motivate high levels of performance and provide an effective means of recognizing, rewarding and encouraging employee contributions

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to our success. Furthermore, we believe that equity awards align the interests of our employees with those of our stockholders by providing an incentive to increase long-term stockholder value. As a result, Autodesk currently grants stock options under the 2006 Plan to employees that generally vest over four years or less and must be exercised within six years of the date of grant. Our employees derive benefit from these stock options only after they have remained with Autodesk through the vesting date and only to the extent that the value of our Common Stock has appreciated from the time the options were granted. The 2008 Plan includes a variety of forms of equity awards, including stock options, restricted stock, and restricted stock units to allow the Company to adapt its equity compensation program to meet the needs of the Company in the changing business environment in which the Company operates.

We believe that equity awards are an important competitive tool in the technology industry and are essential to recruiting and retaining the highly qualified technical and other key personnel which are key to our success. We believe that we must offer competitive compensation packages in order to attract and retain people who can keep us on a course of continued success. Although higher salaries can compensate to some extent for the lack of stock options or other equity awards, we believe that over time we would be at a competitive disadvantage without the focus on success and power of retention provided by equity compensation. Elimination of our equity compensation program would seriously hamper our ability to attract and retain the talent we need to develop the products and the sales and marketing strategies that will define our future success. In recent years, we have hired and retained a number of key performers who have been instrumental in achieving our current success. More broadly, our entire employee base, substantially all of whom receive equity compensation, are motivated to achieve results that drive stockholder value. We believe our equity compensation program has been critical in attracting and retaining a highly effective work force.

Policies Related to our Equity Compensation Programs

The Board of Directors maintains certain policies relating to our equity compensation program.

Option Overhang. The Board of Directors and management have been committed to reducing our option overhang, or the percentage of options outstanding relative to the Company's outstanding stock, and we believe these policies are working. Since fiscal 2003, overhang and dilution from option grants has decreased substantially. In fiscal 2003, our overhang, as a percentage of our Common Stock outstanding, was 26%, due in part to high annual option grants and a stagnant stock price that decreased the incidence of option exercises. We recognized that 26% was too high and have taken certain measures that significantly reduced our overhang to 13% in fiscal 2007 and 12.5% at July 31, 2007.

Limitations on Our Annual Option Grants. We have committed to reducing the annual option grants that we make. We have reduced the level of option grants on a gross basis from 5.1% of Common Stock outstanding in fiscal 2005 to 2.5% in fiscal 2007. In addition, the Board of Directors maintains an annual equity award percentage limitation policy, which limits the number of shares underlying equity awards we can grant under our stock plans. In general, this policy provides that the aggregate number of shares underlying equity awards granted pursuant to the 2008 Plan shall not exceed 2.5% per year of our outstanding Common Stock during any given fiscal year. However, awards issued in connection with business combinations or the appointment of new senior executives shall not be included in calculating whether the 2.5% limitation has been reached.

Stock Repurchase Program. We maintain a stock repurchase program to offset the dilutive impact of our stock plans. Our management has recommended to the Board of Directors that we maintain our current policy of repurchasing shares of Common Stock to offset dilution, subject to the requirements of Delaware law and consistent with the duty of the Board of Directors to evaluate various potential uses of our cash in light of then-existing business conditions. As we described in our Annual Report on Form 10-K for fiscal 2007, we generate significant cash flow, and our current and planned uses of cash include share repurchases. We repurchased approximately 25.9 million shares in fiscal 2005, 11.7 million shares in fiscal 2006 and 4.2 million shares in fiscal 2007. At July 31, 2007, approximately 9.2 million shares of Common Stock remain available for repurchase under the existing repurchase authorization from the Board of Directors.

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Executive Equity Holding Program. Our Board of Directors believes that stock ownership by officers and directors is important to expose management to the risks and rewards inherent in stock ownership. The guidelines for stock ownership adopted in December 2004 provide that, within a four-year period, executive officers should attain an investment position in Autodesk stock equal to a multiple of their base salary depending on the individual's scope of responsibilities, and directors should attain an investment position in Autodesk stock of at least 5,000 shares. Converting a portion of management's stock options into shares encourages long-term ownership in the Company and helps align the interests of executive officers and stockholders.

Prohibition Against Stock Option Repricings. By prohibiting repricing of stock options in each of the 1996 Stock Plan, the 2000 Directors Option Plan, the 2006 Plan, and the 2008 Plan, the Board of Directors has eliminated the possibility of achieving gain from stock options unless all stockholders can benefit from the effect of an increase in stock price.

Description of the 2008 Plan

The following paragraphs provide a summary of the principal features of the 2008 Plan. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of the 2008 Plan, which is attached hereto as *Appendix A*. Capitalized terms used herein and not defined shall have the meanings set forth in the 2008 Plan.

Awards. The 2008 Plan permits the grant of incentive stock options, nonstatutory stock options, restricted stock, and restricted stock units (each individually, an Award). We do not have any current plans, proposals or arrangements to grant Awards under the 2008 Plan, nor have we agreed to grant any Awards to specific individuals under the plan.

Stock Subject to the 2008 Plan. The number of shares of Autodesk Common Stock initially reserved for issuance under the 2008 Plan is 16,500,000 shares, plus a number of additional shares equal to that number of shares that have been reserved but not issued nor subject to outstanding equity awards under the 2006 Plan as of the termination of the 2006 Plan in March 2008 (not to exceed 1,000,000 shares). However, no more than 2,500,000 of the shares reserved for issuance under the 2008 Plan may be issued pursuant to Awards of restricted stock and restricted stock units. As of September 21, 2007, _____ shares remained available for issuance under the 2006 Plan.

Administration. The 2008 Plan may be administered by the Board of Directors or a committee of the Board of Directors (the Administrator). Subject to the provisions of the 2008 Plan, the Administrator has the authority to: (1) interpret the 2008 Plan and apply its provisions, (2) prescribe, amend or rescind rules and regulations relating to the 2008 Plan, (3) select the persons to whom Awards are to be granted, (4) subject to limitations of the 2008 Plan as applicable to each type of Award, determine the number of shares to be made subject to each Award, (5) determine whether and to what extent Awards are to be granted, (6) determine the terms and conditions applicable to Awards generally and to each individual Award (including the provisions of the Award agreement to be entered into between Autodesk and the participant), (7) amend any outstanding Award subject to applicable legal restrictions (except that repricing of an Option without stockholder approval is prohibited), (8) authorize any person to execute, on our behalf, any instrument required to effect the grant of an Award, (9) approve forms of Award agreement for use under the 2008 Plan, (10) allow participants to satisfy withholding tax obligations by, among other things, electing to have Autodesk withhold from the shares to be issued upon exercise or vesting of an Award that number of shares having a fair market value equal to the minimum amount required to be withheld, and (11) subject to certain limitations, take any other actions deemed necessary or advisable for the administration of the 2008 Plan. All decisions, interpretations and other actions of the Administrator shall be final and binding on all holders of Awards and on all persons deriving their rights therefrom. The Board of Directors has currently delegated to the Compensation and Human Resources Committee authority to grant stock options to all employees including executive officers of Autodesk.

Eligibility to Receive Awards. The 2008 Plan provides that stock options, restricted stock and restricted stock units may be granted only to our employees.

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No Repricing. The 2008 Plan prohibits repricing of stock options, including by way of an exchange for Awards with a lower exercise price, a different type of Award, cash, or a combination thereof, unless stockholder approval is obtained.

Terms and Conditions of Stock Options. Each stock option granted under the 2008 Plan is evidenced by a written stock option agreement between the optionee and Autodesk and is subject to the following terms and conditions:

Section 162(m) Share Limit for Stock Options. In order that stock options may qualify as performance-based compensation under Section 162(m) of the Code, no participant may be granted stock options to purchase more than 1,500,000 shares in any fiscal year, except that up to 3,000,000 shares may be granted in a participant's first fiscal year of service.

Exercise Price. The Administrator sets the exercise price of the shares subject to each stock option, provided that the exercise price cannot be less than 100% of the fair market value of Autodesk's Common Stock on the stock option grant date. In addition, the exercise price of an incentive stock option must be at least 110% of fair market value if, on the grant date, the participant owns stock possessing more than 10% of the total combined voting power of all classes of stock of Autodesk or any of its subsidiaries (a 10% Stockholder).

Form of Consideration. The means of payment for shares issued upon exercise of a stock option is specified in each stock option agreement. Payment may generally be made by cash, check, other shares of Autodesk's Common Stock owned by the optionee or by a combination of the foregoing.

Exercise of the Stock Option. Each stock option agreement will specify the term of the stock option and the date when the stock option is to become exercisable. The 2008 Plan provides that in no event shall a stock option granted under the 2008 Plan be exercised more than seven (7) years after the date of grant. Moreover, in the case of an incentive stock option granted to a 10% Stockholder, the term of the stock option shall be for no more than five (5) years from the date of grant.

Termination of Employment. If an optionee's employment terminates for any reason (other than death or permanent disability), all vested stock options held by such optionee under the 2008 Plan expire upon the earlier of (i) such period of time as is set forth in his or her stock option agreement, which Autodesk currently sets at either three or six months, or (ii) the expiration date of the stock option.

Permanent Disability. If an optionee is unable to continue employment as a result of permanent and total disability (as defined in the Internal Revenue Code of 1986, as amended (the Code)), all vested stock options held by such optionee under the 2008 Plan expire upon the earlier of (i) twelve months after the date of termination of the optionee's employment or (ii) the expiration date of the stock option.

Death. If an optionee dies while employed by us, all stock options held by such optionee under the 2008 Plan expire upon the earlier of (i) twelve months after the optionee's death or (ii) the expiration date of the Option. The executor or other legal representative of the optionee may exercise all or part of the optionee's Option at any time before such expiration with respect to all shares subject to such Option.

ISO Limitation. If the aggregate fair market value of all shares subject to an optionee's incentive stock option that are exercisable for the first time during any calendar year exceeds \$100,000, the excess stock options shall be treated as nonstatutory stock options.

Term and Conditions of Restricted Stock. Each Award of restricted stock granted under the 2008 Plan is evidenced by a written restricted stock agreement between the participant and Autodesk and is subject to the following terms and conditions:

Section 162(m) Share Limit for Restricted Stock. In order that Awards of restricted stock may qualify as performance-based compensation under Section 162(m) of the Code, no participant may be granted

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more than 300,000 shares of restricted stock (and/or restricted stock units) in any fiscal year, except that up to 600,000 shares of restricted stock (and/or restricted stock units) may be granted in a participant's first fiscal year of service.

Vesting and Other Restrictions. In determining whether an Award of restricted stock should be made, and/or the vesting schedule for any such Award, the Administrator may impose whatever conditions to vesting it determines to be appropriate. Notwithstanding the foregoing, if the Administrator desires that the Award qualify as performance-based compensation under Section 162(m) of the Code, any restrictions will be based on a specified list of performance goals (see *Performance Goals* below for more information). The performance goals may be applied on a company-wide, business unit or individual basis, as deemed appropriate in light of the participant's specific responsibilities.

Stockholder Rights. A holder of restricted stock will have full voting rights, unless determined otherwise by the Administrator. A holder of restricted stock also generally will be entitled to receive all dividends and other distributions paid with respect to the shares of restricted stock unless otherwise provided in the Award agreement; provided, however, that dividends and distributions generally will be subject to the same vesting criteria as the shares of restricted stock upon which the dividend or distribution was paid.

Restricted Stock Units. Each Award of restricted stock units granted under the 2008 Plan is evidenced by a written restricted stock unit agreement between the participant and Autodesk and is subject to the following terms and conditions:

Section 162(m) Share Limit for Restricted Stock Units. In order that Awards of restricted stock units may qualify as performance-based compensation under Section 162(m) of the Code, no participant may be granted more than 300,000 restricted stock units (and/or shares of restricted stock) in any fiscal year, except that up to 600,000 restricted stock units (and/or shares of restricted stock) may be granted in a participant's first fiscal year of service.

Vesting and Other Restrictions. Restricted stock units are Awards that result in a payment to a participant (in the form of cash, shares of Common Stock of equal value, or a combination thereof, as determined by the Administrator) only if performance goals and/or other vesting criteria established by the Administrator are achieved or the Awards otherwise vest. The applicable performance goals (which may be solely continued employment) will be determined by the Administrator, and may be applied on a company-wide, business unit or individual basis, as deemed appropriate in light of the participant's specific responsibilities. If the Administrator desires that the Award qualify as performance-based compensation under Section 162(m) of the Code, the vesting criteria will be based on a specified list of performance goals (see *Performance Goals* below for more information).

Performance Goals. The Administrator (in its discretion) may make performance goals applicable to a participant with respect to an Award. If the Administrator desires that an Award qualify as performance-based compensation under Section 162(m) of the Code (discussed below), then at the Administrator's discretion, one or more of the following performance goals may apply:

Earnings per share

Net income

Operating margins

Revenue

Total stockholder return

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Each of these goals is defined in the 2008 Plan. Any criteria used may be measured, as applicable (1) on a pro forma basis (as defined in the 2008 Plan), (2) in absolute terms, (3) in relative terms (including, but not limited to, the passage of time and/or against another company or companies or financial metrics), (4) on a

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per-share and/or share per capita basis, (5) against the performance of the Company as a whole or particular segments or products of the Company, and/or (6) on a pre-tax or after-tax basis.

By granting Awards that vest upon achievement of performance goals, the Administrator may be able to preserve the Company's deduction for certain compensation in excess of \$1,000,000. Section 162(m) of the Code limits the Company's ability to deduct annual compensation paid to our Chief Executive Officer and other covered employees as determined under Section 162(m) of the Code and applicable guidance to \$1,000,000 per individual. However, the Company can preserve the deductibility of certain compensation in excess of \$1,000,000 if the conditions of Section 162(m) of the Code are met. These conditions include stockholder approval of the 2008 Plan, setting limits on the number of Awards that any individual may receive, and for Awards other than stock options, establishing performance criteria that must be met before the Award actually will vest or be paid. The performance goals listed above, as well as the per-person limits on shares covered by Awards, permit the Administrator to grant Awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m) of the Code, thereby permitting the Company to receive a federal income tax deduction in connection with such Awards.

Leave of Absence. In the event that an employee goes on a leave of absence approved by the Administrator, Award vesting will continue during such leave, except as required by law or as otherwise determined by the Administrator.

Non-Transferability of Awards. Unless otherwise determined by the Administrator, an Award granted under the 2008 Plan 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 recipient, only by the recipient. If the Administrator makes an Award transferable, such Award shall contain such additional terms and conditions as the Administrator deems appropriate; provided, however, that such Award shall in no event be transferable for value. Notwithstanding the foregoing, the Administrator may permit an individual to transfer an Award to an individual or entity. Any transfer shall be made in accordance with procedures established by the Administrator.

Adjustments Upon Changes in Capitalization. In the event that our capital stock is changed by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of our Common Stock or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by us, appropriate proportional adjustments shall be made in the number of shares subject to the 2008 Plan, the individual fiscal year limits applicable to Awards, the number of shares of stock subject to any Award outstanding under the 2008 Plan, and the exercise price of any such outstanding Option. Any such adjustment shall be made by the Administrator, whose determination shall be conclusive.

Change of Control. In the event of a change of control, the successor corporation (or its parent or subsidiary) shall assume or substitute each outstanding Award. If the successor corporation refuses to assume the Awards or to substitute equivalent Awards, such stock options shall become 100% vested, all restrictions on restricted stock will lapse, and all performance goals or other vesting criteria with respect to Awards with performance-based vesting will be deemed achieved at 100% target levels and all other terms an