

AUTODESK INC
Form DEF 14A
May 19, 2004

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary proxy statement

Confidential, for use of the commission only (as permitted by Rule 14a-6(e)(2))

Definitive proxy statement

Definitive additional materials

Soliciting material under Rule 14a-12

AUTODESK, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

May 19, 2004

Dear Autodesk Stockholder:

You are cordially invited to attend Autodesk's 2004 Annual Meeting of Stockholders to be held on Thursday, June 17, 2004 at 2:00 p.m., Pacific time, at our principal executive offices, 111 McInnis Parkway, San Rafael, California 94903.

At the Annual Meeting, you will be asked to:

1. Elect nine directors;
2. Ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the 2005 fiscal year; and
3. Consider and vote on a stockholder proposal.

The accompanying Notice of 2004 Annual Meeting and Proxy Statement describe these proposals in greater detail. We encourage you to read this information carefully.

We hope you will be able to attend this year's Annual Meeting. We will report to the stockholders on fiscal year 2004 and describe our future strategies for products and markets. There will be an opportunity for all stockholders to ask questions. Whether or not you plan to attend the meeting, please sign and return the enclosed proxy card 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,

Carol A. Bartz

Chairman of the Board, Chief Executive Officer and President

AUTODESK, INC.

NOTICE OF 2004 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 17, 2004

At the Company's Executive Offices in San Rafael, California

TO THE STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Autodesk, Inc., a Delaware corporation, will be held on Thursday, June 17, 2004, at 2:00 p.m., Pacific time, at Autodesk's principal executive offices, 111 McInnis Parkway, San Rafael, California 94903, for the following purposes:

1. To elect nine directors to serve for the ensuing year and until their successors are duly elected and qualified.
2. To ratify the appointment of Ernst & Young LLP as Autodesk's independent auditors for the fiscal year ending January 31, 2005.
3. To consider and vote on a stockholder proposal.
4. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

These items of business are more fully described in the Proxy Statement accompanying this Notice of Annual Meeting.

Only holders of record of Autodesk's common stock at the close of business on May 5, 2004, the record date, are entitled to vote on the matters listed in this Notice of Annual Meeting.

All stockholders are cordially invited to attend the meeting in person. Any stockholder attending the Annual Meeting may vote in person even if such stockholder previously signed and returned a proxy.

FOR THE BOARD OF DIRECTORS

Marcia K. Sterling

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Senior Vice President, General Counsel and Secretary

San Rafael, California

May 19, 2004

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE IN ORDER TO ENSURE REPRESENTATION OF YOUR SHARES. NO POSTAGE NEED BE AFFIXED IF MAILED IN THE UNITED STATES.

AUTODESK, INC.

PROXY STATEMENT

FOR

2004 ANNUAL MEETING OF STOCKHOLDERS

PROCEDURAL MATTERS

General

This Proxy Statement is being furnished to holders of common stock, par value \$0.01 per share (the **Common Stock**), of Autodesk, Inc., a Delaware corporation (**Autodesk** or the **Company**) in connection with the solicitation of proxies by the Board of Directors of Autodesk for use at the Annual Meeting of Stockholders (the **Annual Meeting**) to be held on Thursday, June 17, 2004, at 2:00 p.m., Pacific time, and at any adjournment or postponement thereof, for the purpose of considering and acting upon the matters set forth herein. The Annual 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.

This Proxy Statement, the accompanying form of proxy card and the Company's Annual Report on Form 10-K were mailed on or about May 19, 2004, to all stockholders entitled to vote at the Annual Meeting.

Stockholders Entitled to Vote; Record Date

Only holders of record of Autodesk's Common Stock at the close of business on May 5, 2004 (the **Record Date**) are entitled to notice of and to vote at the Annual Meeting. Such stockholders are entitled to cast one vote for each share of Common Stock held as of the Record Date on all matters properly submitted for the vote of stockholders at the Annual Meeting. As of the Record Date, there were 113,083,603 shares of Common Stock outstanding and entitled to vote at the Annual Meeting. No shares of Autodesk's preferred stock were outstanding. For information regarding security ownership by management and by the beneficial owners of more than 5% of Autodesk's Common Stock, see **Security Ownership of Certain Beneficial Owners and Management** below.

Quorum; Abstentions; Broker Non-Votes

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The presence of the holders of a majority of the shares of Common Stock entitled to vote generally at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Such stockholders are counted as present at the meeting if they (1) are present in person at the Annual Meeting or (2) have properly submitted a proxy card.

Under the General Corporation Law of the State of Delaware, an abstaining vote and a broker non-vote are counted as present and entitled to vote and are, therefore, included for purposes of determining whether a quorum is present at the Annual Meeting; however, broker non-votes are not deemed to be votes cast. As a result, unlike abstentions, broker non-votes are not included in the tabulation of the voting results on issues requiring approval of a majority of the votes cast and, therefore, do not have the effect of votes in opposition in such tabulations. 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.

Voting; Revocability of Proxies

Voting by attending the meeting. A stockholder may vote his or her shares in person at the Annual Meeting. A stockholder planning to attend the Annual Meeting should bring proof of identity for entrance to the Annual Meeting. If a stockholder attends the Annual Meeting, he or she may also submit his or her vote in person, and any previous votes that were submitted by the stockholder will be superseded by the vote that such stockholder casts at the Annual Meeting.

Voting by proxy card. All shares entitled to vote and represented by properly executed proxy cards received prior to the Annual Meeting, and not revoked, will be voted at the Annual 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. If any other matters are properly presented for consideration at the Annual Meeting, including, among other things, consideration of a motion to adjourn the Annual 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. The Company does not currently anticipate that any other matters will be raised at the Annual Meeting.

Revocability of proxy. Any proxy card given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. A proxy card may be revoked (1) by filing with the Secretary of the Company, at or before the taking of the vote at the Annual 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 Annual Meeting and voting in person (although attendance at the Annual Meeting will not of itself revoke a proxy). Any written notice of revocation or subsequent proxy card must be received by the Secretary of the Company prior to the taking of the vote at the Annual Meeting. Such written notice of revocation or subsequent proxy card should be hand delivered to the Secretary of the Company or should be sent so as to be delivered to Autodesk, Inc., 111 McInnis Parkway, San Rafael, California 94903, Attention: Corporate Secretary.

Expenses of Solicitation

Autodesk will bear all expenses of this solicitation, including the cost of preparing and mailing this proxy material. The Company 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 the Company may also solicit proxies in person or by other means of communication. Such directors, officers and employees will not be additionally compensated, but they may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. The Company has retained Georgeson Shareholder to assist with the solicitation of proxies for a fee not to exceed \$10,000 plus reimbursement for out of pocket expenses.

Procedure for Submitting Stockholder Proposals

Requirements for stockholder proposals to be considered for inclusion in the Company's proxy material. Stockholders may present proper proposals for inclusion in the Company's proxy statement and for consideration at the next annual meeting of its stockholders by submitting their proposals in writing to the Secretary of the Company in a timely manner. In order to be included in the proxy statement for the 2005 annual meeting of stockholders, stockholder proposals must be received by the Secretary of the Company no later than January 19, 2005, 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. The Company's bylaws establish an advance notice procedure for stockholders who wish to present certain matters before an annual meeting of stockholders, even though such matters were not included in the Company's proxy statement. 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 the Secretary of the Company 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. However, if a stockholder wishes only to recommend a candidate for consideration by the Corporate Governance and Nominating Committee as a potential nominee for the Company's Board of Directors, see the procedures described in Proposal One Corporate Governance Matters below.

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 Secretary of the Company no later than the Notice Deadline (as defined below), which notice must contain specified information concerning the matters to be brought before such meeting and concerning the stockholder proposing such matters.

The Notice Deadline is defined as that date which is 120 days prior to the one year anniversary of the date on which the Company first mailed its proxy materials to stockholders for the previous year's annual meeting of stockholders. As a result, the Notice Deadline for the 2005 annual stockholder meeting is January 19, 2005.

If a stockholder who has notified the Company 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, the Company need not present the proposal for vote at such meeting.

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

PROPOSAL ONE
ELECTION OF DIRECTORS**Nominees**

The Company's Board of Directors is currently comprised of nine directors, eight of whom are independent directors as defined by the rules of the Nasdaq Stock Market. A board of nine directors is to be elected at the Annual Meeting. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the nine nominees named below, all of whom are presently directors of Autodesk.

In the event that any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who shall be designated by the Board of Directors to fill the vacancy. The term of office of each person elected as a director will continue until the next annual meeting of stockholders or until a successor has been duly elected and qualified.

In 2003, a third-party search firm engaged by the Company recommended Mr. Fister as a member of the Board of Directors. After conducting its evaluation, including interviews with Mr. Fister, the Corporate Governance and Nominating Committee recommended his election to the Board of Directors. In September 2003, the Board of Directors appointed Mr. Fister as a director.

The name of and certain information regarding each nominee are set forth below. There are no family relationships among any of our directors or executive officers.

<u>Name of Nominee</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Carol A. Bartz	55	Chairman of the Board, Chief Executive Officer and President	1992
Mark A. Bertelsen	60	Senior Partner, Wilson Sonsini Goodrich & Rosati, Professional Corporation, attorneys at law	1992
Crawford W. Beveridge	58	Executive Vice President and Chief Human Resources Officer, Sun Microsystems	1993
J. Hallam Dawson	67	Chairman of the Board, IDI Associates	1988
Michael J. Fister	50	Chief Executive Officer and President, Cadence Design Systems, Inc.	2003
Per-Kristian Halvorsen	52	Director, Solutions and Services Technology Center, HPLabs	2000
Steven L. Scheid	50	Chairman and Chief Executive Officer of Janus Capital Group, Inc.	2002
Mary Alice Taylor	54	Independent Business Consultant	1995
Larry W. Wangberg	61	Independent Business Consultant	2000

Except as set forth below, each of the nominees has been engaged in his or her principal occupation described above during the past five years.

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Carol A. Bartz joined Autodesk in April 1992 and serves as Chairman of the Board, Chief Executive Officer and President of Autodesk. Ms. Bartz is a director of Cisco Systems, Inc., Network Appliance, Inc. and BEA Systems, Inc. Prior to joining Autodesk, Ms. Bartz held various positions at Sun Microsystems, Inc., including Vice President, Worldwide Field Operations from July 1990 to April 1992.

Mark A. Bertelsen joined the law firm of Wilson Sonsini Goodrich & Rosati in 1972, was the firm's managing partner from 1991 to 1996 and is currently a member of the firm's Policy Committee of Senior Partners. Mr. Bertelsen is a director of Informatica Corporation and Kana Software, Inc.

Crawford W. Beveridge serves as Executive Vice President and Chief Human Resources Officer of Sun Microsystems, Inc. Mr. Beveridge served as Chief Executive Officer of Scottish Enterprise, an economic development company, from January 1991 until March 2000. From March 1985 to December 1990, Mr. Beveridge was the Vice President of Corporate Resources at Sun Microsystems, Inc. Mr. Beveridge is a director of Scottish Equity Partners Ltd.

J. Hallam Dawson has served as Chairman of IDI Associates, a private investment bank specializing in Latin America, since September 1986. Mr. Dawson is a director of Serena Software, Inc.

Michael J. Fister has served as the Chief Executive Officer and President of Cadence Design Systems, Inc. as of May 2004. Previously, Mr. Fister served as Senior Vice President and General Manager of the Enterprise Platforms Group of Intel Corporation from 2002 to May 2004. Mr. Fister joined Intel in 1987 as the Chandler, Arizona operations manager for the 8-bit focus group. From 1988 through 2000, Mr. Fister was promoted to a series of engineering positions, and elected a corporate Vice President in 2000. Prior to joining Intel, Mr. Fister held executive and engineering management positions at Wyse, Machine Vision International and Cincinnati Milacron.

Per-Kristian Halvorsen has served as Director of the Solutions and Services Technology Center in HPLabs since June 2000. Previously, Dr. Halvorsen served as Director and Principal Scientist of the Information Sciences and Technologies Laboratory at the Xerox Palo Alto Research Center from June 1992 until June 2000. Dr. Halvorsen is a consulting professor at Stanford University and a principal at the Center of Study of Language and Information. Dr. Halvorsen is a director of Symantec Corporation.

Steven L. Scheid has served as Chairman and Chief Executive Officer of Janus Capital Group, Inc. since April 2004. Previously, Mr. Scheid served as an independent business consultant from February 2002 to April 2004, Vice Chairman of Charles Schwab & Co., Inc. from July 1999 to February 2002, as President of the Schwab Retail Group from October 2000 to February 2002 and as the Chief Financial Officer of Charles Schwab & Co., Inc. from June 1996 to July 1999. Mr. Scheid is a director of PMI Group, Inc.

Mary Alice Taylor is an independent business consultant. Previously, Ms. Taylor served as Chief Executive Officer and Chairman of the Board of HomeGrocer.com from September 1999 to September 2000. Ms. Taylor served as Executive Vice President of Global Operations and Technology of CitiCorp from January 1997 until September 1999 and served as Senior Vice President of Federal Express Corporation from September 1991 until December 1996. Ms. Taylor is a director of The Allstate Corporation and Sabre Holdings Corporation.

Larry W. Wangberg served as Chief Executive Officer and Chairman of the Board of TechTV, previously ZDTV, Inc., from August 1997 until his retirement in June 2002. Previously, Mr. Wangberg was Chief Executive Officer and Chairman of the Board of StarSight Telecast, Inc., an interactive program guide company, from February 1995 to August 1997. Mr. Wangberg is a director of Charter Communications, Inc. and ADC Telecommunications, Inc.

Vote Required and Board of Directors Recommendation

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The nine candidates receiving the highest number of affirmative votes of the outstanding shares of our common stock present in person or represented by proxy and entitled to vote at the Annual Meeting will be elected directors of the Company to serve until the next annual meeting or until their successors have been duly elected and qualified. Abstentions and broker non-votes will have no effect on the outcome of the vote.

The Board of Directors Recommends a Vote For the Nominees Listed Above.

Board Meetings and Committees

The Board of Directors held a total of five meetings (including regularly scheduled and special meetings) during the fiscal year ended January 31, 2004. No director attended fewer than 75% of the total number of meetings of the Board of Directors and committees of which he or she is a member, if any.

The Company's Board of Directors currently has three standing committees: an Audit Committee, a Compensation and Human Resources Committee, and a Corporate Governance and Nominating Committee. The following describes each committee, its current membership, the number of meetings held during the fiscal year ended January 31, 2004 and its function.

Audit Committee

The Audit Committee, which has been established in accordance with Section 3(a)(58)(A) of the Exchange Act, currently consists of directors J. Hallam Dawson, Chairman, Mary Alice Taylor and Steven L. Scheid, each of whom is independent as such term is defined for audit committee members by the listing standards of The Nasdaq Stock Market. The Board of Directors has determined that J. Hallam Dawson, Mary Alice Taylor and Steven L. Scheid are each an audit committee financial expert as defined in rules of the Securities and Exchange Commission (the SEC).

The principal functions of the Audit Committee and its activities during fiscal 2004 are described in Report of the Audit Committee of the Board of Directors below.

The Audit Committee held nine meetings during the last fiscal year. The Audit Committee acts pursuant to a written charter adopted by the Board of Directors, which is included as [Appendix A](#) to this Proxy Statement. The Audit Committee Charter is also available on the Company's website at www.autodesk.com under About Autodesk Investors Corporate Governance.

Compensation and Human Resources Committee

The Compensation and Human Resources Committee currently consists of Crawford W. Beveridge, Chairman, Per-Kristian Halvorsen and Larry W. Wangberg, each of whom qualifies as an independent director under the listing standards of The Nasdaq Stock Market.

The Compensation and Human Resources Committee reviews compensation and benefits for our executives and administers the grant of stock options to executive officers under our stock plans. In December 1995, the Board of Directors delegated to our Chief Executive Officer authority to grant options to non-executive employees. The authority to grant all other options (except options which are granted automatically to non-employee directors under the non-discretionary 2000 Directors' Option Plan) has been delegated to the Compensation and Human Resources Committee. The Compensation and Human Resources Committee, which consists solely of non-employee directors ineligible to participate in the Company's discretionary employee stock programs, has sole and exclusive authority to grant stock options to executive officers of Autodesk.

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The Compensation and Human Resources Committee held three meetings during fiscal year 2004. The Compensation and Human Resources Committee acts pursuant to a written charter adopted by the Board of Directors, which is available on the Company's website at www.autodesk.com under About Autodesk Investors Corporate Governance.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee currently consists of Mark A. Bertelsen, Chairman, J. Hallam Dawson, Michael J. Fister and Larry W. Wangberg, each of whom qualifies as an independent director under the listing standards of The Nasdaq Stock Market.

The Corporate Governance and Nominating Committee is responsible for the development of general criteria regarding the qualifications and selection of board members and recommending candidates for election to the Board. The Corporate Governance and Nominating Committee is also responsible for developing overall governance guidelines, overseeing the performance of the Board and reviewing and making recommendations regarding the composition and mandate of Board committees. The Corporate Governance and Nominating Committee will consider recommendations of candidates for the Board of Directors submitted by stockholders of the Company; for more information, see Corporate Governance Matters below.

The Corporate Governance and Nominating Committee held two meetings during fiscal year 2004. The Corporate Governance and Nominating Committee acts pursuant to a written charter adopted by the Board of Directors, which is available on the Company's website at www.autodesk.com under About Autodesk Investors Corporate Governance.

Lead Director

J. Hallam Dawson serves as Lead Director and liaison between management and the other non-employee directors. The Lead Director schedules and chairs meetings of the independent directors. The independent directors (including the Lead Director) hold a closed session at each regularly scheduled Board meeting.

Compensation of Directors

During fiscal 2004, we paid an annual fee of \$40,000 to each director who was not an Autodesk employee (currently eight persons), of which not more than fifty percent could be cash with the balance (in such amount selected by each director) paid in the form of restricted stock issued at the rate of \$1.20 worth of stock for each \$1.00 of cash compensation foregone. Directors receive an additional \$5,000 for the responsibilities of Lead Director and committee chair. Directors do not receive fees for attending board or board committee meetings.

Additionally, the Company's 2000 Directors' Option Plan provides for the automatic grant of nonstatutory stock options to our non-employee directors. Upon being elected or appointed to our Board of Directors, each non-employee director is granted an option to purchase 50,000 shares of our Common Stock, with subsequent annual option grants of 20,000 shares of our Common Stock. The exercise price of options granted under the 2000 Directors' Option Plan is equal to the fair value of our Common Stock on the date of grant. Each option granted under the 2000 Directors' Option Plan vests over a one-year period.

Corporate Governance Matters

Code of Business Conduct

The Company has adopted a Code of Business Conduct, which is applicable to our directors, and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. The Code of Business Conduct is available on the Company's website at www.autodesk.com under About Autodesk Investors Corporate Governance. The Company will post on this section of our website any amendment to the Code of Business Conduct, as well as any waivers of the Code of Business Conduct that are required to be disclosed by the rules of the SEC or The Nasdaq National Market.

Independence of the Board of Directors

The Board of Directors has determined that, with the exception of Carol A. Bartz, who is an executive officer of the Company, all of its members are independent directors as that term is defined in the listing standards of The Nasdaq Stock Market.

Contacting the Board of Directors

Communications from shareholders to the non-employee directors should be addressed to the Lead Director as follows: J. Hallam Dawson, Autodesk Inc., c/o Corporate Secretary, 111 McInnis Parkway, San Rafael, California 94903.

Attendance at Annual Stockholder Meetings by the Board of Directors

Although the Company does not have a formal policy regarding attendance by members of the Board of Directors at the Company's annual meeting of stockholders, the Company encourages, but does not require, directors to attend. Carol A. Bartz, Mark A. Bertelsen, J. Hallam Dawson, Per-Kristian Halvorsen, Steven L. Sheid, Mary Alice Taylor and Larry W. Wangberg attended the Company's 2003 annual meeting of stockholders; the other directors did not attend.

Nominating Process for Recommending Candidates for Election to the Board of Directors

The Corporate Governance and Nominating Committee is responsible for, among other things, determining the criteria for membership on the Board of Directors and recommending candidates for election to the Board of Directors. It is the policy of the Corporate Governance and Nominating Committee to consider recommendations for candidates to the Board of Directors from stockholders. Stockholder recommendations for candidates to the Board of Directors must be directed in writing to Autodesk Inc., c/o Corporate Secretary, 111 McInnis Parkway, San Rafael, California 94903, and must include the candidate's name, home and business contact information, detailed biographical data and qualifications, information regarding any relationships between the candidate and the Company within the last three years and evidence of the nominating person's ownership of Company stock.

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The Corporate Governance and Nominating Committee's criteria and process for evaluating and identifying the candidates that it selects, or recommends to the full Board for selection, as director nominees, are as follows:

The Corporate Governance and Nominating Committee regularly reviews the current composition and size of the Board.

The Corporate Governance and Nominating Committee oversees an annual evaluation of the performance of the Board of Directors as a whole and evaluates the performance of individual members of the Board of Directors eligible for re-election at the annual meeting of stockholders.

In its evaluation of director candidates, including the members of the Board of Directors eligible for re-election, the Corporate Governance and Nominating Committee seeks to achieve a balance of knowledge, experience and capability on the Board and considers (1) the current size and composition of the Board of Directors and the needs of the Board of Directors and the respective committees of the Board, (2) such factors as issues of character, judgment, diversity, age, expertise, business experience, length of service, independence, other commitments and the like, and (3) such other factors as the Corporate Governance and Nominating Committee may consider appropriate.

While the Corporate Governance and Nominating Committee has not established specific minimum qualifications for director candidates, the Corporate Governance and Nominating Committee believes that candidates and nominees must reflect a Board that is comprised of directors who (1) are predominantly independent, (2) are of high integrity, (3) have broad, business-related knowledge and experience at the policy-making level in business or technology, including their understanding of the software industry and the Company's business in particular, (4) have qualifications that will increase overall Board effectiveness and (5) meet other requirements as may be required by applicable rules, such as financial literacy or financial expertise with respect to audit committee members.

With regard to candidates who are properly recommended by stockholders or by other means, the Corporate Governance and Nominating Committee will review the qualifications of any such candidate, which review may, in the Corporate Governance and Nominating Committee's discretion, include interviewing references for the candidate, direct interviews with the candidate, or other actions that the Corporate Governance and Nominating Committee deems necessary or proper.

In evaluating and identifying candidates, the Corporate Governance and Nominating Committee has the authority to retain and terminate any third party search firm that is used to identify director candidates, and has the authority to approve the fees and retention terms of any search firm.

The Corporate Governance and Nominating Committee will apply these same principles when evaluating Board candidates who may be elected initially by the full Board to fill vacancies or add additional directors prior to the annual meeting of stockholders at which directors are elected.

After completing its review and evaluation of director candidates, the Corporate Governance and Nominating Committee selects, or recommends to the full Board of Directors for selection, the director nominees.

In 2003, the Company retained a third-party search firm to assist in identifying and evaluating potential director nominees. Mr. Fister was recommended by the search firm. The Corporate Governance and Nominating Committee conducted an evaluation of Mr. Fister, including interviews, and recommended his selection to the Board of Directors.

PROPOSAL TWO
RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

On the recommendation of the Audit Committee, the Board of Directors has appointed Ernst & Young LLP, independent auditors, to audit the consolidated financial statements of Autodesk for the fiscal year ending January 31, 2005, and recommends that stockholders vote for ratification of such appointment. In the event of a negative vote on such ratification, the Board of Directors will reconsider its selection.

Ernst & Young LLP has audited our financial statements annually since the fiscal year ended January 31, 1983.

We expect representatives of Ernst & Young LLP to be present at the meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Fee Disclosure

The following table presents fees billed for professional audit services and other services rendered to the Company by Ernst & Young LLP for the fiscal years ended January 31, 2004 and January 31, 2003.

	<u>2004</u>	<u>2003</u>
Audit Fees (1)	\$ 1,653,000	\$ 1,413,285
Audit-Related Fees (2)		12,000
Tax Fees (3)	913,000	1,142,329
Total	<u>\$ 2,566,000</u>	<u>\$ 2,567,614</u>

- (1) Audit Fees consisted of fees billed for professional services rendered for the audit of the Company's annual financial statements included in the Company's Annual Reports on Form 10-K and for the review of the financial statements included in the Company's Quarterly Reports on Form 10-Q, as well as services that generally only the Company's independent auditor can reasonably provide, including statutory audits and services rendered in connection with Securities and Exchange Commission filings.
- (2) Audit-Related Fees consisted of fees billed for assurance and related services that are traditionally performed by the Company's independent auditor, including the audit of certain balances of locally-prepared financial statements of a foreign subsidiary.
- (3) Tax Fees consisted of fees billed for tax compliance, consultation and planning services.

Pre-Approval of Audit and Non-Audit Services

All audit and non-audit services provided by Ernst & Young LLP to the Company must be pre-approved by the Audit Committee. The Audit Committee utilizes the following procedures in pre-approving all audit and non-audit services provided by Ernst & Young LLP. At or before the first meeting of the Audit Committee each year, the Audit Committee is presented with a detailed listing of the individual audit and non-audit services and fees (separately describing audit-related services, tax services and other services) expected to be provided by Ernst & Young LLP

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during the year. Quarterly, the Audit Committee is presented with an update of any new audit and non-audit services to be provided by Ernst & Young LLP. The Audit Committee reviews the Company's update and approves the services outlined therein if such services are acceptable to the Audit Committee.

To ensure prompt handling of unexpected matters, the Audit Committee delegates to the Chairman of the Audit Committee the authority to amend or modify the list of audit and non-audit services and fees; provided, however, that such additional or amended services may not affect Ernst & Young LLP's independence under applicable SEC rules. The Chairman reports any such action taken to the Audit Committee at the next Audit Committee meeting.

All Ernst & Young LLP services and fees in fiscal year 2004 were pre-approved by the Audit Committee.

Vote Required and Board of Directors Recommendation

The affirmative vote of a majority of the outstanding shares of Common Stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required to ratify the appointment of Ernst & Young LLP as our independent auditors. The effect of an abstention is the same as a vote against the ratification of Ernst & Young LLP as our independent auditors. Broker non-votes will have no effect on the outcome of the vote.

*The Board of Directors Recommends a Vote For Ratification of the Appointment of
Ernst & Young LLP as our Independent Auditors*

PROPOSAL THREE

STOCKHOLDER PROPOSAL

The Company has been notified that the American Federation of State, County and Municipal Employees (AFSCME), 1625 L Street, N.W., Washington, D.C. 20036, the owner of 1,170 shares of our Common Stock, intends to present the following stockholder proposal for consideration at the Annual Meeting. The stockholder proposal is quoted verbatim below.

The Board of Directors unanimously recommends a vote **AGAINST** this stockholder proposal and asks you to read management's response, which follows the stockholder proposal.

Proponent's Proposal

RESOLVED, that stockholders of Autodesk Inc. (Autodesk) urge the Compensation and Human Resource Committee of the Board of Directors (the Committee) to adopt a policy requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs during their employment, and to report to stockholders regarding the policy before Autodesk's 2005 annual meeting of stockholders. The Committee should define significant (and provide for exceptions in extraordinary circumstances) by taking into account the needs and constraints of Autodesk and its senior executives; however, the stockholders recommend that the Committee not adopt a percentage lower than 75% of net after tax shares. The policy should address the permissibility of transactions such as hedging transactions which are not sales but reduce the risk of loss to the executive.

Proponent's Supporting Statement

Equity-based compensation makes up a substantial portion of senior executive compensation at Autodesk. For the fiscal year ended January 31, 2003, Chairman and CEO Carol Bartz received cash compensation of \$765,000, while the stock options she received had a potential future value of \$4,427,418 or \$11,219,947, depending on the return assumption. For the fiscal year ended January 31, 2002, she received cash compensation of \$1,391,667, while the options she received had a potential value of \$7,545,753 or \$19,122,419, again depending on return assumption. According to the December 2003 10-Q filing, the dilutive effect of outstanding options was 20.42%.

Autodesk claims that equity-based compensation creates management incentive to improve stockholder value. We believe Autodesk's equity compensation programs have not translated into meaningful levels of stock ownership. Autodesk's 2003 proxy statement disclosed that Ms. Bartz owned only 232,865 shares outright, but held 2,567,698 options, and that she exercised 93,732 options with realized value of \$1,301,974. The 2002 proxy statement reports she exercised 643,490 options with realized value of \$6,522,692. Having exercised over 700,000 options, Ms. Bartz still owns less than half that number of shares. We believe that the alignment benefits touted by Autodesk are not being realized.

We believe that requiring senior executives to hold a significant portion of shares obtained through compensation plans would focus them on Autodesk's long-term success and would help align their interests with those of Autodesk's stockholders.

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As long-term stockholders, we believe it is critical for compensation programs to incentivize executives to manage for the company's long-term interests. Recent events have, we think, shown the dangers of a short-term mentality in which executives extract value through equity-based compensation, then cash out before the effects of their mismanagement becomes apparent to other shareholders.

We urge stockholders to vote for this proposal.

Vote Required and Board of Directors Recommendation

The affirmative vote of a majority of the outstanding shares of Common Stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required to approve the stockholder proposal. The effect of an abstention is the same as a vote against the stockholder proposal. Broker non-votes will have no effect on the outcome of the vote.

The Board of Directors Unanimously Recommends a Vote Against this Stockholder Proposal.

Statement Against Stockholder Proposal

Autodesk's Board of Directors and its Compensation and Human Resources Committee have carefully considered the proposal by the AFSCME Employees Pension Plan and have concluded that the proposal is not in the best interests of our stockholders.

Our equity compensation policies are critical to our competitive success. To sustain our leadership in the complex and rapidly changing market for engineering software, we must attract, retain and motivate the most highly skilled executive and technical talent in the industry. Our incentive programs, which include a combination of base salary, performance-based bonus and stock incentives, are carefully crafted and tested against peer programs to enable us to compete effectively for this talent.

As the proposal asserts, equity-based compensation is indeed a key component of executive compensation at Autodesk, and we encourage equity ownership. The purpose is to align the interests of the employees and executives with that of the stockholders by providing equity compensation that incentivizes management to increase long term stockholder value. Our options for executives generally vest over four years and our executives derive benefit from these options grants only after they have remained with the company through the vesting date and only to the extent that our stock has appreciated from the time the options were granted.

We believe that the proposal would seriously diminish the value of our equity compensation programs and would make us less competitive in our ability to hire key talent. In the first place, the high 75% stock ownership threshold suggested by this proposal is likely to result in significant nondiversification of the personal assets of most executives, thus diminishing our ability to attract executive talent. Secondly, it creates exactly the wrong incentives in terms of executive retention, because the financial security of a vested option holder could be improved by leaving the company prior to option exercises. Finally, mandating a one size fits all approach that requires all our executives to hold at least a specified level of equity compensation as stock does not allow us to take into account the differing financial circumstances and needs of our various executives and candidates for employment as executives.

The type of program suggested by this proposal may be appropriate for companies with lucrative executive compensation packages that include multimillion dollar salaries and bonuses, executive perquisites, pension plans and generous defined benefit and supplemental executive retirement programs, and where the executives have already obtained sufficient wealth to make large personal investments in their companies. We believe it is the wrong type of program for companies like ours that do not have these rich executive entitlements and instead are committed to rewards for achievement and the values of meritocracy.

We believe that our equity compensation policies have been responsibly implemented and align the interests of our executive officers and directors, and all Autodesk employees who benefit from our

broad-based stock option programs, with the interests of our stockholders, allowing us to use equity as an incentive rather than a hindrance to our recruiting and retention efforts. If the stock ownership guidelines suggested by the proponent were adopted, we believe that it would seriously undermine our ability to recruit and retain talented executives, which would be detrimental to the long-term interests of our stockholders.

MANAGEMENT
Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information concerning the beneficial ownership of Autodesk's Common Stock as of May 5, 2004, for the following (1) each person or entity who is known by the Company to own beneficially more than 5% of the outstanding shares of the Company's Common Stock, (2) each of the Company's directors, (3) each of the executive officers named in the Summary Compensation Table on page 17, and (4) all directors and executive officers of the Company as a group.

	Common Stock Beneficially Owned (1)	Percentage Beneficially Owned (2)
Principal Stockholders:		
FMR Corp. (3) 82 Devonshire Street Boston, MA 02109	11,529,568	10.2%
J. & W. Seligman & Co., Inc. (4) 100 Park Avenue. New York, NY 10017	9,448,079	8.4%
Non-Employee Directors:		
Mark A. Bertelsen(5)	119,934	*
Crawford W. Beveridge (6)	124,116	*
J. Hallam Dawson (7) Michael J. Fister	156,950	*
Per-Kristian Halvorsen (8)	95,350	*
Steven L. Scheid (9)	39,298	*
Mary Alice Taylor (10)	158,010	*
Larry W. Wangberg (11)	108,888	*
Named Executive Officers:		
Carol A. Bartz (12)	3,179,730	2.7%
Carl Bass (13)	56,184	*
Alfred J. Castino (14)	30,000	*
Marcia K. Sterling (15)	119,401	*
Michael E. Sutton (16)	118,846	*
All directors and executive officers as a group (16 persons) (17)	4,778,515	4.1%

* Represents less than one percent (1%) of the outstanding Common Stock.

- (1) The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any shares over which the individual or entity has the right to acquire within 60 days of May 5, 2004, through the exercise of any stock option or other right. Unless otherwise indicated in the footnotes, each person or entity has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares shown as beneficially owned.
- (2) The total number of shares of Common Stock outstanding as of May 5, 2004 was 113,083,603.
- (3) Based on a Form 13G/A filed February 17, 2004 with the SEC.
- (4) Based on a Form 13G/A filed February 11, 2004 with the SEC.
- (5) Includes 113,400 shares subject to options exercisable within 60 days of May 5, 2004 and 3,205 shares of restricted stock subject to vesting restrictions which lapse within 60 days of May 5, 2004.
- (6) Includes 113,400 shares subject to options exercisable within 60 days of May 5, 2004 and 1,603 shares of restricted stock subject to vesting restrictions which lapse within 60 days of May 5, 2004.

- (7) Includes 133,400 shares subject to options exercisable within 60 days of May 5, 2004 and 3,561 shares of restricted stock subject to vesting restrictions which lapse within 60 days of May 5, 2004.
- (8) Includes 86,600 shares subject to options exercisable within 60 days of May 5, 2004 and 2,849 shares of restricted stock subject to vesting restrictions which lapse within 60 days of May 5, 2004.
- (9) Includes 33,600 shares subject to options exercisable within 60 days of May 5, 2004 and 2,849 shares of restricted stock subject to vesting restrictions which lapse within 60 days of May 5, 2004.
- (10) Includes 133,400 shares subject to options exercisable within 60 days of May 5, 2004 and 2,849 shares of restricted stock subject to vesting restrictions which lapse within 60 days of May 5, 2004.
- (11) Includes 93,400 shares subject to options exercisable within 60 days of May 5, 2004 and 2,849 shares of restricted stock subject to vesting restrictions which lapse within 60 days of May 5, 2004.
- (12) Includes 2,679,788 shares subject to options exercisable within 60 days of May 5, 2004.
- (13) Includes 50,001 shares subject to options exercisable within 60 days of May 5, 2004.
- (14) Includes 30,000 shares subject to options exercisable within 60 days of May 5, 2004.
- (15) Includes 112,500 shares subject to options exercisable within 60 days of May 5, 2004.
- (16) Includes 112,500 shares subject to options exercisable within 60 days of May 5, 2004.
- (17) Includes 4,161,146 shares subject to options exercisable within 60 days of May 5, 2004 and 19,765 shares of restricted stock subject to vesting restrictions which lapse within 60 days of May 5, 2004.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities (10% Stockholders), to file reports of ownership on Form 3 and changes in ownership on Form 4 or 5 with the SEC and the Nasdaq Stock Market. Such executive officers, directors and 10% Stockholders are also required by SEC rules to furnish the Company with copies of all Section 16(a) forms that they file.

Based solely on its review of the copies of such reports furnished to the Company and written representations that no other reports were required to be filed during fiscal 2004, the Company believes that its executive officers, directors and 10% Stockholders have complied with all Section 16(a) filing requirements applicable to them.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION