

## Balance Sheet Review

**Looking beyond our geographies and strong product line, we have an efficient business model capable of supporting investments as well as increased revenue levels and profitability.**

A key component of our business model is our positive cash flow, even in the midst of an industry slowdown. We generated more than \$86 million in cash from operations in fiscal year 2003, and this continues to be a significant competitive advantage for Autodesk.

We also have a strong balance sheet. Cash, cash equivalents, and marketable securities equaled \$411 million, even with acquisitions totaling \$145 million, stock repurchases of \$65 million, and dividends of \$14 million. Furthermore, we have no long-term debt.

Overall, fiscal 2003 was a tough year, but our investments in product development and our ability to generate cash remain key differentiators between Autodesk and its competition.

## Key Growth Initiatives

**Our customers identify Autodesk with innovation. As part of our plan to extend Autodesk's technology leadership into the next decade, we are developing several key growth initiatives in markets that we believe have excellent potential:**

- **LIFECYCLE MANAGEMENT:** In fiscal 2003, we began to focus efforts throughout our divisions on developing lifecycle management solutions that offer customers significant improvements to their critical business processes. For example, Autodesk Buzzsaw, a component of building lifecycle management, now has 73,000 users, proving that online collaboration is the right solution for the building industry. We'll continue to extend our investment and build on our progress in lifecycle management.
- **AUTODESK LOCATION SERVICES:** Through our Location Services Division we provide technology to wireless carriers to develop and deploy location-based services that will drive data services, build customer loyalty, and increase customer usage. Our complete location solution allows carriers to quickly and easily develop and deploy customized applications or to location-enable existing services. Autodesk Location Services has engaged in several trials with operators in the U.S. and EMEA, whose combined subscriber base is more than 25 million users.
- **DESKTOP VIDEO:** The rapidly increasing number of professionals using video on their desktop makes this a compelling new market. Discreet's fiscal 2003 releases of its streaming media encoding product, cleaner XL, together with the latest version of combustion, form a great foundation for Discreet as it pursues this growth opportunity.

