UNITED STATES-
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 0-20853

ANSYS, Inc.
(exact name of registrant as specified in its charter)

DELAWARE	04-3219960
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
275 Technology Drive, Canonsburg, PA	15317
(Address of principal executive offices)	(Zip Code)

724-746-3304
(Registrant's telephone number, including area code)

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

The number of shares of the Registrant's Common Stock, par value $.01 per share, outstanding as of November 6, 2000 was 15,856,603 shares.

ANSYS, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1. - Financial Statements:

ANSYS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share information)

	Sept. 30, 2000 (Unaudited)	Dec. 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,437	$ 10,401
Short-term investments	39,168	46,731
Accounts receivable, less allowance for doubtful accounts of $1,800 in 2000 and $1,700 in 1999	10,362	10,518
Other current assets	3,124	2,929
Deferred income taxes	513	336
Total current assets	64,604	70,915
Securities available for sale	-	182
Long-term investment	375	-
Property and equipment, net	5,281	3,529
Capitalized software costs, net	483	676
Goodwill, net	9,795	428
Other intangibles, net	9,446	1,518
Deferred income taxes	4,764	6,643
Total assets	$ 94,748	$ 83,891
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 237	$ 222
Accrued bonuses	2,997	2,882
Other accrued expenses and liabilities	5,915	3,750
Customer prepayments	190	140
Deferred revenue	13,754	11,266
Total current liabilities	23,093	18,260
Stockholders' equity:		
Preferred stock, $.01 par value, 2,000,000 shares authorized	-	-
Common stock, $.01 par value; 50,000,000 shares authorized; 16,584,758 shares issued in both 2000 and 1999	166	166
Additional paid-in capital	37,285	37,543
Less treasury stock, at cost: 737,490		

shares held in 2000 and 339,358 shares held in 1999	(8,074)	(2,375)
Retained earnings	42,278	30,427
Accumulated other comprehensive income	-	120
Note receivable from stockholder	-	(250)
Total stockholders' equity	71,655	65,631
Total liabilities and stockholders' equity	$ 94,748	$83,891

The accompanying notes are an integral part of the condensed consolidated financial statements.

ANSYS, INC. AND SUBIDARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(Unaudited)

	Three months ended		Nine months ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenue:				
Software licenses	$ 8,640	$ 7,609	$ 28,556	$ 26,628
Maintenance and service	8,042	6,670	21,759	18,913
Total revenue	16,682	14,279	50,315	45,541
Cost of sales:				
Software licenses	1,048	823	3,139	2,593
Maintenance and service	1,033	757	2,739	2,261
Total cost of sales	2,081	1,580	5,878	4,854
Gross profit	14,601	12,699	44,437	40,687
Operating expenses:				
Selling and marketing	4,307	3,387	12,165	11,034
Research and development	3,457	3,109	10,071	9,743
Amortization	523	187	922	588
General and administrative	2,509	2,088	7,451	6,937
Total operating expenses	10,796	8,771	30,609	28,302
Operating income	3,805	3,928	13,828	12,385
Other income	877	682	2,769	1,834
Income before income tax provision	4,682	4,610	16,597	14,219
Income tax provision	1,410	1,244	4,746	3,593
Net income	3,272	3,366	11,851	10,626
Net income per basic common share:				
Basic earnings per share	$ 0.21	$ 0.20	$ 0.75	$ 0.65
Weighted average shares - basic	15,495	16,504	15,854	16,383
Net income per diluted common				

share:				
Diluted earnings per share	$ 0.21	$ 0.20	$ 0.73	$ 0.63
Weighted average shares - diluted	15,973	16,967	16,343	16,746

The accompanying notes are an integral part of the condensed consolidated financial statements.

ANSYS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine months ended Sept. 30, 2000	Nine months ended Sept. 30, 1999
Cash flows from operating activities:		
Net income	$ 11,851	$ 10,626
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,447	2,041
Deferred income tax provision	244	873
Provision for bad debts	123	173
Change in operating assets and liabilities:		
Accounts receivable	2,083	964
Other current assets	36	(1,082)
Accounts payable, accrued expenses and liabilities and customer prepayments	(653)	(1,586)
Deferred revenue	1,793	1,479
Net cash provided by operating activities	17,924	13,488
Cash flows from investing activities:		
Cash paid for business acquisition, net of cash acquired	(7,481)	-
Acquisition-related loan	(1,366)	-
Capital expenditures	(2,497)	(1,532)
Capitalization of internally developed software costs	(286)	(487)
Repayment of stockholder loan	250	-
Other acquisition payments	(200)	(100)
Purchase of short-term investments	(20,876)	(18,730)
Maturities of short-term investments	28,439	6,710
Purchase of long-term investment	(375)	-
Net cash used in investing activities	(4,392)	(14,139)
Cash flows from financing activities:		
Proceeds from issuance of common stock under Employee Stock Purchase Plan	164	159
Proceeds from issuance of treasury stock	-	9
Purchase of treasury stock	(14,346)	(6)
Proceeds from exercise of stock options	1,686	591
Net cash (used in) provided by financing activities	(12,496)	753
Net increase in cash and cash equivalents	1,036	102
Cash and cash equivalents, beginning of period	10,401	6,589
Cash and cash equivalents, end of period	$ 11,437	$ 6,691
Supplemental disclosures of cash flow Information:		
Cash paid during the period for:		
Income taxes	$ 3,324	$ 3,550

The accompanying notes are an integral part of the condensed consolidated financial statements.

ANSYS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2000
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements included herein have been prepared by ANSYS, Inc. (the "Company") in accordance with generally accepted accounting principles for interim financial information for commercial and industrial companies and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The financial statements as of and for the three and nine months ended September 30, 2000 should be read in conjunction with the Company's consolidated financial statements (and notes thereto) included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999. Accordingly, the accompanying statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial statements have been included, and all adjustments are of a normal and recurring nature. Operating results for the three months and nine months ended September 30, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000.

2. ACCUMULATED OTHER COMPREHENSIVE INCOME

As of December 31, 1999, accumulated other comprehensive income, as reflected on the condensed consolidated balance sheet, was comprised of unrealized gains on securities available for sale.

3. BUSINESS ACQUISITIONS AND DIVESTITURES

ACQUISITION OF PACIFIC MARKETING AND CONSULTING, INC.

On August 30, 2000, ANSYS, Inc. and GenesisOne Acquisition Corporation, a Delaware corporation and wholly-owned subsidiary of ANSYS, entered into an Agreement and Plan of Merger (the "Merger Agreement") with Pacific Marketing and Consulting, Inc., a California corporation ("PMAC"), and its officers and stockholders. The transactions contemplated by the Merger Agreement were consummated on August 31, 2000 with the merger of PMAC with and into GenesisOne.

In the merger, each share of common stock of PMAC outstanding at the time of the Merger ceased to be outstanding and each such share was converted into the right to receive the initial merger consideration provided for under the Merger Agreement. Holders of PMAC's Class A voting and Class B non-voting common stock received initial merger consideration consisting of an aggregate of 618,992 shares of ANSYS common stock, valued for purposes of such issuance at $10.01563 per share, and cash in an aggregate amount of $5,832,531. Holders of PMAC's Class C non-voting common stock received initial merger consideration aggregating $367,290 solely in cash. Of the total initial stock consideration, an aggregate of 123,795 shares of ANSYS common stock were delivered into escrow, to be released on August 31, 2001 or, if later, upon the resolution of any outstanding indemnification claims secured by such shares. In addition, $3,000,000 of the initial aggregate cash consideration was delivered into escrow, to be released during the first quarter of 2001 upon and subject to the determination of certain post-closing adjustments and claims.

The Merger Agreement also provides for certain additional future payments if the acquired business achieves certain performance criteria. Such additional contingent consideration will be paid to the former holders of PMAC Class A and Class B common stock 48.4737% in cash and 51.5263% in shares of ANSYS common stock, valued for such purposes at the average closing price for the twenty consecutive trading days preceding the date of such payment. The total number of shares of ANSYS common stock that will be issued under the Merger Agreement therefore will depend on the future value of ANSYS common stock. The total amount of funds required to pay the initial aggregate cash consideration was $6,199,821, which was obtained from the working capital of ANSYS. The aggregate merger consideration was determined on the basis of arms' length negotiations between representatives of ANSYS and PMAC.

The acquisition has been accounted for as a purchase and, accordingly, the operating results of PMAC have been included in the Company's consolidated financial statements since the date of acquisition, August 31, 2000. The total purchase price was allocated to the assets and liabilities of PMAC based upon their estimated fair market values. The allocation of the purchase price was based on an independent valuation and included an allocation of $8,242,000 to identifiable intangibles (including $2,700,000 to assembled workforce, $2,345,000 to existing software, $1,790,000 to non-compete agreements and $1,407,000 to customer list) and $9,501,000 to goodwill. The identified intangibles and goodwill are being amortized over three to five years.

The following unaudited pro forma information presents the results of operations of the Company as if the acquisition had occurred at the beginning of the nine month periods ended September 30, 2000 and 1999, respectively.

(in 000's)	Nine months ended September 30, 2000	Nine months ended September 30, 1999
Total revenue	$ 56,253	$ 50,914
Net income	$ 9,378	$ 8,834
Net income per share:		
Basic	$ 0.57	$ 0.52
Diluted	$ 0.55	$ 0.51

The unaudited pro forma consolidated results are not necessarily indicative of results that would have occurred had the acquisition been in effect for the periods presented, nor are they necessarily indicative of future consolidated results.

PMAC (hereafter, "ICEM CFD Engineering" or "ICEM CFD") is a privately held developer and leading supplier of software for pre- and post-processing of CFD and other high growth engineering applications. ICEM CFD Engineering sells these products to a variety of market segments, including the electronics, automotive and aerospace industries. Additional information related to the acquisition of ICEM CFD is included in the Company's Current Report on Forms 8-K and 8-K/A, filed on September 13, 2000 and November 8, 2000, respectively.

4. CASH FLOW STATEMENT

Supplemental cash flow information with respect to the acquisition discussed in Note 3 is as follows:

(in 000's)	
Fair value of assets acquired, net of cash acquired	$ 20,599
Fair value of liabilities assumed	($ 6,580)
Fair value of common stock issued	($ 6,538)
Cash paid for acquisition	$ 7,481

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors of
ANSYS, Inc. and Subsidiaries:

We have reviewed the accompanying condensed consolidated balance sheet of ANSYS, Inc. and Subsidiaries as of September 30, 2000, and the related condensed consolidated statements of income for each of the three-month and nine-month periods ended September 30, 2000 and 1999 and the condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2000 and 1999. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of ANSYS, Inc. and Subsidiaries as of December 31, 1999 and the related consolidated statements of income, stockholders' equity and of cash flows for the year then ended (not presented herein), and in our report dated January 27, 2000, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1999, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP
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Pittsburgh, Pennsylvania
October 11, 2000

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ANSYS, Inc. (the "Company") is a leading international supplier of analysis and engineering software for optimizing the design of new products. The Company is committed to providing the most open and flexible analysis solutions to suit customer requirements for engineering software in today's competitive marketplace. In addition, the Company partners with leading design software suppliers to develop state-of-the-art computer-aided design ("CAD") integrated products. Sales, support and training for customers are provided primarily through the Company's global network of independent ANSYS Support Distributors ("ASDs"). The Company distributes and supports its ANSYS(r) and DesignSpace(r) product lines through its ASDs, certain direct sales offices, as well as a network of independent distributors and dealers. The following discussion should be read in conjunction with the attached unaudited condensed consolidated financial statements and notes thereto for the three-month and nine-month periods ended September 30, 2000 and September 30, 1999 and with the Company's audited financial statements and notes thereto for the fiscal year ended December 31, 1999.

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements below concerning future trends related to paid-up and lease license revenue, expectations of sales growth in the Company's DesignSpace and ANSYS/Professional products, the Company's intentions related to continued investments in sales and marketing and research and development, plans related to future capital spending, the sufficiency of existing cash and cash equivalent balances to meet future working capital and capital expenditure requirements, comments regarding the effective tax rate and cost of sales increases in future quarters, as well as statements which contain such words as "anticipates", "intends", "believes", "plans" and other similar expressions. The Company's actual results could differ materially from those set forth in forward-looking statements. Certain factors that might cause such a difference include risks and uncertainties detailed in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in the 1999 Annual Report to Shareholders and in "Certain Factors Regarding Future Results" included herein as Exhibit 99 to this Form 10-Q.

Results of Operations

Three Months Ended September 30, 2000 Compared to Three Months Ended September 30, 1999

Revenue. The Company's total revenue increased 16.8% in the 2000 quarter to $16.7 million from $14.3 million in the 1999 quarter. Revenue for the third quarter of 2000 includes revenue of approximately $961,000 from the acquisition of Pacific Marketing and Consulting, Inc.("ICEM CFD"). The remaining increase in revenue resulted primarily from higher paid-up license sales. Higher maintenance and service revenue, primarily from maintenance contracts sold in association with increased paid-up licenses in both the current and recent quarters, also contributed to the overall revenue increase.

Software license revenue increased 13.5% in the 2000 quarter to $8.6 million from $7.6 million in the 1999 quarter, resulting primarily from increased sales of paid-up licenses. Revenue from the sale of paid-up licenses increased 27.3% to $6.6 million from $5.2 million in the prior year quarter. The Company anticipates that revenue from sales of paid-up licenses will increase as sales of its DesignSpace and ANSYS/Professional products grow. These products are priced at much lower price points compared to the traditional high-end product offerings and are sold primarily as paid-up licenses. Also contributing to the license revenue growth was approximately $600,000 in revenue from the acquisition of ICEM CFD.

The increases in software license revenue discussed above were partially offset by a $509,000 reduction in noncancellable annual lease license revenue and a $447,000 reduction in monthly lease license revenue. The decrease in noncancellable annual lease license revenue was principally attributable to the conversion of existing noncancellable annual leases to paid-up licenses in both the current and recent quarters. The Company believes that a 1999 increase in its annual lease price was a primary economic factor in influencing certain noncancellable annual lease conversions. The decrease in monthly lease license revenue is consistent with recent quarterly trends and resulted from existing monthly leases being renewed as noncancellable annual leases or converted to paid-up licenses. The Company believes that the reduction in lease license revenue on a quarterly comparison basis will continue throughout the remainder of 2000.

Maintenance and service revenue increased 20.6% in the 2000 quarter to $8.0 million from $6.7 million in the 1999 quarter. The increase was primarily a result of maintenance contracts sold in association with the paid-up license sales discussed above. Also contributing to the maintenance and service revenue growth was approximately $400,000 in revenue from the acquisition of ICEM CFD.

Of the Company's total revenue for the 2000 quarter, approximately 56.6% and 43.4%, respectively, were attributable to international and domestic sales, as compared to 56.0% and 44.0%, respectively, in the 1999 quarter.

Cost of Sales and Gross Profit. The Company's total cost of sales increased 31.7% to $2.1 million, or 12.5% of total revenue for the 2000 quarter, from $1.6 million, or 11.1% of total revenue for the 1999 quarter. The increase in the 2000 quarter was principally attributable to higher royalty costs, as well as costs associated with consulting services provided by ICEM CFD. The Company anticipates that total cost of sales as a percentage of revenue will increase slightly in future quarters as a result of the ICEM CFD acquisition.

As a result of the foregoing, the Company's gross profit increased 15.0% to $14.6 million in the 2000 quarter from $12.7 million in the 1999 quarter.

Selling and Marketing. Total selling and marketing expenses increased from $3.4 million, or 23.7% of total revenue in the 1999 quarter, to $4.3 million, or 25.8% of total revenue in the 2000 quarter. The increase was attributable primarily to costs associated with the Company's biannual worldwide users' conference. Increased sales consulting costs related to sales training initiatives for both the direct and indirect sales channels also contributed to the increase. The Company anticipates that it will continue to make significant investments in its global sales and marketing organization to strengthen its competitive position, to enhance major account sales activities and to support its worldwide sales channels and marketing strategies.

Research and Development. Research and development expenses increased 11.2% to $3.5 million, or 20.7% of total revenue for the 2000 quarter, from $3.1 million, or 21.8% of total revenue for the 1999 quarter. The increase in the 2000 quarter was attributable to development costs associated with the acquisition of ICEM CFD. The Company has traditionally invested significant resources in research and development activities and intends to continue to make significant investments throughout the remainder of 2000.

Amortization. Amortization expense increased to $523,000 for the 2000 quarter compared to $187,000 for the 1999 quarter. The increase resulted from amortization associated with the acquisition of ICEM CFD.

General and Administrative. General and administrative expenses increased 20.2% to $2.5 million, or 15.0% of total revenue in the 2000 quarter, from $2.1 million, or 14.6% of total revenue in the 1999 quarter. The increase was primarily the result of approximately $275,000 in one-time charges associated with the acquisition of ICEM CFD, as well as consulting costs related to implementation of the Company's customer relationship management system. These increases were partially offset by a reduction in legal costs.

Other Income. Other income increased 28.6% to $877,000 for the 2000 quarter as compared to $682,000 for the 1999 quarter. This increase was attributable to an increasing interest rate environment as compared to the prior year quarter.

Income Tax Provision. The Company's effective rate of taxation was 30.0% for the 2000 quarter as compared to 27.0% for the 1999 quarter. The effective rate increased from the prior year quarter as a result of certain non-deductible amortization associated with the acquisition of ICEM CFD. These rates are lower than the federal and state combined statutory rate as a result of the utilization of a foreign sales corporation, as well as the generation of research and experimentation credits. As a result of the acquisition of ICEM CFD, the Company anticipates that the effective tax rate will increase in the fourth quarter of 2000 and will reach a rate in the range of 35% early in 2001.

Net Income. The Company's net income in the 2000 quarter was $3.3 million as compared to $3.4 million in the 1999 quarter. Diluted earnings per share increased to $.21 in the 2000 quarter as compared to $.20 in the 1999 quarter. The weighted average shares used in computing net income per diluted common share were 16.0 million in the 2000 quarter and 17.0 million in the 1999 quarter.

Nine Months Ended September 30, 2000 Compared to Nine Months Ended September 30, 1999

Revenue. The Company's total revenue increased 10.5% for the 2000 nine months to $50.3 million from $45.5 million for the 1999 nine months. The increase was attributable primarily to an increase in paid-up licenses associated with increased sales of new paid-up licenses and, to a lesser extent, the conversion of existing leases to paid-up licenses. Higher maintenance and service revenue, resulting primarily from maintenance contracts sold in association with increased paid-up license sales, and approximately $961,000 of revenue associated with the third quarter acquisition of ICEM CFD, also contributed to the increase.

Software license revenue totaled $28.6 million for the 2000 nine months as compared to $26.6 million for the 1999 nine months, an increase of 7.2%. The increase resulted principally from an increase in sales of paid-up licenses. Revenue from the sale of paid-up licenses increased 25.4% for the 2000 nine-month period to $21.0 million from $16.7 million in the comparable prior year period.

The increase in sales of paid-up licenses was partially offset by a $1.6 million decrease in noncancellable annual lease license revenue and a $1.3 million reduction in monthly lease license revenue for the 2000 nine-month period as compared to the comparable 1999 period. The decrease in noncancellable annual lease license revenue was principally attributable to the conversion of existing noncancellable annual leases to paid-up licenses in recent periods. The Company believes that a 1999 increase in its annual lease price was a primary economic factor in influencing certain noncancellable annual lease conversions. The reduction in monthly lease license revenue resulted from existing monthly leases being renewed as noncancellable annual leases or converted to paid-up licenses.

Maintenance and service revenue increased 15.0% in the 2000 nine-month period to $21.8 million from $18.9 million in the comparable 1999 period. The increase was primarily the result of maintenance contracts sold in association with the paid-up license sales discussed above.

Of the Company's total revenue for the 2000 six months, approximately 56.3% and 43.7%, respectively, were attributable to international and domestic sales, as compared to 56.7% and 43.3%, respectively, for the 1999 nine months.

Cost of Sales and Gross Profit. The Company's total cost of sales increased 21.1% to $5.9 million, or 11.7% of total revenue for the 2000 nine months, from $4.9 million, or 10.7% of total revenue for the 1999 nine months. The increase in the 2000 period was principally attributable to higher salaries and related expenses associated with increased headcount to support the growth in license and service sales, as well as increased royalty costs. The Company anticipates that total cost of sales as a percentage of revenue will increase slightly in future quarters as a result of the ICEM CFD acquisition.

As a result of the foregoing, the Company's gross profit increased 9.2% to $44.4 million for the 2000 nine months from $40.7 million for the 1999 nine months.

Selling and Marketing. Selling and marketing expenses increased 10.3% for the nine months ended September 30, 2000 to $12.2 million, or 24.2% of total revenue, from $11.0 million, or 24.2% of total revenue for the comparable 1999 period. The increase was primarily the result of higher salaries and related expenses associated with the hiring of key personnel to bolster the Company's sales and marketing capabilities, as well as costs associated with the Company's biannual worldwide users' conference.

Research and Development. Research and development costs increased 3.4% to $10.1 million, or 20.0% of total revenue for the 2000 nine months, from $9.7 million, or 21.4% of total revenue for the 1999 nine months. The increase in the 2000 period was principally attributable to higher consulting costs as well as development costs associated with the acquisition of ICEM CFD.

Amortization. Amortization expense increased to $922,000 for the 2000 nine months compared to $588,000 for the 1999 nine months. The increase resulted from amortization associated with the acquisition of ICEM CFD.

General and Administrative. General and administrative expenses increased 7.4% for the 2000 nine months to $7.5 million, or 14.8% of total revenue, from $6.9 million, or 15.2% of total revenue for the 1999 nine months. The increase was primarily the result of a $500,000 one-time charge in the first quarter related to the expiration of an ASD distribution agreement, as well as approximately $275,000 in one-time charges associated with the acquisition of ICEM CFD.

Other Income. Other income increased 51.0% to $2.8 million in the 2000 nine-month period as compared to $1.8 million in the 1999 nine-month period. This increase was attributable to an increasing interest rate environment as compared to the comparable prior year period and a $151,000 one-time gain related to the sale of investment securities in the first quarter of 2000.

Income Tax Provision. The Company's effective rate of taxation was 28.6% for the nine months ended September 30, 2000, as compared to 25.3% for the comparable 1999 period. The 1999 rate was favorably impacted by a one-time tax benefit related to an amended prior year tax return. These percentages are less than the federal and state combined statutory rate as a result of the utilization of a foreign sales corporation, as well as the generation of research and experimentation credits. As a result of the acquisition of ICEM CFD, the Company anticipates that the effective tax rate will increase in the fourth quarter of 2000 and will reach a rate in the range of 35% early in 2001.

Net Income. The Company's net income in the first nine months of 2000 totaled $11.9 million as compared to net income of $10.6 million in the first nine months of 1999. As a result of the increase in net income, diluted earnings per share increased to $0.73 in the 2000 nine months as compared to diluted earnings per share of $0.63 in the 1999 nine months. The weighted average shares used in computing net income per diluted common share totaled 16.3 million and 16.7 million in the 2000 and 1999 nine-month periods, respectively.

Liquidity and Capital Resources

As of September 30, 2000, the Company had cash, cash equivalents and short-term investments totaling $50.6 million and working capital of $41.5 million, as compared to cash, cash equivalents and short-term investments of $57.1 million and working capital of $52.7 million at December 31, 1999. The short-term investments are generally investment grade and liquid-type, which allows the Company to minimize interest rate risk and to facilitate liquidity in the event an immediate cash need arises.

The Company's operating activities provided cash of $17.9 million for the nine months ended September 30, 2000 and $13.5 million for the nine months ended September 30, 1999. The increase in the Company's cash flow from operations for the 2000 nine-month period as compared to the comparable 1999 period was a result of increased earnings, improved accounts receivable collections and the timing of payments related to certain operating expenses. Net cash generated by operating activities provided sufficient resources to fund increased headcount and capital needs, as well as to sustain share repurchase activity under the Company's announced share repurchase program.

Net cash used in investing activities totaled $4.4 million for the nine months ended September 30, 2000 and $14.1 million for the nine months ended September 30, 1999. Cash used in the 2000 nine-month period primarily related to the acquisition of ICEM CFD and capital expenditures. These costs were partially offset by net maturities of short-term investments. Cash used in the 1999 nine-month period related primarily to net purchases of short-term investments and capital expenditures. The Company currently plans additional capital spending of approximately $500,000 throughout the remainder of 2000; however, the level of spending will be dependent upon various factors, including growth of the business and general economic conditions.

Financing activities used net cash of $12.5 million for the nine months ended September 30, 2000 and provided cash of $753,000 for the comparable 1999 period. In 2000, cash outlays related to the Company's share repurchase program were partially offset by proceeds from the issuance of common stock under employee stock purchase and option plans. In the 1999 quarter, cash provided from financing activities related primarily to proceeds from the issuance of common stock under employee stock purchase and option plans.

The Company believes that existing cash and cash equivalent balances together with cash generated from operations will be sufficient to meet the Company's working capital and capital expenditure requirements, as well as cash required for the Company's share repurchase program through the remainder of 2000. The Company's cash requirements in the future may also be financed through additional equity or debt financings. There can be no assurance that such financings can be obtained on favorable terms, if at all.

Conversion to the Euro

On January 1, 1999, eleven of the member countries of the European Union established fixed conversion rates between their existing currencies and one common currency, the euro. The legacy currencies will remain legal currency in the participating countries during a transition period through January 1, 2002. Beginning on this date, new euro-denominated currency will be issued and the legacy currencies will be withdrawn from circulation.

The Company is currently in the process of identifying and addressing issues that may result from the euro conversion such as changes to information systems to accommodate euro-denominated transactions, long-term competitive implications and the exposure to market risk with respect to financial instruments. Although the Company's assessment of the impact of the euro conversion is not yet complete, it currently does not believe that the conversion will have a material adverse impact on its financial position or results of operations.

Recently Issued Accounting Pronouncements

In March 2000, the Financial Accounting Standards Board issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation." This Interpretation clarifies such issues as: (a) the definition of employee for purposes of applying APB Opinion No. 25, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. This Interpretation is effective July 1, 2000, but certain conclusions in this Interpretation cover specific events that occur after either December 15, 1998, or January 12, 2000. To the extent that this Interpretation covers events occurring during the period after December 15, 1998, or January 12, 2000, but before the effective date of July 1, 2000, the effects of applying this Interpretation are recognized on a prospective basis from July 1, 2000. The adoption of this Interpretation did not have a material impact on the Company's financial position or results of operations.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is subject to various legal proceedings from time to time that arise in the ordinary course of business activities. Each of these matters is subject to various uncertainties, and it is possible that these matters may be resolved unfavorably to the Company.

Item 2. Changes in Securities

(c) The following information is furnished in connection with securities sold by the Registrant during the period covered by this Form 10-Q which were not registered under the Securities Act. The transactions constitute sales of the Registrant's

Common Stock, par value $.01 per share, upon the exercise of vested options issued pursuant to the Company's 1994 Stock Option and Grant Plan, issued in reliance upon the exemption from registration under Rule 701 promulgated under the Securities Act and issued prior to the Registrant becoming subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act of 1934, as amended.

Month/Year	Number of Shares	Number of Employees	Aggregate Exercise Price
July 2000	104	2	$ 132.60
Aug 2000	---	---	---
Sept 2000	30,612	3	$294,672.80

Item 3. Defaults upon Senior Securities

Not Applicable.

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable.

Item 5. Other information

Not Applicable.

Item 6. Exhibits and Reports Filed on Form 8-K

(a) Exhibits.

2.1 Agreement and Plan of Merger, dated August 30, 2000, by and among ANSYS, Inc., GenesisOne Acquisition Corporation, Pacific Marketing and Consulting, Inc., Christine Schoefer, Michael Hohmeyer, Wayne Christopher, Mary Jo Hamilton, Michael Salari, Masoud Doroudian, Diane Poirier, Devendra Rajwade, Jan Soreide, Vijay Shah, Akila Diwakar, Philip Diwakar, Alan Magnuson, Forest Rouse, Vladimir Griaznov, Xiaomin Wang, Jieyong Xu, Jigen Zhou, Manfred Friedrichs, Carsten Martens, Reimund Steberl and Armin Wulf (filed as Exhibit 2.1 to a Current Report on Form 8-K filed September 13, 2000 and incorporated herein by reference).

15 Independent Accountants' Letter Regarding Unaudited Financial Information

27.1 Financial Data Schedule

99 Certain Factors Regarding Future Results

(b) Reports on Form 8-K.

Current Report on Form 8-K filed September 13, 2000, Event date: August 30, 2000

Current Report on Form 8-K/A filed November 8, 2000, Event date: August 30, 2000

SIGNATURES

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

ANSYS, Inc.

Date: November 9, 2000 By: /s/ James E. Cashman, III
James E. Cashman, III

President and Chief
Executive Officer

Date: November 9, 2000 By: /s/ Maria T. Shields
Maria T. Shields
Chief Financial Officer

Item 6.

EXHIBIT INDEX

Exhibit No.	
2.1	Agreement and Plan of Merger, dated August 30, 2000, by and among ANSYS, Inc., GenesisOne Acquisition Corporation, Pacific Marketing and Consulting, Inc., Christine Schoefer, Michael Hohmeyer, Wayne Christopher, Mary Jo Hamilton, Michael Salari, Masoud Doroudian, Diane Poirier, Devendra Rajwade, Jan Soreide, Vijay Shah, Akila Diwakar, Philip Diwakar, Alan Magnuson, Forest Rouse, Vladimir Griaznov, Xiaomin Wang, Jieyong Xu, Jigen Zhou, Manfred Friedrichs, Carsten Martens, Reimund Steberl and Armin Wulf (filed as Exhibit 2.1 to a Current Report on Form 8-K filed September 13, 2000 and incorporated herein by reference).
15	Independent Accountants' Letter Regarding Unaudited Financial Information
27.1	Financial Data Schedule for the Nine Months Ended September 30, 2000
99	Certain Factors Regarding Future Results

EXHIBIT 15

October 11, 2000

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

RE: ANSYS, Inc. and Subsidiaries

1. Form S-8 (Registration No. 333-8613) 1996 Stock Option and Grant Plan Employee Stock Purchase Plan

Commissioners:

We are aware that our report dated October 11, 2000 on our review of interim financial information of ANSYS, Inc. and Subsidiaries (the "Company") as of and for the period ended September 30, 2000 and included in the Company's quarterly report on Form 10-Q for the quarter then ended is incorporated by reference in the registration statement referred to above.

Very truly yours,

/s/ PricewaterhouseCoopers LLP
- ------------------------------

5
1000

9-MOS
DEC-31-2000
JAN-01-2000
SEP-30-2000
11,437
39,168
12,162
1,800
0
64,604
5,281
0
94,748
23,093
0
0
0
166
71,489
94,748
28,556
50,315
3,139
5,878
30,609
0
0
16,597
4,746
11,851
0
0
0
11,851
.75
.73

EXHIBIT 99 Certain Factors Regarding Future Results

Information provided by the Company or its spokespersons may from time to time contain forward-looking statements concerning projected financial performance, market and industry segment growth, product development and commercialization or other aspects of future operations. Such statements will be based on the assumptions and expectations of the Company's management at the time such statements are made. The Company cautions investors that its performance (and, therefore, any forward-looking statement) is subject to risks and uncertainties. Various important factors, including but not limited to the following, may cause the Company's future results to differ materially from those projected in any forward-looking statement.

Potential Fluctuations in Operating Results. The Company may experience significant fluctuations in future quarterly operating results. Fluctuations may be caused by many factors, including the timing of new product releases or product enhancements by the Company or its competitors; the size and timing of individual orders, including a fluctuation in the demand for and the ability to complete large contracts; software errors or other product quality problems; competition and pricing; customer order deferrals in anticipation of new products or product enhancements; reduction in demand for the Company's products; changes in operating expenses; changes in the mix of software license and maintenance and service revenue; personnel changes and general economic conditions. A substantial portion of the Company's operating expenses are related to personnel, facilities and marketing programs. The level of personnel and related expenses cannot be adjusted quickly and is based, in significant part, on the Company's expectation for future revenue. The Company does not typically experience significant order backlog. Further, the Company has often recognized a substantial portion of its revenue in the last month of a quarter, with this revenue frequently concentrated in the last weeks or days of a quarter. During certain quarterly periods, the Company has been dependent upon receiving large orders of perpetual licenses involving the payment of a single, up-front fee and, more recently, has shifted the business emphasis of its products to provide a collaborative solution to the Company's customers. This emphasis has increased the Company's average order size and increased the related sales cycle time for the larger orders and may have the effect of increasing the volatility of the Company's revenue and profit from period to period. The Company also depends upon renewals and sales of noncancellable annual leases, for which a portion of the annual license fee is recognized as paid-up revenue upon renewal or inception of the lease. As a result, product revenue in any quarter is substantially dependent on sales completed in the latter part of that quarter, and revenue for any future quarter is not predictable with any significant degree of accuracy.

Stock Market and Stock Price Volatility. Market prices for securities of software companies have generally been volatile. In particular, the market price of the Company's common stock has been and may continue to be subject to significant fluctuations as a result of factors affecting the Company, the software industry or the securities markets in general. Such factors include, but are not limited to, declines in trading price that may be triggered by the Company's failure to meet the expectations of securities analysts and investors. The Company cannot provide assurance that in such circumstances the trading price of the Company's common stock will recover or that it will not experience a further decline. Moreover, the trading price could be subject to additional fluctuations in response to quarter-to-quarter variations in the Company's operating results, material announcements made by the Company or its competitors, conditions in the software industry generally or other events and factors, many of which are beyond the Company's control.

In addition, a large percentage of the Company's common stock is held by investment funds associated with TA Associates, Inc. and various institutional investors. Consequently, actions with respect to the Company's common stock by either TA Associates, Inc. or certain of these institutional investors could have a significant impact on the market price of the stock.

Rapidly Changing Technology; New Products; Risk of Product Defects. The markets for the Company's products are generally characterized by rapidly changing technology and frequent new product introductions that can render existing products obsolete or unmarketable. A major factor in the Company's future success will be its ability to anticipate technological changes and to develop and introduce in a timely manner enhancements to its existing products and new products to meet those changes. If the Company is unable to introduce new products and respond quickly to industry changes, its business, financial condition and results of operations could be materially adversely affected. The introduction and marketing of new or enhanced products require the Company to manage the transition from existing products in order to minimize disruption in customer purchasing patterns. There can be no assurance that the Company will be successful in developing and marketing, on a timely basis, new products or product enhancements, that its new products will adequately address the changing needs of the marketplace or that it will successfully manage the transition from existing products. Software products as complex as those offered by the Company may contain undetected errors or failures when first introduced or as new versions are released, and the likelihood of errors is increased as a result of the Company's commitment to accelerating the frequency of its product releases.

There can be no assurance that errors will not be found in new or enhanced products after commencement of commercial shipments. Any of these problems may result in the loss of or delay in market acceptance, diversion of development resources, damage to the Company's reputation or increased service and warranty costs, any of which could have a materially adverse effect on the Company's business, financial condition and results of operations.

Dependence on Distributors. The Company continues to distribute its products principally through its global network of 29 independent, regional ASDs. The ASDs sell ANSYS and DesignSpace products to new and existing customers, expand installations within their existing customer base, offer consulting services and provide the first line of ANSYS technical support. The ASDs have more immediate contact with most customers who use ANSYS software than does the Company. Consequently, the Company is highly dependent on the efforts of the ASDs. Difficulties in ongoing relationships with ASDs, such as delays in collecting accounts receivable, failure to meet performance criteria or to promote the Company's products as aggressively as the Company expects and differences in the handling of customer relationships could adversely affect the Company's performance. Additionally, the loss of any major ASD for any reason, including an ASD's decision to sell competing products rather than the Company's products, could have a materially adverse effect on the Company. Moreover, the Company's future success will depend substantially on the ability and willingness of its ASDs to continue to dedicate the resources necessary to promote the Company's products and to support a larger installed base of the Company's products. If the ASDs are unable or unwilling to do so, the Company may be unable to sustain revenue growth.

Competition. The CAD, CAE and computer-aided manufacturing ("CAM") markets are intensely competitive. In the traditional CAE market, the Company's primary competitors include MSC.Software Corporation and Hibbitt, Karlsson and Sorenson, Inc. The Company also faces competition from smaller vendors of specialized analysis applications in fields such as computational fluid dynamics. In addition, certain integrated CAD suppliers such as Parametric Technology Corporation, Structural Dynamics Research Corporation and Dassault Systemes provide varying levels of design analysis, optimization and verification capabilities as part of their product offerings. The entrance of new competitors would likely intensify competition in all or a portion of the overall CAD, CAE and CAM markets. Some of the Company's current and possible future competitors have greater financial, technical, marketing and other resources than the Company, and some have well established relationships with current and potential customers of the Company. It is also possible that alliances among competitors may emerge and rapidly acquire significant market share or that competition will increase as a result of software industry consolidation. Increased competition may result in price reductions, reduced profitability and loss of market share, any of which would materially adversely affect the Company's business, financial condition and results of operations.

Dependence on Senior Management and Key Technical Personnel. The Company is highly dependent upon the ability and experience of its senior executives and its key technical and other management employees. Although the Company has an employment agreement with one executive, the loss of this employee, or any of the Company's other key employees, could adversely affect the Company's ability to conduct its operations.

Risks Associated with International Activities. A significant portion of the Company's business comes from outside the United States. Risks inherent in the Company's international business activities include imposition of government controls, export license requirements, restrictions on the export of critical technology, political and economic instability, trade restrictions, changes in tariffs and taxes, difficulties in staffing and managing international operations, longer accounts receivable payment cycles and the burdens of complying with a wide variety of foreign laws and regulations. Effective patent, copyright and trade secret protection may not be available in every foreign country in which the Company sells its products. The Company's business, financial condition and results of operations could be materially adversely affected by any of these risks.

Additionally, countries in certain international regions have continued to experience weaknesses in their currency, banking and equity markets. These weaknesses could adversely affect consumer demand for the Company's products and ultimately the Company's financial position or results of operations.

Recently, the World Trade Organization ("WTO") ruled that tax incentives provided to U.S.-based companies that export their products via a foreign sales corporation are prohibited tax subsidies. In September, the House of Representatives approved the FSC Repeal and Extraterritorial Income Exclusion Act (the "Act"). The Act generally repeals the foreign sales corporation and implements an extraterritorial income tax benefit. The Act provides short-term and long-term relief for foreign sales corporations in existence as of September 30, 2000. The short-term transition rules permit foreign sales corporations to retain benefits through December 31, 2001. Any prospective changes regarding tax benefits associated with the Company's export sales may directly impact the Company's effective tax rate.

Dependence on Proprietary Technology. The Company's success is highly dependent upon its proprietary technology. Although the Company was recently awarded a patent by the U.S. Patent and Trademark Office for its web-based reporting technology, the Company generally relies on contracts and the laws of copyright and trade secrets to protect its technology. Although the Company maintains a trade secrets program, enters into confidentiality agreements with its employees and distributors and limits access to and distribution of its software, documentation and other proprietary information, there can be no assurance that the steps taken by the Company to protect its proprietary technology will be adequate to prevent misappropriation of its technology by third parties, or that third parties will not be able to develop similar technology independently. Although the Company is not aware that any of its technology infringes upon the rights of third parties, there can be no assurance that other parties will not assert technology infringement claims against the Company, or that, if asserted, such claims will not prevail.

Increased Reliance on Perpetual Licenses. The Company has historically maintained stable recurring revenue from the sale of monthly lease licenses and noncancellable annual leases for its software products. More recently, the Company has experienced an increase in customer preference for perpetual licenses that involve payment of a single up-front fee and that are more typical in the computer software industry. While revenue generated from monthly lease licenses and noncancellable annual leases currently represents a portion of the Company's software license revenue, to the extent that perpetual license revenue continues to increase as a percentage of total software license revenue, the Company's revenue in any period will increasingly depend on sales completed during that period.

Risks Associated With Acquisitions. The Company has consummated and may continue to consummate certain strategic acquisitions in order to provide increased capabilities to its existing products, enter new product and service markets or enhance its distribution channels. The ability of the Company to integrate the acquired businesses, including delivering sales and support, ensuring continued customer commitment, obtaining further commitments and challenges associated with expanding sales in particular markets and retaining key personnel, will impact the success of these acquisitions. If the Company is unable to properly and timely integrate the acquired businesses, there could be a materially adverse effect on the Company's business, financial condition and results of operations.

On August 31, 2000, the Company acquired ICEM CFD Engineering. The Company cannot guarantee that it will be able to fully realize the benefits or strategic objectives it sought in acquiring ICEM CFD. The acquisition of ICEM CFD was accounted for as a purchase and, as a result, a significant amount of goodwill and other identifiable intangible assets were recorded, the amortization of which will adversely affect the Company's results of operations in future periods.

General Contingencies. The Company is subject to various investigations, claims and legal proceedings from time to time that arise in the ordinary course of its business activities. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably to the Company.