UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

(Amendment No. 2)

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): May 1, 2006

ANSYS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**0-20853**	**04-3219960**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

275 Technology Drive, Canonsburg, PA	**15317**
(Address of Principal Executive Offices)	(Zip Code)

(Registrant's Telephone Number, Including Area Code) **(724) 746-3304**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

On May 5, 2006, ANSYS, Inc. ("ANSYS") filed a Form 8-K under Item 2.01 thereto to report the completion of its acquisition of Fluent Inc. In response to parts (a) and (b) of Item 9.01 of such Form 8-K, ANSYS stated that it would file the required financial information by amendment, as permitted by Item 9.01(a)(4) and 9.01(b)(2) to Form 8-K. On July 14, 2006, ANSYS filed a Current Report on Form 8-K/A to amend its Form 8-K filed on May 5, 2006 with the Securities and Exchange Commission, solely in order to provide the required financial information (the "Form 8-K/A"). ANSYS is filing this amendment to the Form 8-K/A in order to revise and clarify certain information provided therein as follows:

(1) Revise the Report of Independent Auditors included in Exhibit 99.1 to the Form 8-K/A in the form attached hereto as Exhibit 99.1 to reflect a manual signature on the audit opinion of Ernst & Young for Fluent Inc. and to include the city and state where issued.

(2) Amend the unaudited pro forma condensed combined financial statements included in Exhibit 99.2 to the Form 8-K/A for the following:

  i. Revise the estimate of in-process research and development expenditures from $31.9 million to $28.1 million.

  ii. Clarify the treatment of approximately $14.9 million in deferred tax assets related to net operating loss carryforwards associated with Aavid Thermal Technologies, Inc.

  iii. Revise the estimate of deferred tax liabilities associated with acquired intangibles to exclude the trade name, which is not amortized or tax-deductible.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited consolidated balance sheets of Fluent Inc. as of December 31, 2005 and 2004 and the related consolidated statements of income, statements of cash flows and statements of stockholders' equity for each of the three years in the period ended December 31, 2005 and the notes to the consolidated financial statements together with the Report of Independent Auditors thereon of Ernst & Young LLP as well as the unaudited consolidated balance sheet of Fluent Inc. as of March 31, 2006 and the related unaudited consolidated statements of income and statements of cash flows for each of the three months in the period ended March 31, 2006 and March 31, 2005 are attached as Exhibit 99.1 to this Form 8-K/A and incorporated herein by reference.

(b) Pro Forma Financial Information

The amended unaudited pro forma condensed combined balance sheet of ANSYS, Inc. as of March 31, 2006 and the unaudited condensed combined statements of operations for the three months ended March 31, 2006 and for the year ended December 31, 2005 are filed as Exhibit 99.2 to this Form 8-K/A and incorporated herein by reference.

(d) Exhibits

Exhibit Number	Description
23.1	Consent of Ernst & Young LLP for ANSYS, Inc. (previously filed as Exhibit 23.1 to the Company's Current Report on Form 8-K/A filed with the Securities and Exchange Commission on July 14, 2006).
99.1*	Audited consolidated balance sheets of Fluent Inc. as of December 31, 2005 and 2004 and the related consolidated statements of income, statements of cash flows and statements of stockholders' equity for each of the three years in the period ended December 31, 2005 and the notes to the consolidated financial statements together with the Report of Independent Auditors thereon of Ernst & Young LLP as well as the unaudited consolidated balance sheet of Fluent Inc. as of March 31, 2006 and the related unaudited consolidated statements of income and statements of cash flows for each of the three months in the period ended March 31, 2006 and March 31, 2005.
99.2*	Amended unaudited pro forma condensed combined balance sheet of ANSYS, Inc. as of March 31, 2006 and the unaudited condensed combined statements of operations for the three months ended March 31, 2006 and for the year ended December 31, 2005.

* Filed herewith

SIGNATURES

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

ANSYS, Inc.

Date: August 17, 2006

By: /s/ Maria T. Shields
Maria T. Shields — Chief Financial Officer,
VP of Finance and Administration

(Ms. Shields is the Principal Financial and Accounting Officer and has been duly authorized to sign on behalf of the Registrant)

INDEX TO EXHIBITS

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* Filed herewith

Exhibit 99.1

Report of Independent Auditors

The Board of Directors
Fluent Inc.

We have audited the accompanying consolidated balance sheets of Fluent Inc. (a wholly-owned subsidiary of Aavid Thermal Technologies, Inc.) and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fluent Inc. and subsidiaries at December 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP
Manchester, New Hampshire
February 17, 2006

Fluent Inc.

Consolidated Balance Sheets

	December 31		Unaudited March 31
	2005	2004	2006
Assets			
Current assets:			
Cash and cash equivalents	$ 22,922,149	$ 17,964,180	$ 22,733,944
Accounts receivable–trade, less allowance for doubtful accounts of $887,163 in 2005 and $1,014,986 in 2004 and $678,644 at March 31, 2006	28,294,385	27,577,857	28,098,355
Unbilled receivables	392,662	837,168	772,836
Deferred income taxes	5,692,244	5,244,705	6,213,876
Prepaids and other assets	3,572,252	2,964,070	3,968,168
Total current assets	60,873,692	54,587,980	61,787,179
Property, plant and equipment, at cost:			
Land	1,027,969	1,042,554	1,032,220
Building and leasehold improvements	7,457,701	7,354,923	7,508,098
Computer equipment and furniture	14,077,233	13,391,066	14,261,006
Vehicles	412,214	296,629	450,383
	22,975,117	22,085,172	23,251,707
Less: accumulated depreciation	8,500,866	7,085,012	8,457,674
	14,474,251	15,000,160	14,794,033
Goodwill	37,487,252	37,487,252	37,487,252
Deferred income taxes	820,276	851,223	820,276
Investment in related party	4,632,640	4,632,640	4,632,640
Other assets	1,024,326	1,118,142	1,026,093
Total assets	$ 119,312,437	$ 113,677,397	$ 120,547,473

See accompanying notes.

Fluent Inc.

Consolidated Balance Sheets

	December 31		Unaudited March 31
	2005	2004	2006
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of long-term debt and capital lease obligations *(Note 3)*	$ 698,791	$ 1,216,795	$ 771,456
Accounts payable	2,182,438	1,593,351	2,076,629
Accrued expenses *(Note 2)*	19,152,312	16,686,576	17,453,216
Current portion of deferred revenues	44,765,557	43,049,360	51,082,304
Total current liabilities	66,799,098	62,546,082	71,383,605
Long-term debt and capital lease obligations, less current portion *(Note 3)*	536,507	4,394,831	653,955
Note payable to parent *(Note 7)*	3,633,820	22,870,274	—
Note payable to related party *(Note 7)*	4,632,640	4,632,640	4,632,640
Due to parent	10,643,490	4,800,174	4,374,476
Deferred income taxes	—	—	—
Deferred revenues, less current portion	92,919	86,645	—
Total liabilities	86,338,474	99,330,646	81,044,676
Commitments *(Note 4)*			
Stockholders' equity:			
Series A Preferred stock, $.01 par value, at redemption value:			
Authorized shares – 160,000			
Issued and outstanding shares – 48,133	97,871,905	86,806,305	100,810,620
Preferred stock, $.01 par value:			
Authorized shares – 40,000			
Issued and outstanding shares – none	—	—	—
Common stock, $.01 par value:			
Authorized shares – 300,000			
Issued and outstanding shares – 279,679	2,797	2,797	2,797
Additional paid-in capital	2,794,336	2,794,336	2,794,336
Notes receivable from sale of common stock	(263,466)	(263,466)	(263,466)
Accumulated deficit	(66,187,616)	(74,408,299)	(62,773,337)
Cumulative translation adjustment	(1,243,993)	(584,922)	(1,068,153)
Total stockholders' equity	32,973,963	14,346,751	39,502,797
Total liabilities and stockholders' equity	$119,312,437	$113,677,397	$120,547,473

See accompanying notes.

Fluent Inc.

Consolidated Statements of Income

	Years Ended December 31			Unaudited Three Months Ended March 31	
	2005	2004	2003	2006	2005
Revenues:					
Software licenses	$ 79,497,381	$ 73,010,126	$58,825,321	$21,689,497	$19,982,224
Service	42,372,210	31,396,976	27,731,365	11,582,872	9,797,536
Total revenues	121,869,591	104,407,102	86,556,686	33,272,369	29,779,760
Cost of revenues:					
Software licenses	2,856,093	2,607,319	2,093,587	1,448,201	835,431
Service	19,228,219	15,746,785	15,134,849	4,648,854	4,305,581
Total cost of revenues	22,084,312	18,354,104	17,228,436	6,097,055	5,141,012
Gross profit	99,785,279	86,052,998	69,328,250	27,175,314	24,638,748
Operating expenses:					
Selling, general and administrative	52,065,708	46,404,214	38,924,645	12,927,178	12,771,017
Amortization of intangible assets	—	243,233	3,042,602	—	—
Research and development	15,714,051	14,333,552	12,697,165	4,118,506	3,742,882
	67,779,759	60,980,999	54,664,412	17,045,684	16,513,899
	32,005,520	25,071,999	14,663,838	10,129,630	8,124,849
Other expenses:					
Interest expense, net	1,883,505	3,830,053	5,713,930	28,011	581,199
Other nonoperating (income) expense	(306,899)	211,038	(926,461)	110,892	166,817
	1,576,606	4,041,091	4,787,469	138,903	748,016
Income before income taxes	30,428,914	21,030,908	9,876,369	9,990,727	7,376,833
Provision for income taxes	11,142,631	6,040,756	3,164,474	3,637,733	3,086,572
Net income	$ 19,286,283	$ 14,990,152	$ 6,711,895	$ 6,352,994	$ 4,290,261

See accompanying notes.

Fluent Inc.

Consolidated Statements of Cash Flows

	Years Ended December 31			Unaudited Three Months Ended March 31	
	2005	2004	2003	2006	2005
Operating activities					
Net income	$ 19,286,283	$ 14,990,152	$ 6,711,895	$ 6,352,994	$ 4,290,261
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	2,975,766	2,746,712	2,351,715	775,086	676,566
Deferred income tax expense (benefit)	131,148	(511,599)	(2,192,706)	(521,632)	(309,848)
Amortization of intangible assets	—	235,680	2,852,160	—	—
Other	204,941	31,381	176,371	14,601	1,557
Changes in operating assets and liabilities:					
Accounts receivable–trade	(2,606,060)	(4,804,762)	(2,145,407)	387,457	3,221,089
Unbilled receivables	231,130	1,233,601	(155,510)	(359,043)	(178,046)
Prepaids and other assets	(900,125)	4,414	7,597	(373,910)	(83,187)
Other long-term assets	81,864	(233,900)	(84,820)	(1,767)	12,666
Accounts payable and accrued expenses	4,054,063	4,141,179	1,427,843	(1,927,053)	(1,915,459)
Deferred revenues	4,925,477	4,210,069	5,326,636	5,923,786	3,716,548
Net cash provided by operating activities	28,384,487	22,042,927	14,275,774	10,270,519	9,432,147
Investing activities					
Capital expenditures	(2,175,670)	(3,426,790)	(3,078,028)	(640,802)	(703,363)
Net cash used in investing activities	(2,175,670)	(3,426,790)	(3,078,028)	(640,802)	(703,363)
Financing activities					
Principal payments on long-term debt and capital lease obligations	(5,316,673)	(1,289,856)	(1,044,141)	(216,420)	(344,399)
Principal payments on note payable to parent	(19,236,454)	(16,290,442)	(8,914,503)	(9,902,834)	(5,182,041)
Due to parent	5,843,316	3,367,947	4,469,254	—	—
Net cash used in financing activities	(18,709,811)	(14,212,351)	(5,489,390)	(10,119,254)	(5,526,440)
Effect of foreign exchange on cash flows	(2,541,037)	850,118	30,260	301,332	(479,561)
Net increase (decrease) in cash and cash equivalents	4,957,969	5,253,904	5,738,616	(188,205)	2,722,783
Cash and cash equivalents at beginning of period	17,964,180	12,710,276	6,971,660	22,922,149	17,964,180
Cash and cash equivalents at end of period	$ 22,922,149	$ 17,964,180	$12,710,276	$ 22,733,944	$20,686,963
Supplemental disclosure of cash flow information:					
Cash paid for:					
Interest	$ 1,890,130	$ 3,929,124	$ 6,034,532	$ 141,997	$ 667,981
Income taxes	$ 4,034,378	$ 679,190	$ 201,659	$ 395,811	$ (65,101)
Supplemental disclosure of non-cash investing activities:					
Capital lease obligations	$ 937,241	$ 1,228,593	$ 555,817	$ 405,505	$ 216,044

See accompanying notes.

Fluent Inc.

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2005, 2004 and 2003

	Series A Preferred Stock		Common Stock		Additional Paid-In Capital	Notes Receivable	Accumulated Deficit	Comprehensive Income (Loss)	Cumulative Translation Adjustment	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount						
Balance at January 1, 2003	48,133	$68,286,951	279,679	$2,797	$2,794,336	$(263,466)	$(77,590,992)		$ (641,551)	$ (7,411,925)
Net income							6,711,895	$ 6,711,895		6,711,895
Change in cumulative translation adjustment, net of tax of $427,594								(340,179)	(340,179)	(340,179)
Total comprehensive income								$ 6,371,716		
Accretion of preferred stock dividends		8,704,849					(8,704,849)			
Balance at January 1, 2004	48,133	76,991,800	279,679	2,797	2,794,336	(263,466)	(79,583,946)		(981,730)	(1,040,209)
Net income							14,990,152	$ 14,990,152		14,990,152
Change in cumulative translation adjustment, net of tax of $139,300								396,808	396,808	396,808
Total comprehensive income								$ 15,386,960		
Accretion of preferred stock dividends		9,814,505					(9,814,505)			
Balance at December 31, 2004	48,133	86,806,305	279,679	2,797	2,794,336	(263,466)	(74,408,299)		(584,922)	14,346,751
Net income							19,286,283	$ 19,286,283		19,286,283
Change in cumulative translation adjustment, net of tax of $547,740								(659,071)	(659,071)	(659,071)
Total comprehensive income								$ 18,627,212		
Accretion of preferred stock dividends		11,065,600					(11,065,600)			
Balance at December 31, 2005	48,133	$97,871,905	279,679	$2,797	$2,794,336	$(263,466)	$(66,187,616)		$ (1,243,993)	$ 32,973,963

See accompanying notes.

1. Accounting Policies

Description of Business

Fluent Inc. (the "Company") designs, develops, and markets advanced technology and computerized design and simulation software used to predict air and fluid flow, heat and mass transfer, chemical reaction and related phenomena. The Company markets its products through a worldwide network of salespeople, value added resellers, and distributors. On August 31, 1995, the Company was acquired by Aavid Thermal Technologies, Inc. ("Aavid") and, accordingly, is a wholly-owned subsidiary of Aavid. On February 2, 2000, Aavid was acquired by Heat Holdings Corp., a corporation newly formed by Willis Stein & Partners II, L.P. (the "Merger"). The Merger was accounted for using the purchase method.

The fair value of the net assets of Fluent Inc. on the date of acquisition was $117,000,000 based upon independent appraisal, resulting in goodwill of $71,971,000 which, prior to the adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*, on January 1, 2002, was being amortized over 4 years. Developed technology (which was fully amortized at December 31, 2004) of $13,000,000 was also being amortized over 4 years. Amortization expense for the developed technology was $235,680 and $2,852,160, for the years ended December 31, 2004 and 2003, respectively.

The Company's stock held by Aavid collateralizes Aavid's senior indebtedness. The Company and its domestic subsidiaries have also jointly and severally guaranteed, on a senior subordinated basis, the principal amount of Aavid's 12 3/4% senior subordinated notes.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue on its software license and maintenance arrangements in accordance with Statement of Position ("SOP") 97-2, *Software Revenue Recognition*, as amended by SOP 98-9, and related pronouncements. The pronouncements provide specific industry guidance and stipulate that revenue recognized from software arrangements is to be allocated to each element of the arrangement based on the relative fair values of the elements, such as software products, upgrades, enhancements, post-contract customer support ("PCS"), and training. In accordance with SOP 97-2, the Company recognizes revenue from software licenses and related ancillary products when:

- Persuasive evidence of an arrangement exists, which is typically when a non-cancelable sales and software license agreement has been signed;
- Delivery, which is typically FOB shipping point, is complete for the software (either physically or electronically) and related ancillary products;
- The customer's fee is deemed to be fixed or determinable and free of contingencies or significant uncertainties;
- Collectibility is probable, and;
- Vendor-specific objective evidence ("VSOE") of fair value exists for all undelivered elements, typically PCS and professional services.

The Company licenses its software products under both perpetual and annual license arrangements.

For perpetual license arrangements, the Company uses the residual method to recognize revenue. Under the residual method, the fair value (VSOE) of the undelivered elements (typically PCS) is deferred and the remaining portion of the arrangement fee is allocated to the delivered elements (software) and is recognized as revenue, assuming all other conditions for revenue recognition have been satisfied. The Company recognizes revenue from the undelivered PCS element ratably over the period of the PCS arrangement.

For annual license arrangements, with unbundled PCS, since VSOE of value for the PCS does not exist, the Company recognizes revenue for both the software license and the PCS ratably over the 12-month term of the license.

Training and consulting revenues are recognized upon completion of services or, in certain instances, on the percentage-of-completion method. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Revenues generated from PCS, training and consulting services have been included in service revenues in the accompanying consolidated statements of operations. For perpetual license agreements, amounts allocated to service revenues are consistent with the allocation used for VSOE of value. For annual license agreements, the Company has allocated revenues between software and services in a manner consistent with perpetual license agreements.

Cash Equivalents and Financial Instruments

Cash equivalents consist of highly liquid investments with original maturities of three months or less.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade receivables. The risk is limited due to the relatively large number of customers comprising the Company's customer base and their dispersion across many industries and geographic areas within the United States, Europe and Asia. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. The Company maintains an allowance for uncollectible accounts receivable based upon expected collectibility of all accounts receivable, considering historical losses, existing economic conditions and individual customers' credit worthiness. The Company's write-offs of accounts receivable have not been significant during the years presented. The Company's revenues have been primarily denominated in U.S. dollars, and the effects of foreign exchange fluctuations are not considered to be material. At December 31, 2005 and 2004, no customer accounted for greater than 10% of total accounts receivable.

The estimated fair value of the Company's financial instruments, including accounts receivable, accounts payable and cash and cash equivalents, approximates carrying value. The fair value of the Company's long-term debt approximates carrying value due to variable interest rates and relatively short maturities.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is computed using straight-line and accelerated methods over the following estimated useful lives:

	Years
Building	40
Computer equipment	3–5
Furniture and fixtures	7–10
Vehicles	3
Leasehold improvements	Shorter of useful life or lease period

Repairs and maintenance expense is charged against income when incurred. When property, plant and equipment are retired or sold, their cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in other expenses.

Investment in Related Party

The Company owns 3,141,690 shares of B Ordinary Shares of Aavid Thermalloy (U.K.) Holdings Limited, a subsidiary of Aavid. The B Ordinary Shares carry no dividend or voting rights. The Company is accounting for its investment in this related party by the cost method of accounting. See Note 7 for the note payable related to the purchase of the B Ordinary Shares.

Foreign Currency Translation

The functional currency of the Company's foreign subsidiaries is the local currency. Accordingly, the balance sheet accounts of the foreign subsidiaries are translated into U.S. dollars at year-end exchange rates; revenue and expense accounts are translated at average exchange rates throughout the year. Translation gains and losses are included in the cumulative translation adjustment in stockholders' equity. Foreign currency gains and losses, included in the consolidated statements of operations, were approximately $244,000 (gain), $234,000 (loss) and $937,000 (gain) in 2005, 2004 and 2003, respectively.

Research and Development

Research and development costs are expensed as incurred. SFAS No. 86, *Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed*, requires capitalization of certain software development costs subsequent to the establishment of technological feasibility. Based on the Company's product development process, technological feasibility is established upon completion of a working model. Costs incurred by the Company between completion of the working model and the point at which the product is ready for general release have not been material. Through December 31, 2005, all research and software development costs have been expensed.

Advertising

Advertising costs are expensed in the period incurred. Amounts charged to expense approximated $1,439,000 in 2005, $1,064,000 in 2004 and $990,000 in 2003.

Income Taxes

The Company files a consolidated tax return with Aavid. The allocation of tax expense is based on what the Company's current and deferred tax provision would have been had the Company filed a separate tax return.

The Company accounts for income taxes under SFAS No. 109, *Accounting for Income Taxes*. Under this method, the amount of deferred tax liabilities or assets is calculated by applying the provisions of enacted tax laws to determine the amount of taxes payable or refundable currently or in future years. SFAS No. 109 requires a valuation allowance against deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realizable.

Goodwill

SFAS No. 142 prohibits the amortization of goodwill but requires that goodwill be reviewed for impairment at least annually. The impairment test would also be performed if an event occurs, or when circumstances change between annual tests, that would more likely than not reduce the fair value of a reporting unit below its carrying value. Through December 31, 2005, there has been no impairment of goodwill.

Comprehensive Income (Loss)

SFAS No. 130, *Reporting Comprehensive Income*, provides for the reporting and display of comprehensive income (loss) and its components. SFAS No. 130 requires companies to report all changes in stockholders' equity during a period, except those resulting from investment by owners and distribution to owners, in comprehensive income (loss) in the period in which they are recognized. Accordingly, the Company's foreign currency translation adjustments are included in other comprehensive income (loss).

Reclassifications

Certain amounts in 2003 have been reclassified to conform to the 2004 and 2005 presentations.

2. Accrued Expenses

Accrued expenses at December 31 has the following components:

	2005	2004
Profit sharing and bonus	$ 6,429,510	$ 6,428,037
Payroll and related taxes	4,825,044	3,996,361
Foreign and state income taxes	3,456,182	1,721,599
Sales related taxes	1,464,254	1,684,409
Other	2,977,322	2,856,170
	$19,152,312	$16,686,576

3. Debt Obligations

Debt obligations as of December 31, 2005 and 2004 consist of the following:

	2005	2004
Term loans under a Loan and Security Agreement payable in 40 consecutive quarterly installments of $145,000 commencing November 1, 2002	$ —	$4,495,000
Capitalized lease obligations *(Note 4)*	1,235,298	1,116,626
	1,235,298	5,611,626
Less current portion	698,791	1,216,795
Debt obligations, net of current portion	$ 536,507	$4,394,831

On August 1, 2002, Aavid refinanced its senior credit facility. The credit facility (the "Loan and Security Agreement") is a $27,500,000 (on a consolidated basis) asset-based facility available through August 1, 2006. The facility is specifically secured by, and allocated among, specific Aavid subsidiaries, including the Company. The Company's specific portion of the credit facility consists of a $5,800,000 term loan component which requires quarterly principal payments. The Company repaid all principal amounts outstanding under the term loan component of the credit facility during 2005. The Loan and Security Agreement also provides the Company with a revolving line-of-credit component. All borrowings under the credit facility are secured by substantially all assets of Aavid and the Company. Availability under the line-of-credit component is determined by a borrowing base of 85% of eligible accounts receivable, as defined in the Loan and Security Agreement.

Debt outstanding under the Loan and Security Agreement bears interest at a rate equal to, at the Company's option, either (1) in the case of LIBOR rate loans, the sum of the offered rate for deposits in United States dollars for a period equal to such interest period as it appears on Telerate page 3750 as of 11:00am London time and a margin of between 2.5% and 2.85%, or (2) the sum of LaSalle Business Credit's prime rate plus a margin of between .25% and .50%. At December 31, 2005, availability under the revolving line-of-credit was approximately $10,241,000 and there were no borrowings outstanding.

4. Lease Obligations

The Company has several noncancelable operating and capital leases, primarily for office equipment and office space that expire at various dates through 2015. Rental expense for the years ended December 31, 2005, 2004 and 2003 totaled approximately $4,071,000, $5,105,000 and $4,118,000, respectively.

Future minimum lease payments under noncancelable operating and capital leases as of December 31, 2005 are approximately as follows:

	Operating Leases	Capital Leases
Year ending December 31:		
2006	$ 3,976,583	$ 746,140
2007	1,960,917	420,861
2008	1,100,785	159,800
2009	942,144	—
2010	793,728	—
Thereafter	2,108,743	—
Total minimum lease payments	$10,882,900	1,326,801
Less amount representing interest		91,503
Present value of total minimum lease payments		1,235,298
Less current portion		698,791
Long-term capital lease obligations		$ 536,507

5. Income Taxes

Income before income taxes for domestic and foreign operations is as follows for the year ended December 31:

	2005	2004	2003
Domestic	$ 18,959,885	$ 11,414,186	$ 6,834,795
Foreign	11,469,029	9,616,722	3,041,574
	$ 30,428,914	$ 21,030,908	$ 9,876,369

Income tax expense (benefit) consists of the following for the year ended December 31:

	2005	2004	2003
Current:			
Federal	$ 3,907,190	$ 3,000,592	$ 3,604,093
State	1,921,258	1,024,126	899,366
Foreign	5,183,035	2,527,637	853,721
	11,011,483	6,552,355	5,357,180
Deferred:			
Federal	63,428	(1,421,048)	(1,846,787)
State	58,350	671,563	(311,914)
Foreign	9,370	237,886	(34,005)
	131,148	(511,599)	(2,192,706)
	$11,142,631	$ 6,040,756	$ 3,164,474

The differences between actual income tax expense and the amount computed by applying the U.S. statutory rate to pretax income are as follows for the year ended December 31:

	2005	2004	2003
Expected federal tax provision	$10,650,120	$7,150,509	$3,357,965
State income taxes, net	1,286,745	1,119,155	387,718
Foreign rate differences	1,178,244	(501,400)	(214,341)
Foreign tax credit	(351,675)	(475,933)	
R&D tax credit	(1,675,035)	(527,809)	
Other	54,232	(723,766)	(366,868)
	$11,142,631	$6,040,756	$3,164,474

The Company is currently operating under a tax holiday at its India subsidiary. The tax holiday, which expires in 2009, resulted in tax savings of $430,000, $420,000 and $580,000 in 2005, 2004 and 2003, respectively.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows at December 31:

	2005	2004
Assets:		
Receivable reserves not currently deductible	$ 178,727	$ 228,472
Deferred revenues	4,854,159	4,495,408
Employee benefit-related	482,716	421,458
Depreciation	257,969	273,990
Foreign	923,443	987,759
Currency translation adjustment	836,034	288,294
Other	176,864	211,950
	7,709,912	6,907,331
Liabilities:		
Unremitted foreign earnings	(1,197,392)	(811,403)
	(1,197,392)	(811,403)
	$ 6,512,520	$6,095,928

6. Stockholders' Equity

Common and Preferred Stock

The Company is authorized to issue up to 160,000 shares of Series A preferred stock ("Series A Preferred") and 300,000 shares of common stock, par value $.01 per share. The Company has also authorized 40,000 shares of undesignated preferred stock, par value $.01 per share. The board of directors is authorized to designate the powers, preferences and rights of the undesignated preferred stock.

The Series A Preferred has the following rights and preferences:

Liquidation Value

Liquidation value of any share of Series A Preferred, as of any particular date, shall be equal to $1,000 per share plus any accrued and unpaid dividends.

Dividends

The holders of the Series A Preferred shall be entitled to receive, when and if declared by the board of directors, preferential dividends. Dividends on each share of Series A Preferred shall accrue on a daily basis, at a rate of 12% per annum, on the sum of the liquidation value thereof plus all accumulated and unpaid dividends thereon, from and including the date of issuance of such share to and including the date on which the liquidation value of such share (plus all accrued and unpaid dividends thereon) is paid. Such dividends shall accrue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Company legally available for the payment of dividends.

Except as otherwise provided within the Certificate of Incorporation, if at any time the Company pays less than the total amount of dividends then accrued with respect to the Series A Preferred, such payment shall be distributed ratably among the holders based upon the aggregate accrued but unpaid dividends on the shares held by each such holder.

In the sole discretion of the Company, any dividends accruing on shares of Series A Preferred may be paid, in lieu of cash dividends, by the issuance of additional shares of Series A Preferred as provided in the Certificate of Incorporation.

Voting Rights

Each outstanding share of Series A Preferred shall have one vote on all matters submitted to a vote of stockholders. In the event the Company shall at any time declare or pay any dividend on common stock payable in shares of common stock, or effect a subdivision or combination or consolidation of the outstanding common stock (by reclassification or otherwise than by payment of a dividend in shares of common stock) into a greater or lesser number of shares of common stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred were entitled immediately prior to such event shall be adjusted by multiplying such number of votes by a fraction of the numerator of which is the number of shares of common stock outstanding immediately after such event and the denominator of which is the number of shares of common stock that were outstanding immediately prior to such event. Except as otherwise provided in the Certificate of Incorporation or by law, the holders of shares of Series A Preferred and the holders of common stock shall vote together as one class on all matters submitted to a vote of stockholders of the Company.

The consent of the holders of a majority of the Series A Preferred, voting together as a separate class, shall be required to approve any public offering of any shares of the Company, or any change in control.

Redemption

At any time after January 31, 2021, the holders of a majority of the Series A Preferred may request redemption of all or any portion of their shares. For each share which is to be redeemed, the Company shall be obligated, on the redemption date, to pay the holder of such share an amount equal to the liquidation value of such share. If the funds of the Company legally available for payment of the redemption amounts on any payment date are insufficient to make the total payments required to be made, those funds which are legally available shall be used to redeem the maximum number of shares possible, ratably among the holders of the shares to be redeemed based upon the aggregate liquidation value of such shares (plus all unpaid dividends and any applicable premium on such share). At any time thereafter, when additional funds of the Company are legally available for the redemption of shares, such funds shall immediately be used to redeem the balance of the shares which the Company has become obligated to redeem but which it has not redeemed.

Liquidation Preference

Upon any liquidation, dissolution or winding up of the Company, each holder of Series A Preferred shall be entitled to be paid, before any distribution or payment is made upon any junior securities, as defined, an amount in cash equal to the aggregate liquidation value of the Series A Preferred held by such holder. If upon any such liquidation, dissolution or winding-up of the Company, the Company's assets to be distributed among the holders of the Series A Preferred are insufficient to permit payment to such holders of the aggregate amount which they are entitled to be paid, then the entire assets to be distributed shall be distributed ratably among such holders based upon the aggregate liquidation value (plus all accrued and unpaid interest and dividends) of the Series A Preferred held by each holder.

Management Incentive Purchase Program

During 2000, the board of directors of Aavid approved the Management Incentive Purchase Program (the "Program"). The Program provides for the grant and purchase of non-voting restricted stock of Fluent Inc. to and by certain employees and directors of the Company. Shares acquired pursuant to the Program are subject to a right of repurchase, which lapses as the shares vests. These shares are subject to certain repurchase rights, generally based on fair value, upon termination of employment. The vesting is generally five years. The board of directors of Aavid set aside approximately 10% of the common equity ownership in Fluent Inc., or 28,149 shares, for the Program.

Activity with respect to the Program for the years ended December 31, 2005, 2004 and 2003 follows:

	Number of Shares	Weighted Average Purchase Price
Balance at January 1, 2003	26,346	$ 10.00
Activity during 2003	—	
Balance at January 1, 2004	26,346	$ 10.00
Activity during 2004	—	
Balance at December 31, 2004	26,346	$ 10.00
Activity during 2005	—	
Balance at December 31, 2005	26,346	$ 10.00
Vested at December 31, 2005	26,346	$ 10.00
Vested at December 31, 2004	21,077	$ 10.00
Vested at December 31, 2003	15,808	$ 10.00

As of December 31, 2005 and 2004, the Company held notes receivable for shares in the amount of $263,466 from employees in consideration for the purchase of common stock under the Program. The notes bear interest at 7%. Notes issued in connection with the Program are due November 1, 2007 or upon termination of employment and are collateralized by the underlying common stock. In addition, the interest due and 60% of the note balance are full recourse to the employee. These notes are recorded as notes receivable from sale of common stock in the accompanying consolidated balance sheets.

7. Related Party Transactions

Corporate Allocation

Aavid allocates certain general and administrative costs to the Company, and certain financial and other services, on a defined formula which is based on revenues. Total corporate allocation expense charged to the Company was approximately $1,302,000, $1,227,000 and $1,253,000 in 2005, 2004 and 2003, respectively.

Note Payable to Parent

On February 2, 2000, the Company issued a demand $67,000,000 promissory note payable to Aavid, of which $3,633,820 and $22,870,274, respectively, is outstanding as of December 31, 2005 and 2004. The note, as amended, bears interest at 12-3/4%, a rate equal to the interest charged to Aavid under its Senior Subordinated Notes. Interest expense related to this note totaled $1,688,546, $3,659,927 and $5,286,468 for the years ended December 31, 2005, 2004 and 2003, respectively. Aavid has agreed not to demand payment of the intercompany note payable prior to January 1, 2007. Accordingly, the Company has classified the note payable to parent as a long-term liability in the accompanying consolidated balance sheets at December 31, 2005 and 2004.

Note Payable to Related Party

On February 2, 2000, the Company issued a demand $4,632,640 promissory note payable to Aavid Thermalloy, LLC, a subsidiary of Aavid, of which $4,632,640 is outstanding as of December 31, 2005 and 2004. The note, as amended, bears interest at a rate equal to the interest charged to Aavid under certain provisions of its Loan and Security Agreement (7.5% at December 31, 2005). Interest expense related to this note totaled $298,393, $212,677 and $208,469 for the years ended December 31, 2005, 2004 and 2003, respectively. Aavid Thermalloy, LLC has agreed not to demand payment of the $4,632,640 intercompany note payable prior to January 1, 2007. Accordingly, the Company has classified the note payable as a long-term liability in the accompanying consolidated balance sheets at December 31, 2005 and 2004.

8. 401(k) Plan

The Company has a 401(k) plan which covers eligible employees. Employees are eligible to participate in the plan on the first day of the month following the date of hire. Employees may elect to contribute up to 100% of their eligible pay, subject to a maximum annual limitation set by Internal Revenue Service. The Company, at its discretion, makes matching contributions for each employee. Employer matching contributions are subject to a vesting schedule. The Company's matching contributions were $542,331, $500,686 and $421,126 in 2005, 2004 and 2003 respectively.

9. Subsequent Event

On February 15, 2006, Aavid entered into a definitive agreement to be acquired by ANSYS, Inc. ("ANSYS"). Under the terms of the agreement, ANSYS will issue 6,000,000 shares of its common stock and pay approximately $300 million to the stockholders of Aavid, subject to certain adjustments at closing. Prior to the closing, Aavid's thermal management solutions business, Aavid Thermalloy, will be spun-off to Aavid's stockholders.

Exhibit 99.2

ANSYS, Inc.
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On May 1, 2006, ANSYS, Inc. (hereafter "ANSYS" or the "Company") completed its acquisition of Fluent Inc., a global provider of computational fluid dynamics ("CFD")-based computer-aided engineering software and services (hereafter "Fluent"). Under the terms of the merger agreement, ANSYS issued approximately 6,000,000 shares of its common stock, valued at approximately $274 million based on the average closing market price on the two days preceding and the two days following the announcement of the acquisition, and paid approximately $315 million in cash to acquire Fluent. The total purchase price of approximately $598 million includes approximately $9 million in transaction fees. The acquisition is accounted for under the purchase method of accounting.

The preliminary allocation of the purchase price used in the unaudited pro forma condensed combined financial statements is based upon management's estimates of the fair market values of the assets acquired and the liabilities assumed. These estimates are subject to change upon the final valuation of Fluent's assets and liabilities.

The unaudited pro forma condensed combined balance sheet as of March 31, 2006 is presented as if the Fluent acquisition and related bank financing occurred on March 31, 2006.

The unaudited pro forma condensed combined statements of operations of ANSYS and Fluent for the three months ended March 31, 2006 and for the year ended December 31, 2005 are presented as if the Fluent acquisition and related bank financing had taken place on January 1, 2005 and were carried forward through March 31, 2006 and December 31, 2005, respectively.

The unaudited pro forma condensed combined financial statements are based on the historical financial statements of ANSYS and Fluent after giving effect to borrowings used and stock issued to finance the Fluent acquisition, as well as the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements are not intended to represent or be indicative of the consolidated results of operations or financial position of the Company that would have been reported had the acquisition and borrowings been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial position of the Company. This information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined financial statements do not reflect any operating efficiencies and cost savings that the Company may achieve with respect to the combined companies. The unaudited pro forma statements of operations also exclude a charge of approximately $28.1 million, which represents the estimated fair value of Fluent research projects in process. This charge will be recorded upon consummation of the acquisition.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements and accompanying notes of ANSYS' annual report filed on Form 10-K for the year ended December 31, 2005, and quarterly report on Form 10-Q for the quarter ended March 31, 2006, and of Fluent included as Exhibit 99.1 in this Form 8-K/A.

ANSYS, Inc. and Subsidiaries
Unaudited Pro Forma Condensed Combined Balance Sheet
As of March 31, 2006

(in thousands)	Historical ANSYS	Historical Fluent	Pro Forma Adjustments	Pro Forma Combined
ASSETS				
Current assets:				
Cash and cash equivalents	$197,159	$ 22,734	$(126,428)(A)	$ 93,465
Short-term investments	6,071	—	—	6,071
Accounts receivable, net	22,491	28,098	—	50,589
Other receivables and current assets	28,014	4,741	—	32,755
Deferred income taxes	4,179	6,214	(1,622)(E)	8,771
Total current assets	257,914	61,787	(128,050)	191,651
Property and equipment, net	6,265	14,794	3,038(C)	24,097
Capitalized software costs, net	528	—	—	528
Goodwill	44,582	37,487	342,852(D)	424,921
Other intangibles, net	9,440	—	213,900(B)	223,340
Investment in related party	—	4,633	(4,633)(L)	—
Other assets	3,864	1,026	1,871(O)	6,761
Deferred income taxes	2,950	820	(3,770)(E)	—
Total assets	$325,543	$120,547	$ 425,208	$871,298
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term debt and capital lease obligations	$ —	$ 771	$ 29,000(M)	$ 29,771
Accounts payable	1,385	2,077	—	3,462
Accrued bonuses	4,368	2,833	—	7,201
Other accrued expenses and liabilities	16,845	14,620	—	31,465
Deferred revenue	57,724	51,082	(19,054)(F)	89,752
Total current liabilities	80,322	71,383	9,946	161,651
Long-term debt and capital lease obligations, less current portion	—	654	169,000(M)	169,654
Other long-term liabilities	1,375	—	—	1,375
Amounts due to parent and related party	—	9,007	(9,007)(L)	—
Deferred income taxes	—	—	48,854(E)	48,854
Commitments and contingencies				
Stockholders' equity	243,846	39,503	206,415(G)	489,764
Total liabilities and stockholders' equity	$325,543	$120,547	$ 425,208	$871,298

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial statements.

ANSYS, Inc. and Subsidiaries
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2005

(in thousands, except per share data)	Historical ANSYS	Historical Fluent	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Software licenses	$ 85,680	$ 79,497	$ —	$165,177
Maintenance and service	72,356	42,372	—	114,728
Total revenue	158,036	121,869	—	279,905
Cost of sales:				
Software licenses	5,292	2,856	—	8,148
Amortization of software and acquired technology	3,576	—	17,134(H)	20,710
Maintenance and service	15,171	19,228	3,202(I)(N)	37,601
Total cost of sales	24,039	22,084	20,336	66,459
Gross profit	133,997	99,785	(20,336)	213,446
Operating expenses:				
Selling, general and administrative	43,285	52,066	(5,143)(I)(N)	90,208
Research and development	30,688	15,714	2,183(I)(N)	48,585
Amortization	1,184	—	8,731(H)	9,915
Total operating expenses	75,157	67,780	5,771	148,708
Operating income	58,840	32,005	(26,107)	64,738
Interest income (expense), net	4,295	(1,883)	(15,147)(J)	(12,735)
Other income (expense), net	(24)	307	—	283
Income before income tax provision	63,111	30,429	(41,254)	52,286
Income tax provision	19,208	11,143	(15,677)(K)	14,674
Net income	$ 43,903	$ 19,286	$ (25,577)	$ 37,612
Earnings per share – basic:				
Basic earnings per share	$ 1.38			$ 1.00
Weighted average shares – basic	31,749		6,000	37,749
Earnings per share – diluted:				
Diluted earnings per share	$ 1.30			$ 0.95
Weighted average shares – diluted	33,692		6,000	39,692

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial statements.

ANSYS, Inc. and Subsidiaries
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Three Months Ended March 31, 2006

(in thousands, except per share data)	Historical ANSYS	Historical Fluent	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Software licenses	$26,752	$21,689	$ —	$ 48,441
Maintenance and service	19,259	11,583	—	30,842
Total revenue	46,011	33,272	—	79,283
Cost of sales:				
Software licenses	1,490	1,448	—	2,938
Amortization of software and acquired technology	908	—	4,391(H)	5,299
Maintenance and service	4,470	4,649	785(I)(N)	9,904
Total cost of sales	6,868	6,097	5,176	18,141
Gross profit	39,143	27,175	(5,176)	61,142
Operating expenses:				
Selling, general and administrative	11,839	12,927	(1,324)(I)(N)	23,442
Research and development	9,357	4,118	599(I)(N)	14,074
Amortization	128	—	2,097(H)	2,225
Total operating expenses	21,324	17,045	1,372	39,741
Operating income	17,819	10,130	(6,548)	21,401
Interest income (expense), net	1,512	(28)	(3,572)(J)	(2,088)
Other income (expense), net	186	(111)	—	75
Income before income tax provision	19,517	9,991	(10,120)	19,388
Income tax provision	6,604	3,638	(3,846)(K)	6,396
Net income	$12,913	$ 6,353	$ (6,274)	$ 12,992
Earnings per share – basic:				
Basic earnings per share	$ 0.40			$ 0.34
Weighted average shares – basic	32,122		6,000	38,122
Earnings per share – diluted:				
Diluted earnings per share	$ 0.38			$ 0.32
Weighted average shares – diluted	34,165		6,000	40,165

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial statements.

ANSYS, Inc.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial statements are based on the historical financial statements of ANSYS and Fluent after giving effect to borrowings used to finance the Fluent acquisition, as well as certain assumptions and adjustments.

The unaudited pro forma condensed combined balance sheet as of March 31, 2006 is presented as if the Fluent acquisition and related bank financing occurred on March 31, 2006.

The unaudited pro forma condensed combined statements of operations of ANSYS and Fluent for the three months ended March 31, 2006 and for the year ended December 31, 2005 are presented as if the Fluent acquisition and related bank financing had taken place on January 1, 2005 and were carried forward through March 31, 2006 and December 31, 2005, respectively.

ANSYS accounts for acquisitions under Financial Accounting Standards Board Statement No. 141, "*Business Combinations*" ("Statement 141"). In accordance with business combination accounting, ANSYS allocates the purchase price of an acquired company to the tangible and intangible assets acquired, and liabilities assumed based on their estimated fair values. The excess of the purchase price over the net tangible and identifiable intangible assets will be recorded as goodwill.

The preliminary allocation of the purchase price used in the unaudited pro forma condensed combined financial statements is based upon management's estimates of the fair market values of the assets acquired and the liabilities assumed. These estimates are subject to change upon the final valuation of Fluent's assets and liabilities.

The unaudited pro forma condensed combined financial statements are not intended to represent or be indicative of the consolidated results of operations or financial position of ANSYS that would have been reported had the acquisition and borrowings been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial position of ANSYS. The unaudited pro forma condensed combined financial statements do not reflect any operating efficiencies and cost savings that ANSYS may achieve with respect to the combined companies. The unaudited pro forma statements of operations also exclude a charge of approximately $28.1 million, which represents the estimated fair value of Fluent research projects in process. This charge will be recorded upon consummation of the acquisition.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements and accompanying notes of ANSYS' annual report filed on Form 10-K for the year ended December 31, 2005, and quarterly report on Form 10-Q for the quarter ended March 31, 2006, and of Fluent included as Exhibit 99.1 in this Form 8-K/A.

Transactions between ANSYS and Fluent were nominal during the periods presented. No pro forma adjustments were made to conform Fluent's accounting policies to ANSYS' accounting policies, except as noted below.

In connection with its acquisition of Fluent, ANSYS also acquired Fluent's parent, Aavid Thermal Technologies, Inc. ("ATTI"). ATTI was primarily a shell entity with no assets or liabilities other than the tax attributes of its subsidiaries. These tax attributes included net operating loss carryforwards of approximately $42.7 million. The related deferred tax assets had been fully reserved in ATTI's historical financial statements. These net operating loss carryforwards will have value to ANSYS post-acquisition and the reduction of the related valuation reserve will result in an increase in deferred tax assets and a decrease in goodwill of $14.9 million. This deferred tax asset is reflected as an adjustment to the unaudited pro forma condensed combined balance sheet as indicated in Notes 3.E. and 5. Other than this deferred tax asset, the unaudited pro forma condensed combined financial statements do not include the balances or activity of ATTI.

2. Fluent Acquisition

On May 1, 2006, ANSYS completed its acquisition of Fluent Inc., a global provider of CFD-based computer-aided engineering software and services. Under the terms of the merger agreement, ANSYS issued approximately 6,000,000 shares of its common stock, valued at approximately $274 million based on the average closing market price on the two days preceding and the two days following the announcement of the acquisition (February 16, 2006), and paid approximately $315 million in net cash to acquire Fluent. The total purchase price of approximately $598 million includes approximately $9 million in transaction fees. The Company used a combination of existing cash and $198 million from committed bank financing to fund the transaction. The interest rate on the indebtedness associated with the transaction is equal to a margin based on the Company's consolidated leverage ratio, plus the then current rate based on (a) the British Bankers Association London Inter-Bank Offered Rate for dollar deposits ("LIBOR") or (b) the higher of (i) the Bank of America prime rate and (ii) the Federal Funds rate plus .50%. The interest rate for the period from May 1, 2006 through June 30, 2006 was set at 6.08% which was based on LIBOR + 1.00%. The debt is scheduled to be repaid over a period of five years and includes covenants related to the consolidated leverage ratio and the consolidated fixed charge coverage ratio, as well as certain restrictions on additional investments and indebtedness.

Preliminary Purchase Price

The total preliminary purchase price is estimated at $598 million, and is comprised of:

	(in thousands)
Value of 5,999,948 shares of common stock based on the average closing market price two days before and after the announced acquisition.	$ 274,018
Cash consideration – at closing, less working capital and other adjustments	314,961
Acquisition-related transaction costs	9,467
Total preliminary purchase price	$ 598,446

Acquisition-related transaction costs: Acquisition-related transactions costs of $9 million include ANSYS' estimate of investment banking fees of $6 million, and legal, accounting and other professional fees of $3 million.

Preliminary Purchase Price Allocation

The total preliminary purchase price will be allocated to Fluent tangible and intangible assets acquired, liabilities assumed, as well as in-process research and development based on their estimated fair values as of the acquisition date. The excess of the purchase price over the net tangible and identifiable intangible assets will be recorded as goodwill. Based upon a preliminary valuation, the total preliminary purchase price was allocated as follows:

	(in thousands)
Cash and other net tangible assets/liabilities	23,319
Goodwill	380,339
Identifiable intangible assets	213,900
Net deferred tax liabilities	(47,212)
In-process research and development	28,100
Total preliminary purchase price allocation	$ 598,446

The preliminary allocation of the purchase price is based upon a preliminary valuation, as described below, and ANSYS' estimates and assumptions are subject to change upon final valuation.

Cash and other net tangible assets/liabilities: Cash and tangible assets were recorded at their respective carrying amounts, except for adjustments to deferred revenues and property plant and equipment. ANSYS reduced Fluent's historical deferred revenues by $19.1 million in the pro forma condensed combined balance sheet to adjust deferred revenue to fair value. ANSYS increased Fluent's historical net carrying value of certain property by $3.0 million in the pro forma condensed combined balance sheet to reflect its fair market value.

Goodwill: Goodwill represents the excess of the preliminary purchase price over the estimated fair value of tangible and identifiable intangible assets acquired. The fair value of Fluent's assembled workforce was also estimated and was classified as goodwill in accordance with Statement No. 141. Goodwill amounts are not amortized, but rather are tested for impairment at least annually. In the event that ANSYS determines that the value of goodwill has become impaired, ANSYS will incur an accounting charge for the amount of impairment during the fiscal quarter in which such determination is made. See Note 3.D.

Identifiable intangible assets: Identifiable intangible assets acquired include developed software, trade name and customer contracts and related relationships. Developed software comprises products that have reached technological feasibility. Customer contracts and related relationships represent the underlying relationships and agreements with customers of Fluent's installed base.

The fair value of intangible assets was based on a preliminary valuation using either the discounted cash flow method, the relief from royalty method, or a combination of the two, as well as discussions with Fluent management and a review of certain transaction-related documents and forecasts. The rate utilized to discount net cash flows to their present values was 17%. This discount rate was determined after consideration of similar companies' required rates of return, utilizing the Capital Asset Pricing Model.

Estimated useful lives were based on historical experience with technology life cycles, product roadmaps, branding strategy, historical and projected maintenance renewal rates, historical treatment of Fluent and ANSYS acquisition-related intangible assets and ANSYS' intended future use of the intangible assets. Intangible assets other than the trade name are being amortized using the proportional cash flow method. Fluent's trade name is one of the most recognized in the computer aided engineering market. The trade name represents a reputation of superior technical capability and strong support service that has been recognized by Fluent's customers. Because the trade name continues to gain strength in the market today, as evidenced by Fluent's increased sales over the past several years, the Company expects the trade name to contribute to cash flows indefinitely and, accordingly, has assigned an indefinite life to the trade name. See Note 3.B.

In-process research and development: In-process research and development represents incomplete Fluent research and development projects that had not reached technological feasibility and had no alternative future use when acquired. ANSYS estimates that $28.1 million of the preliminary purchase price represents purchased in-process technology related to projects which had not yet reached technological feasibility and have no alternative future use. The fair value of in-process research and development as determined based on the discounted cash flow method, utilizing a risk adjusted discount rate of 22% and an expectation that net cash inflows related to the in-process projects would commence in 2009. This estimate is subject to change upon final valuation of the in-process research and development. Although in-process research and development costs are not considered in the unaudited pro forma condensed combined statements of operations, such costs will be expensed in ANSYS' consolidated financial statements as a non-tax deductible charge for the quarter ended June 30, 2006. This has been reflected in the pro forma balance sheet with an adjustment to equity. See Note 3.G.

Pre-acquisition contingencies: Other than certain tax contingencies, ANSYS has currently not identified any pre-acquisition contingencies where a liability is probable and the amount of the liability can be reasonably estimated. If information becomes available prior to the end of the purchase price allocation period, which would indicate that a liability is probable and the amount can be reasonably estimated, such items will be included in the purchase price allocation and result in additional goodwill.

Financing Activities

On May 1, 2006, ANSYS and Fluent borrowed $175 million and $23 million, respectively, from a syndicate of banks. The interest rate on the indebtedness associated with the transaction is equal to a margin based on the Company's consolidated leverage ratio, plus the then current rate based on (a) the British Bankers Association London Inter-Bank Offered Rate for dollar deposits ("LIBOR") or (b) the higher of (i) the Bank of America prime rate and (ii) the Federal Funds rate plus .50%. The interest rate for the period from May 1, 2006 through June 30, 2006 was set at 6.08%, which was based on LIBOR + 1.00%. An increase or decrease in the interest rate of 1/8% would affect pro forma interest expense by $235,000 in the annual period and $53,000 in the quarterly period. The debt is scheduled to be repaid over a period of five years and includes covenants related to the consolidated leverage ratio and the consolidated fixed charge coverage ratio, as well as certain restrictions on additional investments and indebtedness.

3. Pro Forma Adjustments

The following pro forma adjustments are included in the unaudited pro forma condensed combined balance sheet:

(A) To record the following adjustments to cash and cash equivalents:

	(in thousands)
To record ANSYS bank loan proceeds	$ 175,000
To record Fluent bank loan proceeds	23,000
To record acquisition-related transaction costs	(9,467)
To record cash paid to Fluent stockholders	(173,033)
To record cash paid to Fluent debt/noteholders	(141,928)
Total adjustments to cash	$ (126,428)

(B) To record the difference between the preliminary fair value and the historical amount of intangible assets:

(dollars in thousands)	Historical Amount, Net	Preliminary Fair Value	Increase	Annual Amortization	Three Months Amortization	Estimated Useful Life
Developed software	$ —	$ 88,000	$ 88,000	$ 17,134	$ 4,391	7 years
Trade name	—	60,000	60,000	—	—	Indefinite
Customer contracts and related relationships	—	65,900	65,900	8,731	2,097	9.5 years
Total identifiable intangible assets	$ —	$ 213,900	$213,900	25,865	6,488	
Fluent historical amortization				—	—	
Net increase in amortization				$ 25,865	$ 6,488	

(C) To record the difference between the preliminary fair value and the historical value of property, plant and equipment:

(dollars in thousands)	Historical Amount, Net	Preliminary Fair Value	Increase	Annual Depreciation	Three Months Depreciation	Estimated Useful Life
Land	$ 1,032	$ 1,920	$ 888	$ —	$ —	Indefinite
Depreciable property	13,762	15,912	2,150	3,218	835	3–20 years
Total property, plant and equipment	$14,794	$ 17,832	$3,038	3,218	835	
Fluent historical depreciation				2,976	775	
Net increase in depreciation				$ 242	$ 60	

(D) To eliminate Fluent’s historical goodwill and record the preliminary fair value of goodwill:

(in thousands)	Historical Amount, Net	Preliminary Fair Value	Increase
Goodwill	$37,487	$ 380,339	$342,852

(E) To record adjustments for deferred tax balances related to identifiable intangible assets, deferred revenues and acquired net operating losses:

(dollars in thousands)	Preliminary Fair Value Adjustment	Statutory Tax Rate	Deferred Tax Asset (Liability)
Increase in identifiable intangible assets (excludes trade name)	$ 153,900	40%	$(61,560)
Decrease in deferred revenues	$ 19,054	40%	(7,622)
ATTI net operating losses (Note 5)	$ 42,675	35%	14,936
Net deferred tax liabilities			$(54,246)

Fluent’s intellectual property is owned by a U.S.-based legal entity. Additionally, a substantial portion of Fluent’s deferred revenue is recorded on a U.S.-based legal entity. Accordingly, the U.S. statutory tax rate of 40% was utilized to record the deferred tax liabilities for intangible assets and deferred revenues rather than the blended global tax rate of 38%. The ATTI net operating losses relate to U.S. federal taxes and are, therefore, recorded at the federal tax rate of 35%.

(F) To record the difference between the preliminary fair value and the historical amount of Fluent's deferred revenue. The preliminary fair value comprises unexpired contractual obligations, primarily for post-contract support. To the extent that these underlying support contracts are renewed, ANSYS will recognize the revenue for the full value of the support contracts over the support periods, the majority of which are one year.

(in thousands)	Historical Amount, Net	Preliminary Fair Value	Decrease
Deferred revenues	$51,082	$ 32,028	$(19,054)

(G) To record the following adjustments to stockholders' equity:

	(in thousands)
To eliminate Fluent's historical stockholders' equity	$ (39,503)
To record the issuance of 5,999,948 ANSYS shares in connection with the acquisition	274,018
To record the preliminary estimated fair value of in-process research and development	(28,100)
Total adjustments to stockholders' equity	$ 206,415

(H) To record additional amortization expenses related to intangible assets acquired. Amortization expense was estimated based on the ratio of the projected net cash flows of the intangible asset in the current period to the total projected net cash flows over the expected life of the intangible assets – see Note 3.B.

(I) To record additional depreciation related to property, plant and equipment acquired as follows – see Note C:

(in thousands)	Annual Depreciation	Three Month Depreciation
Selling, general & administrative	$ 117	$ 29
Cost of sales	$ 69	$ 17
Research and development	$ `56	$ 14

(J) To record the effects of the acquisition on interest expense and interest income as further discussed below:

(dollars in thousands)	Estimated Annual Interest Rate	Effect on Annual Interest Income (Expense)	Effect on Three Months Interest Income (Expense)
Interest expense on ANSYS debt financing of $175 million	6.08%	$ (10,811)	$ (2,524)
Interest expense on Fluent debt financing of $23 million	6.08%	(1,230)	(197)
Interest income from ANSYS cash used in acquisition of $126 million		(3,404)	(851)
Interest expense of Fluent on certain pre-acquisition borrowings		298	—
Total adjustments to interest expense		$ (15,147)	$ (3,572)

To record interest expense, including amortization of issuance costs associated with the debt to finance the Fluent acquisition at a rate of 6.08%, which represents the actual interest rate at the inception of the bank loan as of May 1, 2006. The pro forma condensed combined statements of operations do not assume reductions in interest based on other-than-scheduled principal repayments of ANSYS' borrowings or changes in interest rates if ANSYS refinances its borrowings. Since a significant portion of the purchase price was paid from existing cash and short-term investments of ANSYS, the pro forma condensed combined statements of operations assume that earnings are adversely impacted by the foregone interest income on such balances.

Additionally, interest expense on certain pre-acquisition borrowings was removed from the pro forma financial results because such borrowings were paid in full upon consummation of the acquisition.

(K) To record the income tax impact on pro forma adjustments at the statutory rate of 38%. The pro forma combined provision for income taxes does not reflect the amounts that would have resulted had ANSYS and Fluent filed consolidated income tax returns during the periods presented.

(L) To record the elimination of intercompany and related party assets and liabilities.

(M) To record the current and long-term portions of debt associated with the financing obtained by ANSYS and Fluent in connection with the transaction.

(N) To allocate certain expenditures to cost of sales and research and development, that were historically recorded in the Fluent financial statements as selling, general and administrative, to be consistent with ANSYS' historical financial statement presentation, as follows:

(in thousands)	Annual Reclassification	Three Month Reclassification
Selling, general & administrative	$ (5,260)	$ (1,353)
Cost of sales	$ 3,133	$ 768
Research and development	$ 2,127	$ 585

(O) To record deferred financing costs of $1,871,000 related to the costs of obtaining debt financing associated with the acquisition.

4. Pro Forma Earnings Per Share

The pro forma basic and diluted earnings per share are based on the weighted average number of shares of ANSYS common stock outstanding and are adjusted for additional common stock issued to Fluent's stockholders as part of the acquisition.

	Weighted Average Shares	
(in thousands)	Year Ended December 31, 2005	Three Months Ended March 31, 2006
Basic, as reported	31,749	32,122
Stock issued in Fluent acquisition	6,000	6,000
Basic, pro forma	37,749	38,122
Diluted, as reported	33,692	34,165
Stock issued in Fluent acquisition	6,000	6,000
Diluted, pro forma	39,692	40,165

5. Other Assets Acquired

In connection with its acquisition of Fluent, ANSYS also acquired Fluent's parent, ATTI. ATTI was primarily a shell entity with no assets or liabilities other than the tax attributes of its subsidiaries. These tax attributes included net operating loss carryforwards of approximately $42.7 million. The related deferred tax assets had been fully reserved in ATTI's historical financial statements. These net operating loss carryforwards will have value to ANSYS post-acquisition and the reduction of the related valuation reserve will result in an increase in deferred tax assets and a decrease in goodwill of $14.9 million. This deferred tax asset is reflected as an adjustment to the unaudited pro forma condensed combined balance sheet as indicated in Note 3.E. Other than this deferred tax asset, the unaudited pro forma condensed combined financial statements do not include the balances or activity of ATTI.