

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2021  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 0-20853

**ANSYS, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**2600 ANSYS Drive, Canonsburg, PA**  
(Address of Principal Executive Offices)

**04-3219960**

(I.R.S. Employer Identification No.)

**15317**  
(Zip Code)

**844-462-6797**

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
<b>Common Stock, \$0.01 par value per share</b>	<b>ANSS</b>	<b>Nasdaq Stock Market LLC (Nasdaq Global Select Market)</b>

Indicate by 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  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares of the Registrant's Common Stock, \$0.01 par value per share, outstanding as of April 30, 2021 was 87,151,573 shares.

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ANSYS, INC. AND SUBSIDIARIES

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**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements:**

**ANSYS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)**

<i>(in thousands, except share and per share data)</i>	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 987,427	\$ 912,672
Short-term investments	516	479
Accounts receivable, less allowance for doubtful accounts of \$14,000	394,289	537,564
Other receivables and current assets	278,720	268,522
Total current assets	<u>1,660,952</u>	<u>1,719,237</u>
Long-term assets:		
Property and equipment, net	93,207	96,503
Operating lease right-of-use assets	125,635	137,730
Goodwill	3,036,783	3,038,306
Other intangible assets, net	677,357	694,865
Other long-term assets	201,675	225,119
Deferred income taxes	22,419	28,830
Total long-term assets	<u>4,157,076</u>	<u>4,221,353</u>
Total assets	<u>\$ 5,818,028</u>	<u>\$ 5,940,590</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 16,970	\$ 18,691
Accrued bonuses and commissions	24,911	112,491
Accrued income taxes	6,260	26,116
Current portion of long-term debt	4,688	—
Other accrued expenses and liabilities	204,622	199,466
Deferred revenue	366,596	372,061
Total current liabilities	<u>624,047</u>	<u>728,825</u>
Long-term liabilities:		
Deferred income taxes	102,221	110,321
Long-term operating lease liabilities	109,454	120,940
Long-term debt	793,515	798,118
Other long-term liabilities	76,822	84,514
Total long-term liabilities	<u>1,082,012</u>	<u>1,113,893</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 2,000,000 shares authorized; zero shares issued or outstanding	—	—
Common stock, \$0.01 par value; 300,000,000 shares authorized; 95,266,320 shares issued	953	953
Additional paid-in capital	1,346,601	1,434,203
Retained earnings	3,876,991	3,804,593
Treasury stock, at cost: 8,128,708 and 8,693,809 shares, respectively	(1,075,537)	(1,124,102)
Accumulated other comprehensive loss	(37,039)	(17,775)
Total stockholders' equity	<u>4,111,969</u>	<u>4,097,872</u>
Total liabilities and stockholders' equity	<u>\$ 5,818,028</u>	<u>\$ 5,940,590</u>

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

**ANSYS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

<i>(in thousands, except per share data)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
Revenue:		
Software licenses	\$ 132,604	\$ 87,830
Maintenance and service	230,622	217,155
Total revenue	<u>363,226</u>	<u>304,985</u>
Cost of sales:		
Software licenses	7,606	4,926
Amortization	14,949	9,552
Maintenance and service	39,548	35,638
Total cost of sales	<u>62,103</u>	<u>50,116</u>
Gross profit	<u>301,123</u>	<u>254,869</u>
Operating expenses:		
Selling, general and administrative	146,215	130,522
Research and development	100,479	86,112
Amortization	4,407	4,162
Total operating expenses	<u>251,101</u>	<u>220,796</u>
Operating income	<u>50,022</u>	<u>34,073</u>
Interest income	517	2,775
Interest expense	(3,315)	(3,651)
Other income, net	399	127
Income before income tax benefit	47,623	33,324
Income tax benefit	(24,775)	(12,740)
Net income	<u>\$ 72,398</u>	<u>\$ 46,064</u>
Earnings per share – basic:		
Earnings per share	<u>\$ 0.83</u>	<u>\$ 0.54</u>
Weighted average shares	<u>86,808</u>	<u>85,798</u>
Earnings per share – diluted:		
Earnings per share	<u>\$ 0.82</u>	<u>\$ 0.53</u>
Weighted average shares	<u>87,986</u>	<u>87,369</u>

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

ANSYS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Unaudited)

<i>(in thousands)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
Net income	\$ 72,398	\$ 46,064
Other comprehensive loss:		
Foreign currency translation adjustments	(19,264)	(24,292)
Comprehensive income	<u>\$ 53,134</u>	<u>\$ 21,772</u>

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

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

<i>(in thousands)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
<b>Cash flows from operating activities:</b>		
Net income	\$ 72,398	\$ 46,064
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and intangible assets amortization	27,082	20,702
Operating lease right-of-use assets expense	5,699	5,075
Deferred income tax benefit	(3,564)	(5,442)
Provision for bad debts	18	3,116
Stock-based compensation expense	35,119	30,941
Other	975	1,553
Changes in operating assets and liabilities:		
Accounts receivable	159,038	117,830
Other receivables and current assets	(12,071)	12,013
Other long-term assets	(1,909)	(3,426)
Accounts payable, accrued expenses and current liabilities	(80,050)	(99,112)
Accrued income taxes	(20,954)	1,006
Deferred revenue	1,204	4,784
Other long-term liabilities	(11,878)	12,308
Net cash provided by operating activities	171,107	147,412
<b>Cash flows from investing activities:</b>		
Acquisitions, net of cash acquired	(10,783)	(2,348)
Capital expenditures	(5,045)	(6,987)
Other investing activities	(35)	(264)
Net cash used in investing activities	(15,863)	(9,599)
<b>Cash flows from financing activities:</b>		
Principal payments on long-term debt	—	(75,000)
Purchase of treasury stock	—	(161,029)
Restricted stock withholding taxes paid in lieu of issued shares	(86,049)	(62,425)
Proceeds from shares issued for stock-based compensation	11,892	9,716
Other financing activities	(51)	—
Net cash used in financing activities	(74,208)	(288,738)
Effect of exchange rate fluctuations on cash and cash equivalents	(6,281)	(3,421)
Net increase (decrease) in cash and cash equivalents	74,755	(154,346)
Cash and cash equivalents, beginning of period	912,672	872,094
Cash and cash equivalents, end of period	\$ 987,427	\$ 717,748
<b>Supplemental disclosure of cash flow information:</b>		
Income taxes paid	\$ 20,641	\$ 6,757
Interest paid	\$ 2,956	\$ 5,628

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

**ANSYS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited)

<i>(in thousands)</i>	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			Shares	Amount		
Balance, January 1, 2021	95,266	\$ 953	\$ 1,434,203	\$ 3,804,593	8,694	\$ (1,124,102)	\$ (17,775)	\$ 4,097,872
Stock-based compensation activity			(87,602)		(565)	48,565		(39,037)
Other comprehensive loss							(19,264)	(19,264)
Net income				72,398				72,398
Balance, March 31, 2021	95,266	\$ 953	\$ 1,346,601	\$ 3,876,991	8,129	\$ (1,075,537)	\$ (37,039)	\$ 4,111,969

<i>(in thousands)</i>	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			Shares	Amount		
Balance, January 1, 2020	94,628	\$ 946	\$ 1,188,939	\$ 3,370,706	8,893	\$ (1,041,831)	\$ (65,381)	\$ 3,453,379
Treasury shares acquired					690	(161,029)		(161,029)
Stock-based compensation activity			(70,769)		(541)	48,997		(21,772)
Other comprehensive loss							(24,292)	(24,292)
Net income				46,064				46,064
Balance, March 31, 2020	94,628	\$ 946	\$ 1,118,170	\$ 3,416,770	9,042	\$ (1,153,863)	\$ (89,673)	\$ 3,292,350

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

**ANSYS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2021**  
**(Unaudited)**

**1. Organization**

ANSYS, Inc. (Ansys, we, us, our) develops and globally markets engineering simulation software and services widely used by engineers, designers, researchers and students across a broad spectrum of industries and academia, including aerospace and defense, automotive, electronics, semiconductors, energy, turbomachinery, consumer products, and healthcare.

As defined by the accounting guidance for segment reporting, we operate as one segment.

Given the integrated approach to the multi-discipline problem-solving needs of our customers, a single sale of software may contain components from multiple product areas and include combined technologies. We also have a multi-year product and integration strategy that will result in new, combined products or changes to the historical product offerings. As a result, it is impracticable for us to provide accurate historical or current reporting among our various product lines.

We are closely monitoring the spread of COVID-19 and continually mitigating its potential effects on our business. The COVID-19 pandemic has had, and is expected to continue to have, an adverse impact on our business and employees.

**2. Accounting Policies**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information for commercial and industrial companies, the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, the accompanying unaudited condensed consolidated financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements (and notes thereto) included in our Annual Report on Form 10-K for the year ended December 31, 2020 (2020 Form 10-K). The condensed consolidated December 31, 2020 balance sheet presented is derived from the audited December 31, 2020 balance sheet included in the 2020 Form 10-K. In our opinion, 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 ended March 31, 2021 are not necessarily indicative of the results that may be expected for any future period.

**Recently Adopted Accounting Guidance**

**Income taxes:** In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (ASU 2019-12), as part of its initiative to reduce complexity in the accounting standards. The amendments in ASU 2019-12 eliminated certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also clarified and simplified other aspects of the accounting for income taxes. We adopted ASU 2019-12 on January 1, 2021 with no material impact to our condensed consolidated financial statements.

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of highly liquid investments such as deposits held at major banks and money market funds. Cash equivalents are carried at cost, which approximates fair value. Our cash and cash equivalents balances comprise the following:

<i>(in thousands, except percentages)</i>	March 31, 2021		December 31, 2020	
	Amount	% of Total	Amount	% of Total
Cash accounts	\$ 548,833	55.6	\$ 571,587	62.6
Money market funds	438,594	44.4	341,085	37.4
Total	<u>\$ 987,427</u>		<u>\$ 912,672</u>	

Our money market fund balances are held in various funds of two issuers.

**3. Revenue from Contracts with Customers****Disaggregation of Revenue**

The following table summarizes revenue:

<i>(in thousands, except percentages)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
Revenue:		
Lease licenses	\$ 65,077	\$ 44,874
Perpetual licenses	67,527	42,956
Software licenses	<u>132,604</u>	<u>87,830</u>
Maintenance	213,674	200,488
Service	16,948	16,667
Maintenance and service	<u>230,622</u>	<u>217,155</u>
Total revenue	<u>\$ 363,226</u>	<u>\$ 304,985</u>
Direct revenue, as a percentage of total revenue	71.8 %	73.6 %
Indirect revenue, as a percentage of total revenue	28.2 %	26.4 %

Our software licenses revenue is recognized up front, while maintenance and service revenue is generally recognized over the term of the contract.

**Deferred Revenue**

Deferred revenue consists of billings made or payments received in advance of revenue recognition from customer agreements. The timing of revenue recognition may differ from the timing of billings to customers. Payment terms vary by the type and location of customer and the products or services offered. The time between invoicing and when payment is due is not significant.

The changes in deferred revenue, inclusive of both current and long-term deferred revenue, during the three months ended March 31, 2021 and 2020 were as follows:

<i>(in thousands)</i>	2021	2020
Beginning balance – January 1	\$ 388,810	\$ 365,274
Deferral of revenue	362,043	308,817
Recognition of revenue	(363,226)	(304,985)
Currency translation	(6,898)	(3,355)
Ending balance – March 31	<u>\$ 380,729</u>	<u>\$ 365,751</u>

Total revenue allocated to remaining performance obligations as of March 31, 2021 will be recognized as revenue as follows:

<i>(in thousands)</i>	
Next 12 months	\$ 607,500
Months 13-24	178,935
Months 25-36	75,807
Thereafter	74,259
Total revenue allocated to remaining performance obligations	<u>\$ 936,501</u>

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes both deferred revenue and backlog. Our backlog represents installment billings for periods beyond the current quarterly billing cycle. Revenue recognized during the three months ended March 31, 2021 and 2020 included amounts in deferred revenue and backlog at the beginning of the period of \$209.3 million and \$191.3 million, respectively.

**4. Acquisitions**

During the quarter ended March 31, 2021, we completed an acquisition with a purchase price of \$10.8 million to enhance our customers' experience. The effects of the business combination were not material to our consolidated results of operations. The preliminary purchase allocations are \$5.6 million of identifiable intangible assets, \$6.2 million of goodwill and \$1.0 million of net liabilities. The preliminary fair values of the assets acquired and liabilities assumed may change as additional information becomes available during the measurement period (up to one year from the acquisition date).

On December 1, 2020, we acquired 100% of the shares of Analytical Graphics, Inc. (AGI), a premier provider of mission-simulation, modeling, testing and analysis software for aerospace, defense and intelligence applications. The acquisition expands the scope of our offerings, empowering users to solve challenges by simulating from the chip level all the way to a customer's entire mission. The transaction closed with a purchase price of \$722.5 million.

On April 1, 2020, we acquired 100% of the shares of Lumerical Inc. (Lumerical), a leading developer of photonic design and simulation tools, for a purchase price of approximately \$107.5 million, paid in cash. The acquisition adds best-in-class photonic products to our multiphysics portfolio, providing customers with a full set of solutions to solve their next-generation product challenges.

The operating results of each acquisition have been included in our condensed consolidated financial statements since each respective date of acquisition.

## 5. Other Receivables and Current Assets and Other Accrued Expenses and Liabilities

Our other receivables and current assets and other accrued expenses and liabilities comprise the following balances:

<i>(in thousands)</i>	March 31, 2021	December 31, 2020
Receivables related to unrecognized revenue	\$ 135,828	\$ 192,154
Income taxes receivable, including overpayments and refunds	59,876	31,628
Prepaid expenses and other current assets	83,016	44,740
Total other receivables and current assets	<u>\$ 278,720</u>	<u>\$ 268,522</u>
Payroll-related accruals	41,431	20,117
Accrued vacation	39,156	34,132
Consumption, VAT and sales tax liabilities	28,370	45,156
Accrued expenses and other current liabilities	95,665	100,061
Total other accrued expenses and liabilities	<u>\$ 204,622</u>	<u>\$ 199,466</u>

Receivables related to unrecognized revenue represent the current portion of billings made for customer contracts that have not yet been recognized as revenue.

## 6. Earnings Per Share

Basic earnings per share (EPS) amounts are computed by dividing earnings by the weighted average number of common shares outstanding during the period. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive equivalents outstanding. To the extent stock awards are anti-dilutive, they are excluded from the calculation of diluted EPS.

The details of basic and diluted EPS are as follows:

<i>(in thousands, except per share data)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
Net income	\$ 72,398	\$ 46,064
Weighted average shares outstanding – basic	86,808	85,798
Dilutive effect of stock plans	1,178	1,571
Weighted average shares outstanding – diluted	<u>87,986</u>	<u>87,369</u>
Basic earnings per share	\$ 0.83	\$ 0.54
Diluted earnings per share	\$ 0.82	\$ 0.53
Anti-dilutive shares	27	28

## 7. Goodwill and Intangible Assets

Intangible assets are classified as follows:

	March 31, 2021		December 31, 2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<i>(in thousands)</i>				
Finite-lived intangible assets:				
Developed software and core technologies	\$ 862,677	\$ (382,824)	\$ 859,620	\$ (370,338)
Customer lists and contract backlog	283,592	(137,680)	288,085	(136,093)
Trade names	175,090	(123,855)	175,626	(122,392)
Total	\$ 1,321,359	\$ (644,359)	\$ 1,323,331	\$ (628,823)
Indefinite-lived intangible asset:				
Trade name	\$ 357		\$ 357	

Finite-lived intangible assets are amortized over their estimated useful lives of two years to seventeen years. Amortization expense for the intangible assets reflected above was \$19.4 million and \$13.7 million for the three months ended March 31, 2021 and 2020, respectively.

As of March 31, 2021, estimated future amortization expense for the intangible assets reflected above was as follows:

<i>(in thousands)</i>	
Remainder of 2021	\$ 55,244
2022	77,005
2023	78,298
2024	77,451
2025	74,950
2026	72,559
Thereafter	241,493
Total intangible assets subject to amortization	677,000
Indefinite-lived trade name	357
Other intangible assets, net	\$ 677,357

The changes in goodwill during the three months ended March 31, 2021 and 2020 were as follows:

<i>(in thousands)</i>	2021	2020
Beginning balance – January 1	\$ 3,038,306	\$ 2,413,280
Acquisitions and adjustments <sup>(1)</sup>	8,215	(336)
Currency translation	(9,738)	(14,260)
Ending balance – March 31	\$ 3,036,783	\$ 2,398,684

<sup>(1)</sup> In accordance with the accounting for business combinations, we recorded adjustments to goodwill for the effect of changes in the provisional fair values of the assets acquired and liabilities assumed during the measurement period (up to one year from the acquisition date) as we obtained new information about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date.

During the first quarter of 2021, we completed the annual impairment test for goodwill and the indefinite-lived intangible asset and determined that these assets had not been impaired as of the test date, January 1, 2021. No other events or circumstances changed during the three months ended March 31, 2021 that would indicate that the fair values of our reporting unit and indefinite-lived intangible asset are below their carrying amounts.

## 8. Fair Value Measurement

The valuation hierarchy for disclosure of assets and liabilities reported at fair value prioritizes the inputs for such valuations into three broad levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument; or
- Level 3: unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value.

A financial asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Our current and long-term debt is classified within Level 2 of the fair value hierarchy because these borrowings are not actively traded and have a variable interest rate structure based upon market rates. The carrying amount of our current and long-term debt approximates the estimated fair value. See Note 10, "Debt", for additional information on our borrowings.

The following tables provide the assets carried at fair value and measured on a recurring basis:

(in thousands)	March 31, 2021	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash equivalents	\$ 438,594	\$ 438,594	\$ —	\$ —
Short-term investments	\$ 516	\$ —	\$ 516	\$ —
Deferred compensation plan investments	\$ 1,601	\$ 1,601	\$ —	\$ —

(in thousands)	December 31, 2020	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash equivalents	\$ 341,085	\$ 341,085	\$ —	\$ —
Short-term investments	\$ 479	\$ —	\$ 479	\$ —
Deferred compensation plan investments	\$ 1,602	\$ 1,602	\$ —	\$ —

The cash equivalents in the preceding tables represent money market funds, valued at net asset value, with carrying values which approximate their fair values because of their short-term nature.

The short-term investments in the preceding tables represent deposits held by certain foreign subsidiaries. The deposits have fixed interest rates with original maturities ranging from three months to one year.

The deferred compensation plan investments in the preceding tables represent trading securities held in a rabbi trust for the benefit of non-employee directors. These securities consist of mutual funds traded in an active market with quoted prices. As a result, the plan assets are classified as Level 1 in the fair value hierarchy. The plan assets are recorded within other long-term assets on our condensed consolidated balance sheets.

## 9. Leases

Our right-of-use (ROU) assets and lease liabilities primarily include operating leases for office space. Our executive offices and those related to certain domestic product development, marketing, production and administration are located in a 186,000 square foot office facility in Canonsburg, Pennsylvania. The term of the lease is 183 months, which began on October 1, 2014 and expires on December 31, 2029. The lease agreement includes options to renew the contract through August 2044, an option to lease additional space in January 2025 and an option to terminate the lease in December 2025. No options are included in the

lease liability as renewal is not reasonably certain. In addition, we are reasonably certain we will not terminate the lease agreement. Absent the exercise of options in the lease, our remaining base rent (inclusive of property taxes and certain operating costs) is \$4.5 million per annum through 2024 and \$4.7 million per annum for 2025 - 2029.

The components of our global lease cost reflected in the condensed consolidated statements of income are as follows:

<i>(in thousands)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
Lease liability cost	\$ 7,001	\$ 6,218
Variable lease cost not included in the lease liability <sup>(1)</sup>	1,282	1,097
<b>Total lease cost</b>	<b>\$ 8,283</b>	<b>\$ 7,315</b>

<sup>(1)</sup> Variable lease cost includes common area maintenance, property taxes, utilities and fluctuations in rent due to a change in an index or rate.

Other information related to operating leases is as follows:

<i>(in thousands)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
Cash paid for amounts included in the measurement of the lease liability:		
Operating cash flows from operating leases	\$ (6,827)	\$ (5,733)
Right-of-use assets obtained in exchange for new operating lease liabilities	587	19,601

	As of March 31,	
	2021	2020
Weighted-average remaining lease term of operating leases	7.1 years	8.0 years
Weighted-average discount rate of operating leases	3.1 %	3.4 %

The maturity schedule of the operating lease liabilities as of March 31, 2021 is as follows:

<i>(in thousands)</i>	
Remainder of 2021	\$ 20,283
2022	24,304
2023	19,027
2024	17,956
2025	16,877
Thereafter	49,834
<b>Total future lease payments</b>	<b>148,281</b>
Less: Present value adjustment	(15,787)
<b>Present value of future lease payments<sup>(1)</sup></b>	<b>\$ 132,494</b>

<sup>(1)</sup> Includes the current portion of operating lease liabilities of \$23.0 million, which is reflected in other accrued expenses and liabilities in the condensed consolidated balance sheets.

There were no material leases that have been signed but not yet commenced as of March 31, 2021.

## 10. Debt

In February 2019, we entered into a credit agreement for a \$500.0 million unsecured revolving credit facility, which includes a \$50.0 million sublimit for the issuance of letters of credit (Revolving Credit Facility), with Bank of America, N.A. as the Administrative Agent. The Revolving Credit Facility becomes payable in full on February 22, 2024 and is available for general corporate purposes, including, among others, to finance acquisitions and capital expenditures. The Revolving Credit Facility had not been utilized as of March 31, 2021.

We amended our credit agreement (Amended Credit Agreement) on October 16, 2019. The amendment provided for a new \$500.0 million unsecured term loan facility to finance our acquisition of Livermore Software Technology (LST) in the fourth quarter of 2019. The term loan was funded on November 1, 2019 and matures on November 1, 2024. Principal on the term loan will be payable on the last business day of each fiscal quarter commencing with the ninth full fiscal quarter after the funding date at a rate of 1.25% per quarter, increasing to 2.50% per quarter after the next four fiscal quarters. We repaid \$75.0 million of the unsecured term loan balance in January 2020 prior to the scheduled maturity dates in 2022 (\$25.0 million) and 2023 (\$50.0 million).

In connection with the acquisition of AGI, we entered into a credit agreement (AGI Credit Agreement) on November 9, 2020, with Bank of America, N.A. as the Administrative Agent. The AGI Credit Agreement provided for a new \$375.0 million unsecured term loan facility to finance a portion of the cash consideration for the acquisition. The term loan was funded on December 1, 2020 and matures on November 1, 2024. Principal on the term loan will be payable on the last business day of each fiscal quarter commencing with the fifth full fiscal quarter after the funding date at a rate of 1.25% per quarter, increasing to 2.50% per quarter after the next four fiscal quarters.

Borrowings under the Amended Credit Agreement and the AGI Credit Agreement (collectively, the Credit Agreements) accrue interest at the Eurodollar rate plus an applicable margin or at the base rate, at our election. For the quarter ended March 31, 2021, we elected to apply the Eurodollar rate. The base rate is the applicable margin plus the highest of (i) the federal funds rate plus 0.500%, (ii) the Bank of America prime rate and (iii) the Eurodollar rate plus 1.000%. The applicable margin for these borrowings is a percentage per annum based on the lower of (1) a pricing level determined by our then-current consolidated leverage ratio and (2) a pricing level determined by our debt ratings (if such debt ratings exist). This results in a margin ranging from 1.125% to 1.750% and 0.125% to 0.750% for the Eurodollar rate and base rate, respectively.

The weighted-average interest rates in effect for the three months ended March 31, 2021 and 2020 were 1.45% and 3.03%, respectively. As of March 31, 2021, the rate in effect for the Credit Agreements was 1.45%.

The Credit Agreements contain language in the event the Eurodollar rate is not available due to LIBOR changes. If this occurs, the base rate will be used for borrowings. However, we may work with the Administrative Agent to amend the Credit Agreements to replace the Eurodollar rate with (i) one or more rates based on the Secured Overnight Financing Rate (SOFR); or (ii) another alternative benchmark rate, subject to the lenders' approval.

The Credit Agreements contain customary representations and warranties, affirmative and negative covenants and events of default. The Credit Agreements also each contain a financial covenant requiring us to maintain a consolidated leverage ratio of indebtedness to earnings before interest, taxes, depreciation and amortization not exceeding 3.50 to 1.00 as of the end of any fiscal quarter (for the four-quarter period ending on such date) with an opportunity for a temporary increase in such consolidated leverage ratio to 4.00 to 1.00 upon the consummation of certain qualified acquisitions for which the aggregate consideration is at least \$250.0 million.

As of March 31, 2021 and December 31, 2020, the carrying values of the term loans were \$798.2 million, which is net of \$1.8 million of unamortized debt issuance costs, and \$798.1 million, which is net of \$1.9 million of unamortized debt issuance costs, respectively. We were in compliance with all covenants as of March 31, 2021 and December 31, 2020.

## 11. Income Taxes

Our income before income tax benefit, income tax benefit and effective tax rates were as follows:

<i>(in thousands, except percentages)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
Income before income tax benefit	\$ 47,623	\$ 33,324
Income tax benefit	(24,775)	(12,740)
Effective tax rate	(52.0)%	(38.2)%

Tax benefit for the three months ended March 31, 2021 and 2020 was due to increased tax deductions related to stock compensation, many of which were recognized discretely. These tax benefits were in excess of tax expense at the annualized effective tax rate for the three months ended March 31, 2021 and 2020, resulting in a net tax benefit. Our expected annualized effective tax rate remains positive for 2021.

## 12. Stock Repurchase Program

Under our stock repurchase program, we repurchased shares as follows:

<i>(in thousands, except per share data)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
Number of shares repurchased	—	690
Average price paid per share	\$ —	\$ 233.48
Total cost	\$ —	\$ 161,029

As of March 31, 2021, 2.8 million shares remained available for repurchase under the program.

## 13. Stock-Based Compensation

Total stock-based compensation expense and its net impact on basic and diluted earnings per share are as follows:

<i>(in thousands, except per share data)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
Cost of sales:		
Maintenance and service	\$ 3,562	\$ 2,866
Operating expenses:		
Selling, general and administrative	17,223	15,144
Research and development	14,334	12,931
Stock-based compensation expense before taxes	35,119	30,941
Related income tax benefits	(42,625)	(25,906)
Stock-based compensation expense, net of taxes	\$ (7,506)	\$ 5,035
Net impact on earnings per share:		
Basic earnings per share	\$ 0.09	\$ (0.06)
Diluted earnings per share	\$ 0.09	\$ (0.06)

Stock-based compensation is a net benefit for the three months ended March 31, 2021. The tax benefits on stock-based compensation exceed the gross stock-based compensation expense due to increased excess tax benefits recognized related to awards issued in prior periods that were either exercised or released in the current period.

**14. Geographic Information**

Revenue to external customers is attributed to individual countries based upon the location of the customer. Revenue by geographic area is as follows:

<i>(in thousands)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
United States	\$ 152,701	\$ 125,113
Japan	42,015	37,359
Germany	31,346	30,097
South Korea	22,398	15,561
France	15,386	15,469
Other Europe, Middle East and Africa (EMEA)	56,543	43,841
Other international	42,837	37,545
Total revenue	\$ 363,226	\$ 304,985

Property and equipment by geographic area is as follows:

<i>(in thousands)</i>	March 31, 2021	December 31, 2020
United States	\$ 62,890	\$ 65,633
India	7,077	7,408
Germany	5,541	5,277
France	5,239	5,749
Other EMEA	5,688	5,847
Other international	6,772	6,589
Total property and equipment, net	\$ 93,207	\$ 96,503

**15. Contingencies and Commitments**

We are subject to various investigations, claims and legal proceedings that arise in the ordinary course of business, including commercial disputes, labor and employment matters, tax audits, alleged infringement of intellectual property rights and other matters. In our opinion, the resolution of pending matters is not expected to have a material adverse effect on our consolidated results of operations, cash flows or financial position. However, each of these matters is subject to various uncertainties and it is possible that an unfavorable resolution of one or more of these proceedings could materially affect our results of operations, cash flows or financial position.

Our Indian subsidiary has several service tax audits pending that have resulted in formal inquiries being received on transactions through mid-2012. We could incur tax charges and related liabilities of approximately \$7.4 million. As such charges are not probable at this time, a reserve has not been recorded on the condensed consolidated balance sheet as of March 31, 2021. The service tax issues raised in our notices and inquiries are very similar to the case, M/s Microsoft Corporation (I) (P) Ltd. Vs. Commissioner of Service Tax, New Delhi, wherein the Delhi Customs, Excise and Service Tax Appellate Tribunal (CESTAT) issued a favorable ruling to Microsoft. The Microsoft ruling was subsequently challenged in the Supreme Court by the Indian tax authority and a decision is still pending. We can provide no assurances on the impact that the present Microsoft case's decision will have on our cases, however, an unfavorable ruling in the Microsoft case may impact our assessment of probability and result in the recording of a \$7.4 million reserve. We are uncertain as to when these service tax matters will be concluded.

We sell software licenses and services to our customers under contractual agreements. Such agreements generally include certain provisions indemnifying the customer against claims of intellectual property infringement or non-compliance to contractual terms and conditions by third parties arising from such customer's usage of our products or services. To date, payments related to these indemnification provisions have been immaterial. For several reasons, including the lack of prior material indemnification claims, we cannot determine the maximum amount of potential future payments, if any, related to such indemnification provisions.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of ANSYS, Inc.

**Results of Review of Interim Financial Information**

We have reviewed the accompanying condensed consolidated balance sheet of ANSYS, Inc. and subsidiaries (the "Company") as of March 31, 2021, the related condensed consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the three-month periods ended March 31, 2021 and 2020, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2020, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 24, 2021, 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, 2020, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

**Basis for Review Results**

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, 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.

/s/ Deloitte & Touche LLP  
Pittsburgh, Pennsylvania  
May 5, 2021

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and notes thereto for the three months ended March 31, 2021, and with our audited consolidated financial statements and notes thereto for the year ended December 31, 2020 included in the 2020 Form 10-K filed with the Securities and Exchange Commission. The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles (GAAP).

### Business:

Ansys, a Delaware corporation formed in 1994, develops and globally markets engineering simulation software and services widely used by engineers, designers, researchers and students across a broad spectrum of industries and academia, including aerospace and defense, automotive, electronics, semiconductors, energy, turbomachinery, consumer products, and healthcare. Headquartered south of Pittsburgh, Pennsylvania, we employed approximately 4,800 people as of March 31, 2021. We focus on the development of open and flexible solutions that enable users to analyze designs directly on the desktop, which can be delivered both on-premises and in the cloud. We provide a common platform for fast, efficient and cost-conscious product development, from design concept to final-stage testing and validation. We distribute our suite of simulation technologies through direct sales offices in strategic, global locations and a global network of independent resellers and distributors (collectively, channel partners). It is our intention to continue to maintain this hybrid sales and distribution model.

Our strategy of Pervasive Engineering Simulation seeks to deepen the use of simulation in our core, to amplify usage of simulation throughout the product lifecycle and to embed simulation into our partners' ecosystems. The engineering software simulation market is strong and growing. The market growth is driven by customers' needs for rapid, quality innovation in a cost-efficient manner, enabling faster time to market of new products and lower warranty costs. While the transition away from physical prototyping toward simulation is prevalent through all industries, simulation demand is heightened by investments in high-growth solutions, including 5G, electrification, autonomous and the IIoT. Our strategy of Pervasive Engineering Simulation is aligned with this market growth.

We license our technology to businesses, educational institutions and governmental agencies. Growth in our revenue is affected by the strength of global economies, general business conditions, currency exchange rate fluctuations, customer budgetary constraints and the competitive position of our products. We believe that the features, functionality and integrated multiphysics capabilities of our software products are as strong as they have ever been. However, the software business is generally characterized by long sales cycles. These long sales cycles increase the difficulty of predicting sales for any particular quarter. We make many operational and strategic decisions based upon short- and long-term sales forecasts that are impacted not only by these long sales cycles, but also by current global economic conditions, including the impact of the current COVID-19 pandemic. As a result, we believe that our overall performance is best measured by fiscal year results rather than by quarterly results.

Management considers the competition and price pressure that it faces in the short- and long-term by focusing on expanding the breadth, depth, ease of use and quality of the technologies, features, functionality and integrated multiphysics capabilities of our software products as compared to our competitors; investing in research and development to develop new and innovative products and increase the capabilities of our existing products; supplying new products and services; focusing on customer needs, training, consulting and support; and enhancing our distribution channels. We also consider acquisitions to supplement our global engineering talent, product offerings and distribution channels.

### Overview:

#### *Update on the Impact of COVID-19*

As we moved into 2021, we continuously worked to mitigate the effects of COVID-19 on our business as described in our 2020 Form 10-K. The health and safety of our employees and their families, our partners and our broad Ansys community around the world remain a high priority. We are continuing to monitor the situation, but as of now remote access remains the primary means of work for a majority of our workforce. As we prepare for a broader employee base to return to the office later in the year, we are developing new flexible work arrangements. Remote work arrangements have not adversely affected our ability to maintain effective financial operations, including our financial reporting systems, internal controls over financial reporting and disclosure controls and procedures. We expect to maintain these effective controls as we continue to work remotely during the COVID-19 pandemic.

The impact from the rapidly changing market and economic conditions due to the COVID-19 pandemic has disrupted the business of our customers and partners, and has impacted our business and consolidated results of operations. Our current expectations regarding future performance are subject to significant uncertainty and dependent upon the remaining duration and severity of the pandemic, the geographic markets affected, the actions taken by governmental authorities to contain the spread of the virus and variants, the nature and scope of government economic recovery measures, and the widespread availability, consumption and reliability of vaccines, among other factors. The spread of the virus and its variants and economic deterioration caused by them have had an adverse impact on our business and, in the future, could have a material adverse impact on our business, as well as on our ability to achieve our financial guidance. We continue to adjust our spending to reflect our expectations for the pace at which economic recovery will occur, while balancing the need to invest for long-term opportunities. We have also maintained and intend to maintain our commitment to invest in our acquisitions, research and development, and certain digital transformation projects, in particular our Customer Relationship Management (CRM) system and human resources information system (HRIS) projects, as those projects are critical to our ability to operate efficiently and scale the business for future growth. During the first quarter of 2021, we implemented enhancements to our CRM platform, and we expanded the rollout of our global payroll platform for HRIS.

Please see "Note About Forward-Looking Statements" and "Risk Factors" in Part I, Item 1A of our 2020 Form 10-K for discussion on additional business risks, including those associated with the COVID-19 pandemic.

#### *Overall GAAP and Non-GAAP Results*

This section includes a discussion of GAAP and non-GAAP results. For reconciliations of non-GAAP results to GAAP results, see the section titled "Non-GAAP Results" herein.

Our GAAP and non-GAAP results for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020 reflected the following increases:

	Three Months Ended March 31, 2021	
	GAAP	Non-GAAP
Revenue	19.1 %	20.5 %
Operating income	46.8 %	37.5 %
Diluted earnings per share	54.7 %	34.9 %

We experienced an increase in revenue during the three months ended March 31, 2021 due to growth in software license and maintenance revenue and contributions from our recent acquisitions. The COVID-19 pandemic and trade restrictions with China adversely impacted our revenue during the three months ended March 31, 2021 and 2020. However, due to our diverse customer base, both from a vertical and geographic perspective, as well as our close relationships with customers, we were able to conduct a large amount of business remotely, which mitigated the impacts of the COVID-19 outbreak.

We also experienced increased operating expenses primarily due to increased personnel costs, additional operating expenses related to acquisitions, increased costs related to foreign exchange translation due to a weaker U.S. Dollar and higher stock-based compensation. While our hiring pace was slowed and certain discretionary operational expenses, such as travel, were significantly reduced, the COVID-19 pandemic did not have a material impact on our operating expenses during the three months ended March 31, 2021.

The non-GAAP results exclude the income statement effects of the acquisition accounting adjustments to deferred revenue, stock-based compensation, amortization of acquired intangible assets, and transaction expenses related to business combinations.

### Impact of Foreign Currency

Our comparative financial results were impacted by fluctuations in the U.S. Dollar during the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. The net favorable impacts on our GAAP and non-GAAP revenue and operating income as a result of the weakened U.S. Dollar when measured against our primary foreign currencies are reflected in the table below.

<i>(in thousands)</i>	Three Months Ended March 31, 2021			
	GAAP		Non-GAAP	
Revenue	\$	9,912	\$	9,948
Operating income	\$	2,046	\$	2,473

In constant currency, our increases were as follows:

	Three Months Ended March 31, 2021		
	GAAP		Non-GAAP
Revenue	15.8 %		17.3 %
Operating income	40.8 %		34.8 %

Constant currency amounts exclude the effects of foreign currency fluctuations on the reported results. To present this information, the 2021 results for entities whose functional currency is a currency other than the U.S. Dollar were converted to U.S. Dollars at rates that were in effect for the 2020 comparable period, rather than the actual exchange rates in effect for 2021. Constant currency growth rates are calculated by adjusting the 2021 reported revenue and operating income amounts by the 2021 currency fluctuation impacts and comparing to the 2020 comparable period reported revenue and operating income amounts.

### Other Key Business Metric

Annual Contract Value (ACV) is one of our key performance metrics and is useful to investors in assessing the strength and trajectory of our business. Given that revenue is more volatile due to the upfront revenue recognition of multi-year lease license sales, we provide ACV as a supplemental metric to help evaluate the annual performance of the business. Summed over the long term, ACV and revenue lead to the same outcome. However, there will be years in which ACV growth lags revenue growth and other years in which ACV growth leads revenue growth. It is used by management in financial and operational decision-making and in setting sales targets used for compensation. ACV should be viewed independently of revenue and deferred revenue as ACV is a performance metric and is not intended to be combined with any of these items. There is no GAAP measure comparable to ACV. ACV is composed of the following:

- the annualized value of maintenance and lease contracts with start dates or anniversary dates during the period, plus
- the value of perpetual license contracts with start dates during the period, plus
- the annualized value of fixed-term services contracts with start dates or anniversary dates during the period, plus
- the value of work performed during the period on fixed-deliverable services contracts.

Our ACV was as follows:

<i>(in thousands, except percentages)</i>	Three Months Ended March 31,		Change		
	2021	2020	Amount	%	Constant Currency %
ACV	\$ 319,382	\$ 301,050	\$ 18,332	6.1	3.0
Recurring ACV as a percentage of ACV	77.6 %	82.2 %			

Recurring ACV includes both lease licenses and maintenance contracts. The reduction as a percentage of total ACV in Q1 2021 as compared to Q1 2020 was driven by an increase in perpetual licensing, primarily within our Asia-Pacific markets.

### Other Financial Information

Our financial position includes \$987.9 million in cash and short-term investments, and working capital of \$1,036.9 million as of March 31, 2021.

There were no share repurchases during the first quarter of 2021. As of March 31, 2021, we had 2.8 million shares remaining available for repurchase under our authorized share repurchase program.

Geographic Trends:

The following table presents our geographic constant currency GAAP revenue growth during the three months ended March 31, 2021 as compared to the three months ended March 31, 2020:

	<u>Three Months Ended March 31, 2021</u>
Americas	21.1 %
EMEA	7.6 %
Asia-Pacific	16.3 %
Total	15.8 %

The mix of perpetual license sales as well as the value and duration of multi-year lease contracts executed during the period significantly impact revenue recognition. As a result, regional revenues may fluctuate significantly on a quarterly basis and are not necessarily indicative of customer usage changes or our cash flows for such regions during the periods presented.

To drive growth, we continue to focus on a number of sales improvement activities across the geographic regions, including sales hiring, pipeline building, productivity initiatives and customer engagement activities.

Continued trade tensions between the U.S. and China, together with the uncertainty around the COVID-19 outbreak, have had an impact on, and in the future may further restrict, our ability to sell and distribute our products to certain customers and our ability to collect against existing trade receivables. As a result, each of these have had, and in the future could continue to have, an adverse effect on our business, results of operations or financial condition. Refer to additional details in Part I, "Item 1A. Risk Factors" in our 2020 Form 10-K.

Industry Commentary:

The industry trends from 2020 carried into the first quarter of 2021 as high-tech, automotive, and aerospace and defense continue to be our leading industries. This reflects the sustained research and development investments companies in these industries are making in critical technology initiatives – such as 5G and cloud computing infrastructure, advanced defense systems, electrification and autonomy. In the high-tech and semiconductor industry, 5G is still driving growth as it has significant implications in relation to the amount of data that is generated and stored and how effectively it can be processed. The transportation and mobility revolution continues to drive investment in the automotive industry.

Use of Estimates:

The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to fair values of stock awards, bad debts, contract revenue, acquired deferred revenue, the standalone selling prices of our products and services, the valuation of goodwill and other intangible assets, deferred compensation, income taxes, uncertain tax positions, tax valuation reserves, operating lease assets and liabilities, useful lives for depreciation and amortization, and contingencies and litigation. We base our estimates on historical experience, market experience, estimated future cash flows and various other assumptions that management believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**Note About Forward-Looking Statements**

This Quarterly Report on 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 (the Exchange Act), including, but not limited to, the following statements, as well as statements that contain such words as "anticipates," "intends," "believes," "plans" and other similar expressions:

- Our expectations regarding the impacts of the COVID-19 pandemic and variants of the virus as well as trade tensions between the U.S. and China.
- Our intentions regarding our hybrid sales and distribution model.
- Our intentions related to investments in research and development, particularly as it relates to expanding the ease of use and capabilities of our broad portfolio of simulation software products.
- Our expectations regarding the accelerated development of new and innovative products to the marketplace while lowering design and engineering costs for customers as a result of our acquisitions.

- Our statements regarding the impact of global economic conditions.
- Our expectations regarding the outcome of our service tax audit cases.
- Our assessment of the ultimate liabilities arising from various investigations, claims and legal proceedings.
- Our statements regarding the strength of the features, functionality and integrated multiphysics capabilities of our software products.
- Our belief that our overall performance is best measured by fiscal year results rather than by quarterly results.
- Our expectations regarding increased lease license volatility due to an increased customer preference for time-based licenses rather than perpetual licenses.
- Our estimates regarding the expected impact on reported revenue related to the acquisition accounting treatment of deferred revenue.
- Our expectation that we will continue to make targeted investments in our global sales and marketing organizations and our global business infrastructure to enhance and support our revenue-generating activities.
- Our intention to repatriate previously taxed earnings in excess of working capital needs and to reinvest all other earnings of our non-U.S. subsidiaries.
- Our plans related to future capital spending.
- The sufficiency of existing cash and cash equivalent balances to meet future working capital and capital expenditure requirements.
- Our belief that the best uses of our excess cash are to invest in the business, acquire or make investments in complementary companies, products, services and technologies, make payments on outstanding debt balances and repurchase stock in order to both offset dilution and return capital, in excess of our requirements, to stockholders with the goal of increasing stockholder value.
- Our expectation that changes in currency exchange rates will affect our financial position, results of operations and cash flows.
- Our expectations regarding future claims related to indemnification obligations.
- Our expectations regarding acquisitions, related capital expenditures and integrating such acquired companies to realize the benefits of cost reductions and other synergies relating thereto.

Forward-looking statements should not be unduly relied upon because they involve known and unknown risks, uncertainties and other factors, some of which are beyond our control. We describe such risks, uncertainties, and factors in the “Risk Factors,” “Quantitative and Qualitative Disclosures about Market Risk,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our Forms 10-K and 10-Q. Many of these risks, uncertainties, and factors are currently amplified by, and may continue to be amplified by, the COVID-19 pandemic. Forward-looking statements speak only as of the date they are made and we undertake no obligation to update them. Our actual results could differ materially from those set forth in forward-looking statements.

**Results of Operations**
**Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020**
**Revenue:**

<i>(in thousands, except percentages)</i>	Three Months Ended March 31,		Change		
	2021	2020	Amount	%	Constant Currency %
Revenue:					
Lease licenses	\$ 65,077	\$ 44,874	\$ 20,203	45.0	42.6
Perpetual licenses	67,527	42,956	24,571	57.2	52.8
Software licenses	132,604	87,830	44,774	51.0	47.6
Maintenance	213,674	200,488	13,186	6.6	3.3
Service	16,948	16,667	281	1.7	(1.1)
Maintenance and service	230,622	217,155	13,467	6.2	3.0
Total revenue	\$ 363,226	\$ 304,985	\$ 58,241	19.1	15.8

Our revenue in the quarter ended March 31, 2021 increased 19.1% as compared to the quarter ended March 31, 2020, while revenue grew 15.8% in constant currency. The growth rate was favorably impacted by our continued investment in our global sales, support and marketing organizations, strong perpetual license sales, the timing and duration of our multi-year lease contracts, momentum sales to our small- and medium-sized businesses, and our recent acquisitions. Lease license revenue increased 45.0%, or 42.6% in constant currency, as compared to the prior-year quarter. Perpetual license revenue, which is derived from new sales during the quarter, increased 57.2%, or 52.8% in constant currency, as compared to the prior-year quarter. Annual maintenance contracts that were sold with new perpetual licenses, maintenance renewals and the maintenance portion of lease license contracts collectively contributed to maintenance revenue growth of 6.6%, or 3.3% in constant currency. Service revenue increased 1.7%, or decreased 1.1% in constant currency, as compared to the prior-year quarter.

We continue to experience increased interest by some of our larger customers in enterprise agreements that often include longer-term, time-based licenses involving a larger number of our software products. While these arrangements typically involve a higher overall transaction price, the upfront recognition of license revenue related to these larger, multi-year transactions can result in significantly higher lease license revenue volatility. Software products, across a large variety of applications and industries, are increasingly distributed in software-as-a-service, cloud and other subscription environments in which the licensing approach is time-based rather than perpetual. This preference resulted in a shift from perpetual licenses to time-based licenses across a broader spectrum of our customers, with the exception of our Asia-Pacific region which experienced a disproportionate increase in perpetual licensing for the first quarter of 2021.

In relation to COVID-19 and our revenue, we currently expect a recovery in the business environment as vaccine distribution becomes more widespread and a larger percentage of the population is inoculated. Globally, businesses have not resumed full operations and our teams and those of our customers will likely continue working remotely into the second half of 2021. As a result of social distancing, our in-person demand generation events and those of our channel partners have been canceled. While we have adjusted to have a stronger digital focus, as evidenced by our hosting of our annual Simulation World digital event in April 2021, the absence of certain events has had and is expected to continue to have an adverse impact on our results, especially for certain channel partners. Additional waves or mutated variants of COVID-19 could result in renewed shutdowns that stop or regress economic recovery.

With respect to revenue, on average for the quarter ended March 31, 2021, the U.S. Dollar was approximately 6.5% weaker, when measured against our primary foreign currencies, than for the quarter ended March 31, 2020. The table below presents the net favorable impacts of currency fluctuations on revenue for the quarter ended March 31, 2021.

<i>(in thousands)</i>	Three Months Ended March 31, 2021
Euro	\$ 6,120
South Korean Won	1,369
British Pound	820
Japanese Yen	782
Other	821
Total	\$ 9,912

The impacts from currency fluctuations resulted in increased operating income of \$2.0 million for the quarter ended March 31, 2021 as compared to the quarter ended March 31, 2020.

As a percentage of revenue, our international and domestic revenues, and our direct and indirect revenues, were as follows:

	Three Months Ended March 31,	
	2021	2020
International	58.0 %	59.0 %
Domestic	42.0 %	41.0 %
Direct	71.8 %	73.6 %
Indirect	28.2 %	26.4 %

In valuing deferred revenue on the balance sheets of our recent acquisitions as of their respective acquisition dates, we applied the fair value provisions applicable to the accounting for business combinations, resulting in a reduction of deferred revenue as compared to the historical carrying amount. As a result, our post-acquisition revenue will be less than the sum of what would have otherwise been reported by us and each acquiree absent the acquisitions. The impacts on reported revenue were \$8.9 million and \$3.9 million for the quarters ended March 31, 2021 and 2020, respectively. The expected impacts on reported revenue are \$5.3 million and \$19.3 million for the quarter ending June 30, 2021 and the year ending December 31, 2021, respectively.

Deferred Revenue and Backlog:

Deferred revenue consists of billings made or payments received in advance of revenue recognition from customer agreements. The deferred revenue on our condensed consolidated balance sheets does not represent the total value of annual or multi-year, noncancellable agreements. Our backlog represents installment billings for periods beyond the current quarterly billing cycle. Our deferred revenue and backlog as of March 31, 2021 and December 31, 2020 consisted of the following:

<i>(in thousands)</i>	Balance at March 31, 2021		
	Total	Current	Long-Term
Deferred revenue	\$ 380,729	\$ 366,596	\$ 14,133
Backlog	555,772	240,904	314,868
Total	<u>\$ 936,501</u>	<u>\$ 607,500</u>	<u>\$ 329,001</u>

  

<i>(in thousands)</i>	Balance at December 31, 2020		
	Total	Current	Long-Term
Deferred revenue	\$ 388,810	\$ 372,061	\$ 16,749
Backlog	578,317	234,719	343,598
Total	<u>\$ 967,127</u>	<u>\$ 606,780</u>	<u>\$ 360,347</u>

Revenue associated with deferred revenue and backlog that will be recognized in the subsequent twelve months is classified as current in the tables above.

Cost of Sales and Operating Expenses:

The tables below reflect our operating results as presented on the condensed consolidated statements of income, which are inclusive of foreign currency translation impacts. Amounts included in the discussions that follow each table are provided in constant currency and are inclusive of costs related to our acquisitions. The impact of foreign exchange translation is discussed separately, where material.

(in thousands, except percentages)	Three Months Ended March 31,				Change	
	2021		2020		Amount	%
	Amount	% of Revenue	Amount	% of Revenue		
Cost of sales:						
Software licenses	\$ 7,606	2.1	\$ 4,926	1.6	\$ 2,680	54.4
Amortization	14,949	4.1	9,552	3.1	5,397	56.5
Maintenance and service	39,548	10.9	35,638	11.7	3,910	11.0
Total cost of sales	62,103	17.1	50,116	16.4	11,987	23.9
Gross profit	\$ 301,123	82.9	\$ 254,869	83.6	\$ 46,254	18.1

Software Licenses: The increase in the cost of software licenses was primarily due to increased third-party royalties of \$2.5 million.

Amortization: The increase in amortization expense was due to the amortization of intangible assets acquired within the last year.

Maintenance and Service: The increase in maintenance and service costs was primarily due to the following:

- Increased salaries and incentive compensation of \$2.2 million.
- Increased costs related to foreign exchange translation of \$1.3 million due to a weaker U.S. Dollar.

The improvement in gross profit was a result of the increase in revenue, partially offset by the increase in the cost of sales.

(in thousands, except percentages)	Three Months Ended March 31,				Change	
	2021		2020		Amount	%
	Amount	% of Revenue	Amount	% of Revenue		
Operating expenses:						
Selling, general and administrative	\$ 146,215	40.3	\$ 130,522	42.8	\$ 15,693	12.0
Research and development	100,479	27.7	86,112	28.2	14,367	16.7
Amortization	4,407	1.2	4,162	1.4	245	5.9
Total operating expenses	\$ 251,101	69.1	\$ 220,796	72.4	\$ 30,305	13.7

Selling, General and Administrative: The net increase in selling, general and administrative costs was primarily due to the following:

- Increased salaries, incentive compensation and other headcount-related costs of \$15.3 million.
- Increased costs related to foreign exchange translation of \$3.8 million due to a weaker U.S. Dollar.
- Increased stock-based compensation of \$2.1 million.
- Decreased business travel of \$4.9 million due to the COVID-19 pandemic.
- Decreased bad debt expense of \$3.1 million.

We anticipate that we will continue to make targeted investments in our global sales and marketing organizations and our global business infrastructure to enhance and support our revenue-generating activities.

**Research and Development:** The increase in research and development costs was primarily due to the following:

- Increased salaries, incentive compensation and other headcount-related costs of \$9.7 million.
- Increased costs related to foreign exchange translation of \$2.4 million due to a weaker U.S. Dollar.
- Increased stock-based compensation of \$1.4 million.

We have traditionally invested significant resources in research and development activities and intend to continue to make investments in expanding the ease of use and capabilities of our broad portfolio of simulation software products.

**Interest Income:** Interest income for the quarter ended March 31, 2021 was \$0.5 million as compared to \$2.8 million for the quarter ended March 31, 2020. Interest income decreased as a result of a lower interest rate environment and the related decrease in the average rate of return on invested cash balances.

**Interest Expense:** Interest expense for the quarter ended March 31, 2021 was \$3.3 million as compared to \$3.7 million for the quarter ended March 31, 2020. Interest expense decreased as a result of a lower interest rate environment, partially offset by interest incurred on debt financing obtained in connection with the acquisition of AGI in the fourth quarter of 2020.

**Other Income, net:** Other income for the quarter ended March 31, 2021 was \$0.4 million as compared to \$0.1 million for the quarter ended March 31, 2020. Other income consisted primarily of net foreign currency gains.

**Income Tax Benefit:** Our income before income tax benefit, income tax benefit and effective tax rates were as follows:

<i>(in thousands, except percentages)</i>	Three Months Ended March 31,	
	2021	2020
Income before income tax benefit	\$ 47,623	\$ 33,324
Income tax benefit	\$ (24,775)	\$ (12,740)
Effective tax rate	(52.0)%	(38.2)%

The decrease in the effective tax rate from the first quarter of 2020 was primarily due to increased benefits related to stock-based compensation.

When compared to the federal and state combined statutory rate for each respective period, the effective tax rates for the quarters ended March 31, 2021 and 2020 were favorably impacted by tax benefits from stock-based compensation, the foreign-derived intangible income deduction, and research and development credits.

**Net Income:** Our net income, diluted earnings per share and weighted average shares used in computing diluted earnings per share were as follows:

<i>(in thousands, except per share data)</i>	Three Months Ended March 31,	
	2021	2020
Net income	\$ 72,398	\$ 46,064
Diluted earnings per share	\$ 0.82	\$ 0.53
Weighted average shares outstanding - diluted	87,986	87,369

### Non-GAAP Results

We provide non-GAAP revenue, non-GAAP gross profit, non-GAAP gross profit margin, non-GAAP operating income, non-GAAP operating profit margin, non-GAAP net income and non-GAAP diluted earnings per share as supplemental measures to GAAP regarding our operational performance. These financial measures exclude the impact of certain items and, therefore, have not been calculated in accordance with GAAP. A detailed explanation and a reconciliation of each non-GAAP financial measure to its most comparable GAAP financial measure are included below.

**ANSYS, INC. AND SUBSIDIARIES**  
**Reconciliations of GAAP to Non-GAAP Measures**  
(Unaudited)

<i>(in thousands, except percentages and per share data)</i>	Three Months Ended						
	March 31, 2021						
	Revenue	Gross Profit	%	Operating Income	%	Net Income	EPS - Diluted <sup>1</sup>
Total GAAP	\$ 363,226	\$ 301,123	82.9 %	\$ 50,022	13.8 %	\$ 72,398	\$ 0.82
Acquisition accounting for deferred revenue	8,923	8,923	0.4 %	8,923	2.0 %	8,923	0.10
Stock-based compensation expense	—	3,562	1.0 %	35,119	9.5 %	35,119	0.41
Excess payroll taxes related to stock-based awards	—	865	0.2 %	9,135	2.5 %	9,135	0.10
Amortization of intangible assets from acquisitions	—	14,949	4.0 %	19,356	5.2 %	19,356	0.22
Transaction expenses related to business combinations	—	—	— %	1,970	0.5 %	1,970	0.02
Adjustment for income tax effect	—	—	— %	—	— %	(47,979)	(0.55)
Total non-GAAP	\$ 372,149	\$ 329,422	88.5 %	\$ 124,525	33.5 %	\$ 98,922	\$ 1.12

<sup>1</sup> Diluted weighted average shares were 87,986.

<i>(in thousands, except percentages and per share data)</i>	Three Months Ended						
	March 31, 2020						
	Revenue	Gross Profit	%	Operating Income	%	Net Income	EPS - Diluted <sup>1</sup>
Total GAAP	\$ 304,985	\$ 254,869	83.6 %	\$ 34,073	11.2 %	\$ 46,064	\$ 0.53
Acquisition accounting for deferred revenue	3,912	3,912	0.2 %	3,912	1.1 %	3,912	0.04
Stock-based compensation expense	—	2,866	0.9 %	30,941	10.0 %	30,941	0.36
Excess payroll taxes related to stock-based awards	—	523	0.1 %	6,983	2.3 %	6,983	0.08
Amortization of intangible assets from acquisitions	—	9,552	3.2 %	13,714	4.4 %	13,714	0.16
Transaction expenses related to business combinations	—	—	— %	950	0.3 %	950	0.01
Rabbi trust (income) / expense	—	—	— %	—	— %	(4)	—
Adjustment for income tax effect	—	—	— %	—	— %	(30,255)	(0.35)
Total non-GAAP	\$ 308,897	\$ 271,722	88.0 %	\$ 90,573	29.3 %	\$ 72,305	\$ 0.83

<sup>1</sup> Diluted weighted average shares were 87,369.

We use non-GAAP financial measures (a) to evaluate our historical and prospective financial performance as well as our performance relative to our competitors, (b) to set internal sales targets and spending budgets, (c) to allocate resources, (d) to measure operational profitability and the accuracy of forecasting, (e) to assess financial discipline over operational expenditures and (f) as an important factor in determining variable compensation for management and employees. In addition, many financial analysts that follow us focus on and publish both historical results and future projections based on non-GAAP financial measures. We believe that it is in the best interest of our investors to provide this information to analysts so that they accurately report the non-GAAP financial information. Moreover, investors have historically requested, and we have historically reported, these non-GAAP financial measures as a means of providing consistent and comparable information with past reports of financial results.

While we believe that these non-GAAP financial measures provide useful supplemental information to investors, there are limitations associated with the use of these non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with GAAP, are not reported by all our competitors and may not be directly comparable to similarly titled measures of our competitors due to potential differences in the exact method of calculation. We compensate for these limitations by using these non-GAAP financial measures as supplements to GAAP financial measures and by reviewing the reconciliations of the non-GAAP financial measures to their most comparable GAAP financial measures.

The adjustments to these non-GAAP financial measures, and the basis for such adjustments, are outlined below:

**Acquisition accounting for deferred revenue.** Historically, we have consummated acquisitions in order to support our strategic and other business objectives. In accordance with the fair value provisions applicable to the accounting for business combinations, acquired deferred revenue is often recorded on the opening balance sheet at an amount that is lower than the historical carrying value. Although this acquisition accounting requirement has no impact on our business or cash flow, it adversely impacts our reported GAAP revenue in the reporting periods following an acquisition. In order to provide investors with financial information that facilitates comparison of both historical and future results, we provide non-GAAP financial measures which exclude the impact of the acquisition accounting adjustment. We believe that this non-GAAP financial adjustment is useful to investors because it allows investors to (a) evaluate the effectiveness of the methodology and information used by us in our financial and operational decision-making, and (b) compare our past and future reports of financial results as the revenue reduction related to acquired deferred revenue will not recur when related lease licenses and software maintenance contracts are renewed in future periods.

**Amortization of intangible assets from acquisitions.** We incur amortization of intangible assets, included in our GAAP presentation of amortization expense, related to various acquisitions we have made. We exclude these expenses for the purpose of calculating non-GAAP gross profit, non-GAAP gross profit margin, non-GAAP operating income, non-GAAP operating profit margin, non-GAAP net income and non-GAAP diluted earnings per share when we evaluate our continuing operational performance because these costs are fixed at the time of an acquisition, are then amortized over a period of several years after the acquisition and generally cannot be changed or influenced by us after the acquisition. Accordingly, we do not consider these expenses for purposes of evaluating our performance during the applicable time period after the acquisition, and we exclude such expenses when making decisions to allocate resources. We believe that these non-GAAP financial measures are useful to investors because they allow investors to (a) evaluate the effectiveness of the methodology and information used by us in our financial and operational decision-making, and (b) compare our past reports of financial results as we have historically reported these non-GAAP financial measures.

**Stock-based compensation expense.** We incur expense related to stock-based compensation included in our GAAP presentation of cost of maintenance and service; research and development expense; and selling, general and administrative expense. This non-GAAP adjustment also includes excess payroll tax expense related to stock-based compensation. Stock-based compensation expense (benefit) incurred in connection with our deferred compensation plan held in a rabbi trust includes an offsetting benefit (charge) recorded in other income (expense). Although stock-based compensation is an expense and viewed as a form of compensation, we exclude these expenses for the purpose of calculating non-GAAP gross profit, non-GAAP gross profit margin, non-GAAP operating income, non-GAAP operating profit margin, non-GAAP net income and non-GAAP diluted earnings per share when we evaluate our continuing operational performance. We similarly exclude income (expense) related to assets held in a rabbi trust in connection with our deferred compensation plan. Specifically, we exclude stock-based compensation and income (expense) related to assets held in the deferred compensation plan rabbi trust during our annual budgeting process and our quarterly and annual assessments of our performance. The annual budgeting process is the primary mechanism whereby we allocate resources to various initiatives and operational requirements. Additionally, the annual review by our board of directors during which it compares our historical business model and profitability to the planned business model and profitability for the forthcoming year excludes the impact of stock-based compensation. In evaluating the performance of our senior management and department managers, charges related to stock-based compensation are excluded from expenditure and profitability results. In fact, we record stock-based compensation expense into a stand-alone cost center for which no single operational manager is responsible or accountable. In this way, we can review, on a period-to-period basis,

each manager's performance and assess financial discipline over operational expenditures without the effect of stock-based compensation. We believe that these non-GAAP financial measures are useful to investors because they allow investors to (a) evaluate our operating results and the effectiveness of the methodology used by us to review our operating results, and (b) review historical comparability in our financial reporting as well as comparability with competitors' operating results.

**Transaction expenses related to business combinations.** We incur expenses for professional services rendered in connection with business combinations, which are included in our GAAP presentation of selling, general and administrative expense. These expenses are generally not tax-deductible. We exclude these acquisition-related transaction expenses, derived from announced acquisitions, for the purpose of calculating non-GAAP operating income, non-GAAP operating profit margin, non-GAAP net income and non-GAAP diluted earnings per share when we evaluate our continuing operational performance, as we generally would not have otherwise incurred these expenses in the periods presented as a part of our operations. We believe that these non-GAAP financial measures are useful to investors because they allow investors to (a) evaluate our operating results and the effectiveness of the methodology used by us to review our operating results, and (b) review historical comparability in our financial reporting as well as comparability with competitors' operating results.

**Non-GAAP tax provision.** We utilize a normalized non-GAAP annual effective tax rate (AETR) to calculate non-GAAP measures. This methodology provides better consistency across interim reporting periods by eliminating the effects of non-recurring items and aligning the non-GAAP tax rate with our expected geographic earnings mix. To project this rate, we analyzed our historic and projected non-GAAP earnings mix by geography along with other factors such as our current tax structure, recurring tax credits and incentives, and expected tax positions. On an annual basis we will re-evaluate this rate for significant items that may materially affect our projections.

Non-GAAP financial measures are not in accordance with, or an alternative for, GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

We have provided a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures as listed below:

**GAAP Reporting Measure**

Revenue  
Gross Profit  
Gross Profit Margin  
Operating Income  
Operating Profit Margin  
Net Income  
Diluted Earnings Per Share

**Non-GAAP Reporting Measure**

Non-GAAP Revenue  
Non-GAAP Gross Profit  
Non-GAAP Gross Profit Margin  
Non-GAAP Operating Income  
Non-GAAP Operating Profit Margin  
Non-GAAP Net Income  
Non-GAAP Diluted Earnings Per Share

## Liquidity and Capital Resources

<i>(in thousands)</i>	March 31, 2021	December 31, 2020	Change
Cash, cash equivalents and short-term investments	\$ 987,943	\$ 913,151	\$ 74,792
Working capital	\$ 1,036,905	\$ 990,412	\$ 46,493

### Cash, Cash Equivalents and Short-Term Investments

Cash and cash equivalents consist primarily of highly liquid investments such as money market funds and deposits held at major banks. Short-term investments consist primarily of deposits held by certain of our foreign subsidiaries with original maturities of three months to one year. The following table presents our foreign and domestic holdings of cash, cash equivalents and short-term investments as of March 31, 2021 and December 31, 2020:

<i>(in thousands, except percentages)</i>	March 31, 2021	% of Total	December 31, 2020	% of Total
Domestic	\$ 662,071	67.0	\$ 582,882	63.8
Foreign	325,872	33.0	330,269	36.2
Total	<u>\$ 987,943</u>		<u>\$ 913,151</u>	

In general, it is our intention to permanently reinvest all earnings in excess of previously taxed amounts. Substantially all of the pre-2018 earnings of our non-U.S. subsidiaries were taxed through the transition tax and post-2018 current earnings are taxed as part of global intangible low-taxed income tax expense. These taxes increase our previously taxed earnings and allow for the repatriation of the majority of our foreign earnings without any residual U.S. federal tax. While we believe that the financial reporting bases may be greater than the tax bases of investments in foreign subsidiaries for any earnings in excess of previously taxed amounts, such amounts are considered permanently reinvested. The cumulative temporary difference related to such permanently reinvested earnings is approximately \$87.8 million, and we would anticipate the tax effect on those earnings to be immaterial.

The amount of cash, cash equivalents and short-term investments held by foreign subsidiaries is subject to translation adjustments caused by changes in foreign currency exchange rates as of the end of each respective reporting period, the offset to which is recorded in accumulated other comprehensive loss on our condensed consolidated balance sheet.

### Cash Flows from Operating Activities

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2021	2020	
Net cash provided by operating activities	\$ 171,107	\$ 147,412	\$ 23,695

Net cash provided by operating activities increased during the first quarter due to increased net income (net of non-cash operating adjustments) of \$35.7 million, partially offset by decreased net cash flows from operating assets and liabilities of \$12.0 million. The growth in net cash provided by operating activities was impacted by a meaningful increase in customer receipts driven primarily by strong growth in the fourth quarter of 2020 as well as increased collections of aged accounts, partially offset by increased outflows related to operational payments and income taxes.

### Cash Flows from Investing Activities

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2021	2020	
Net cash used in investing activities	\$ (15,863)	\$ (9,599)	\$ (6,264)

Net cash used in investing activities increased during the first quarter due to increased acquisition-related net cash outlays of \$8.4 million. We currently plan capital spending of \$30.0 million to \$40.0 million during fiscal year 2021 as compared to the \$35.4 million that was spent in fiscal year 2020. The level of spending will depend on various factors, including the growth of the business, general economic conditions and the ongoing impact of COVID-19.

**Cash Flows from Financing Activities**

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2021	2020	
Net cash used in financing activities	\$ (74,208)	\$ (288,738)	\$ 214,530

Net cash used in financing activities decreased during the first quarter due to decreased stock repurchases of \$161.0 million and decreased principal payments on long-term debt of \$75.0 million, partially offset by increased restricted stock withholding taxes paid in lieu of issued shares of \$23.6 million.

**Other Cash Flow Information**

As of March 31, 2021, the carrying value of our term loans was \$798.2 million, of which \$4.7 million is due in the next twelve months.

We previously entered into noncancellable operating lease commitments, primarily for our domestic and international offices as well as certain operating equipment. The commitments related to these operating leases is \$148.3 million, of which \$26.6 million is due in the next twelve months.

We believe that existing cash and cash equivalent balances of \$987.4 million, together with cash generated from operations and access to the \$500.0 million Revolving Credit Facility, will be sufficient to meet our working capital and capital expenditure requirements through the next twelve months. We also believe that our liquidity will allow us to manage the anticipated impact of COVID-19 on our business operations for the foreseeable future. Our cash requirements in the future may also be financed through additional equity or debt financings. However, future disruptions in the capital markets could make financing more challenging, and there can be no assurance that such financing can be obtained on commercially reasonable terms, or at all.

Under our stock repurchase program, we repurchased shares as follows:

<i>(in thousands, except per share data)</i>	Three Months Ended	
	March 31, 2021	March 31, 2020
Number of shares repurchased	—	690
Average price paid per share	\$ —	\$ 233.48
Total cost	\$ —	\$ 161,029

As of March 31, 2021, 2.8 million shares remained available for repurchase under the program.

The authorized repurchase program does not have an expiration date, and the pace of the repurchase activity will depend on factors such as working capital needs, cash requirements for acquisitions, our stock price, and economic and market conditions. Our stock repurchases may be effected from time to time through open market purchases or pursuant to a Rule 10b5-1 plan.

We continue to generate positive cash flows from operating activities and believe that the best uses of our excess cash are to invest in the business; acquire or make investments in complementary companies, products, services and technologies; and make payments on our outstanding debt balances. Any future acquisitions may be funded by available cash and investments, cash generated from operations, debt financing, or the issuance of additional securities. Additionally, we have in the past, and expect in the future, to repurchase stock in order to both offset dilution and return capital, in excess of our requirements, to stockholders with the goal of increasing stockholder value.

**Off-Balance-Sheet Arrangements**

We do not have any special-purpose entities or off-balance-sheet arrangements.

**Contractual Obligations**

There were no material changes to our significant contractual obligations during the three months ended March 31, 2021 as compared to those previously reported within "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2020 Form 10-K.

**Critical Accounting Policies and Estimates**

During the first quarter of 2021, we completed the annual impairment test for goodwill and the indefinite-lived intangible asset and determined that these assets had not been impaired as of the test date, January 1, 2021. No other events or circumstances changed during the three months ended March 31, 2021 that would indicate that the fair values of our reporting unit and indefinite-lived intangible asset are below their carrying amounts.

No significant changes have occurred to our critical accounting policies and estimates as previously reported within "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2020 Form 10-K.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

**Interest Rate Risk.** Changes in the overall level of interest rates affect the interest income that is generated from our cash, cash equivalents and short-term investments and the interest expense that is generated from our outstanding borrowings. For the three months ended March 31, 2021, interest income was \$0.5 million and interest expense was \$3.3 million. Cash and cash equivalents consist primarily of highly liquid investments such as money market funds and deposits held at major banks. Short-term investments consist primarily of deposits held by certain foreign subsidiaries with original maturities of three months to one year.

**Foreign Currency Transaction Risk.** As we operate in international regions, a portion of our revenue, expenses, cash, accounts receivable and payment obligations are denominated in foreign currencies. As a result, changes in currency exchange rates will affect our financial position, results of operations and cash flows. The currency exchange rate volatility due to COVID-19 has increased our foreign currency transaction risk.

With respect to revenue, on average for the quarter ended March 31, 2021, the U.S. Dollar was approximately 6.5% weaker, when measured against our primary foreign currencies, than for the quarter ended March 31, 2020. The table below presents the net favorable impacts of currency fluctuations on revenue for the three months ended March 31, 2021.

<i>(in thousands)</i>	<b>Three Months Ended March 31, 2021</b>	
Euro	\$	<b>6,120</b>
South Korean Won		<b>1,369</b>
British Pound		<b>820</b>
Japanese Yen		<b>782</b>
Other		<b>821</b>
Total	<b>\$</b>	<b>9,912</b>

The impacts from currency fluctuations resulted in increased operating income of \$2.0 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020.

The most significant currency impacts on revenue and operating income are typically attributable to U.S. Dollar exchange rate changes against the Euro and Japanese Yen. Historical exchange rates for these currency pairs are reflected in the charts below:

<b>As of</b>	<b>Period-End Exchange Rates</b>	
	<b>EUR/USD</b>	<b>USD/JPY</b>
<b>March 31, 2021</b>	<b>1.17</b>	<b>110.73</b>
December 31, 2020	1.22	103.27
March 31, 2020	1.10	107.56

  

<b>Three Months Ended</b>	<b>Average Exchange Rates</b>	
	<b>EUR/USD</b>	<b>USD/JPY</b>
<b>March 31, 2021</b>	<b>1.21</b>	<b>105.91</b>
March 31, 2020	1.10	108.99

No other material change has occurred in our market risk subsequent to December 31, 2020.

#### **Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures.** As required by Rules 13a-15 and 15d-15 of the Exchange Act, we have evaluated, with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that such disclosure controls and procedures are effective, as defined in Rule 13a-15(e) of the Exchange Act.

We believe, based on our knowledge, that the financial statements and other financial information included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows as of and for the periods presented in this report. We are committed to both a sound internal control environment and to good corporate governance.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

From time to time, we review the disclosure controls and procedures, and may periodically make changes to enhance their effectiveness and to ensure that our systems evolve with our business.

**Changes in Internal Control.** There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2021 that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting. Although the majority of our employee base worked remotely, the remote work arrangements did not adversely affect our ability to maintain financial operations, including our financial reporting systems, internal controls over financial reporting and disclosure controls and procedures.

**PART II – OTHER INFORMATION**

**Item 1. Legal Proceedings**

We are subject to various investigations, claims and legal proceedings that arise in the ordinary course of business, including commercial disputes, labor and employment matters, tax audits and litigations, alleged infringement of intellectual property rights and other matters. Use or distribution of our products could generate product liability, regulatory infraction, or similar claims by our customers, end users, channel partners, government entities or other third parties. Sales and marketing activities that impact processing of personal data, as well as measures taken to ensure license compliance, may also result in claims by customers and individual employees of customers. Each of these matters is subject to various uncertainties, and it is possible that an unfavorable resolution of one or more of these matters could have a significant adverse effect on our condensed consolidated financial statements as well as cause reputational damage.

**Item 1A. Risk Factors**

We face a number of risks that could materially and adversely affect our business, financial position, results of operations and cash flows. A discussion of our risk factors can be found in Part I, Item 1A "Risk Factors" in our 2020 Form 10-K. No material changes have occurred to such risk factors after the filing of our 2020 Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

<u>Exhibit No.</u>	<u>Exhibit</u>
15	<a href="#">Independent Registered Public Accountant's Letter Regarding Unaudited Financial Information.</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
10.24	<a href="#">2021 Form of Award Notice (Annual Contract Value) under the Fifth Amended and Restated ANSYS, Inc. 1996 Stock Option and Grant Plan.*</a>
10.25	<a href="#">2021 Form of Award Notice (Total Shareholder Return) under the Fifth Amended and Restated ANSYS, Inc. 1996 Stock Option and Grant Plan.*</a>
10.26	<a href="#">2021 Form of Restricted Stock Unit Agreement under the Fifth Amended and Restated ANSYS, Inc. 1996 Stock Option and Grant Plan.*</a>
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
	* Indicates management contract or compensatory plan, contract or arrangement.

**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: May 5, 2021

By: /s/ Ajei S. Gopal  
Ajei S. Gopal  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: May 5, 2021

By: /s/ Nicole Anasenes  
Nicole Anasenes  
Chief Financial Officer and Senior Vice President, Finance  
(Principal Financial Officer and Principal Accounting Officer)

**AWARD NOTICE**  
**UNDER THE FIFTH AMENDED AND RESTATED**  
**ANSYS, INC. 1996 STOCK OPTION AND GRANT PLAN**

**Name of Participant:**

**Target Units:**

**Grant Date of Target Award:**

**Performance Cycles:**

**January 1, 2021 to December 31, 2021**

**January 1, 2022 to December 31, 2022**

**January 1, 2023 to December 31, 2023**

Pursuant to the Fifth Amended and Restated ANSYS, Inc. 1996 Stock Option and Grant Plan (the “Plan”), ANSYS, Inc., a Delaware corporation, (the “Company”) has selected the Participant named above to be awarded the Target Award specified above, subject to the terms and conditions of the Plan and this Award Notice. Capitalized terms used but not defined in this Award Notice shall have the meaning given such terms in the Plan. A copy of the Plan is attached hereto as Exhibit A.

1. Acceptance of Award. The total number of Restricted Stock Units that may be credited to the Participant (if any) shall be determined by the Company’s performance for the Performance Cycles specified above, as set forth in Section 5 below. One third of the Target Award is eligible to be credited for each Performance Cycle (the “Annual Target”). The actual number of Restricted Stock Units that may be credited could be up to 200% of the Target Award and could also be lower than the Target Award and could be zero.

2. Termination of Employment. Subject to Sections 3 and 5(a) below, a Participant must be employed through the last day of the final Performance Cycle to vest in any of the Restricted Stock Units that may be credited with respect to all three Performance Cycles, and all Restricted Stock Units not yet vested upon the termination of the Participant’s employment with the Company (or a Subsidiary(ies) as applicable) for any reason shall automatically be forfeited as of the date of termination of employment.

Notwithstanding the foregoing, if the Participant’s employment with the Company is terminated on account of the Participant’s death or Disability (as defined below), any Restricted Stock Units that are not vested will remain eligible to vest in accordance with their terms based upon achievement of the applicable performance condition and subject to the Company’s certification of the performance metric attainment but on a prorated basis based upon the number of months that the Participant provided services as a Participant to the Company prior to the Participant’s death or Disability during the applicable performance period. For purposes hereof, “Disability” shall mean the Participant’s termination of employment with the Company: (i) after becoming eligible to receive benefits under the Company’s then current long-term disability plan that is applicable to the Participant; (ii) where the Participant is not eligible under a Company long-term disability plan, after being officially declared permanently disabled under the mandatorily applicable health or welfare regulations of the applicable jurisdiction; or, (iii) in the absence of such a determination under said regulations, after being officially declared permanently disabled by a physician appointed by the Company in its sole discretion.

3. Transaction. Upon a Transaction, the Award shall be treated as specified in Section 3(c) of the Plan.

4. Issuance of Shares.

(a) Each Restricted Stock Unit relates to one share of the Company's Stock. Except as otherwise provided in Section 3 or in the case of death or Disability pursuant to Section 2, Shares of Stock (if any) shall be issued in settlement of any credited Restricted Stock Units within 74 days after the end of the final Performance Cycle, subject to the Participant's continued employment with the Company through the last day of the final Performance Cycle. Shares of Stock (if any) shall be delivered to the Participant in accordance with the terms of this Award Notice and of the Plan, upon compliance to the satisfaction of the Committee with all requirements under applicable laws or regulations in connection with such issuance and with the requirements hereof and of the Plan. The determination of the Committee as to such compliance shall be final and binding on the Participant.

(b) Until such time as shares of Stock are issued to the Participant pursuant to the terms hereof and of the Plan, the Participant shall have no rights as a stockholder with respect to any shares of Stock underlying the Restricted Stock Units, including but not limited to any voting rights.

5. Determination and Payment of Awards

(a) The Annual Target shall become credited based on achievement by the Company of the Performance Criteria for the applicable Performance Cycle as set forth in Exhibit B attached hereto (as updated for each Performance Cycle) and incorporated herein by reference, subject to the Participant's continued employment with the Company through the conclusion of the final Performance Cycle. For purposes of clarity and by way of example: If, during the Performance Cycle ending December 31, 2021, the Participant is credited 75% of the Annual Target for the 2021 Performance Cycle, determined by reference to the Performance Criteria included in Exhibit B, 25% of the Annual Target shall be forfeited and the credited Restricted Stock Units (75% of the Annual Target) shall vest and be settled if the Participant remains employed through the last day of the end of the final Performance Cycle.

(b) For purposes of this Section 5, the following definitions shall apply:

(i) "Operating Cash Flow" means non-GAAP operating cash flow as reported in the Company's public filings.

(ii) "Annual Contract Value" is calculated as follows: the annualized value of maintenance and lease contracts with start dates or anniversary dates during the period, plus the value of perpetual license contracts with start dates during the period, plus the annualized value of fixed-term services contracts with start dates or anniversary dates during the period, plus the value of work performed during the period on fixed-deliverable services.

(c) For purposes of the foregoing definitions, (i) there shall be constant currency measurement for both metrics; (ii) future years' annual performance targets will be designed to exclude material future acquisitions depending on the closing date, subject to the Committee's discretion; (iii) the Committee shall assess the materiality of any merger or acquisition (and whether it was contemplated when setting the applicable targets) and reserves the discretion to determine the impact thereof (if any) on the applicable targets; and (iv) such other adjustments will be made as deemed appropriate by the Committee, including to account for any unexpected events not

contemplated by the Committee at the time the applicable targets were set, as permitted by the terms and conditions of the Plan.

(d) The Committee, at its first regular meeting following the conclusion of each Performance Cycle and the delivery to the Company of its audited financial statements for such Performance Cycle, shall determine the actual number of Restricted Stock Units that will be deemed to have been credited as of the final day of such Performance Cycle, in accordance with the Performance Criteria set forth in Exhibit B.

(e) Notwithstanding the foregoing, as soon as practicable (but in no event later than 74 days) following the conclusion of the final (third) Performance Cycle, the Restricted Stock Units that were credited over all three Performance Cycles, if any, will vest and be settled in an equal number of shares of Stock, subject to the Participant's continued employment with the Company.

6. Non-Competition and Non-Solicitation. As additional consideration for the grant of this Award to the Participant, the Participant hereby agrees that he or she shall not, at any time during his or her employment with the Company or any Subsidiary, and for a period of one year immediately after the termination of such employment (no matter if terminated by the Participant or the Company and no matter what the reason for that termination), engage for any reason, directly or indirectly, whether as owner, part-owner, shareholder, member, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, on behalf of himself or herself or any firm, corporation or other business organization other than the Company and its subsidiaries, in any one or more of the following activities:

(a) the development, marketing, solicitation, or selling of any product or service that is competitive with the products or services of the Company, or products or services that the Company has under development or that are subject to active planning at any time during Participant's employment;

(b) the use of any of the Company's confidential or proprietary information, copyrights, patents or trade secrets which was acquired by the Participant as an employee of the Company and its subsidiaries; or

(c) any activity for the purpose of inducing, encouraging, or arranging for the employment or engagement by anyone other than the Company and its subsidiaries of any employee, officer, director, agent, consultant, or sales representative of the Company and its subsidiaries or attempt to engage any of them in a manner which would deprive the Company and its subsidiaries of their services or place them in a conflict of interest with the Company and its subsidiaries.

The Participant acknowledges and agrees that the activities set forth in (a)-(c) (above) are adverse to the Company's interests, and that it would be inequitable for Participant to benefit from this Award should Participant engage in any such activities during or within one year after termination of his or her employment with the Company. The Participant may be released from his or her obligations as stated above only if the Committee (or its duly appointed agent) determines in its sole discretion that such action is in the best interests of the Company and its subsidiaries. The one-year post-employment non-compete provision set forth in this Agreement does not apply to residents of California.

7. Claw-Back of Award Proceeds. The Committee shall have the authority to unilaterally terminate this Award and/or cause some or all of the proceeds relating to this Award that have been

received by the Participant to become immediately due and payable by the Participant to the Company upon the occurrence of any of the following events:

(a) the Participant's violation of Section 6 of this Agreement (entitled Non-Competition and Non-Solicitation);

(b) the material restatement of the Company's financial statements due to misconduct by the Participant;

(c) the material restatement of the Company's financial statements that results in the Participant receiving more compensation under the Award than the Participant would have received absent the incorrect financial statements.

The determination of whether any of the foregoing events has occurred and the extent of the application of this Section to the Participant and this Award shall be determined by the Committee in its sole discretion.

8. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Award Notice shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Committee set forth in Section 2 of the Plan.

9. Transferability. This Award is personal to the Participant, is non-assignable and is not transferable by Participant in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. The Stock to be issued upon the vesting of this Award to the Participant shall be issued, during the Participant's lifetime, only to the Participant, and thereafter, only to the Participant's beneficiary. The Participant may designate a beneficiary by providing written notice of the name of such beneficiary to the Company and may revoke or change such designation at any time by filing written notice of revocation or change with the Company.

10. Section 409A. This Award is intended as a short-term deferral with payment in all events occurring within the short-term deferral period of Section 409A of the Code, and to not be subject to any tax, penalty, or interest under, Section 409A of the Internal Revenue Code and the regulations promulgated thereunder. This Award, this Agreement and the Plan (as to the Award) shall be construed and interpreted consistent with such intent.

11. Tax Withholding. Any issuance of shares of Stock to a Participant shall be subject to tax withholding. The minimum tax withholding obligation shall be satisfied through a net issuance of shares. The Company shall withhold from shares of Stock to be issued to the Participant a number of shares of Stock with an aggregate fair market value that would satisfy the minimum withholding amount due.

12. No Contract for Continuing Services. Neither the Plan nor this Award Notice shall be construed as creating any contract for continued services between the Company or any of its subsidiaries and the Participant and nothing herein contained shall give the Participant the right to be retained as an employee or consultant of the Company or any of its subsidiaries.

13. Mandatory Arbitration. The Participant and the Company agree that any dispute or claim arising out of or in any way related to (i) the Participant's employment with the Company, and/or (ii) this Agreement or any breach hereof, this Award, the Plan and/or any actions taken under the Plan, to the fullest extent permitted by law, shall be submitted to and resolved by confidential,

binding arbitration by a single, neutral arbitrator. The arbitration shall be held in the county where the Company has an office at which the Participant provides services (for remote Participants, the nearest county where the Company has an office) or any other locale to which the parties jointly agree. The arbitration shall be administered by and under the auspices of JAMS in accordance with the then-current Employment Arbitration Rules & Procedures of JAMS (which are available at [www.jamsadr.com/rules-employment](http://www.jamsadr.com/rules-employment)). Arbitrator selection and discovery shall be conducted pursuant to the JAMS Rules. The arbitrator shall issue a written award setting forth the essential findings and conclusions on which the award is based, which shall be final and binding and judgment thereon may be entered in any court of competent jurisdiction. Other than an amount equal to the fee for filing such an action in the local state court, which amount the Participant shall pay toward the costs of the arbitration, the Company shall bear the administrative, filing and forum costs of the arbitration, including the JAMS administrative fees and the arbitrator's fees. Except as otherwise provided by law or in the arbitrator's ruling, each party shall otherwise bear its own respective attorneys' fees and costs of the arbitration. The Participant and the Company agree that each may bring claims against the other only in an individual capacity, and not as a plaintiff, claimant or class member in any purported class action, collective action or other representative proceeding, or otherwise seeking to represent the interests of any other person. This agreement to arbitrate shall survive any separation of the Participant's employment. Notwithstanding the foregoing, nothing herein or otherwise shall preclude the Company from pursuing a court action for the purpose of obtaining a temporary restraining order or other injunctive relief to enforce any restrictive covenants the Participant has with or for the benefit of the Company. This mandatory arbitration provision does not apply to residents of California.

14. General Release of Claims by the Participant.

(a) As a condition of and in consideration for the promises made by the Company herein, including without limitation to provide the Award hereunder, the Participant hereby knowingly and voluntarily releases and discharges to the fullest extent permitted by law the Company and its past, present and future parents, subsidiaries, affiliates, and related entities, any and all of its or their past, present or future directors, shareholders, officers, executives, employees, and/or agents, and/or its and their respective predecessors, successors, and assigns (individually and collectively, the "Company Releasees"), from and with respect to any and all claims and causes of action whatsoever, in law or in equity, known or unknown, which the Participant ever had, has or may have against the Company and/or any or all of the other Company Releasees for, upon, or by reason of any matter whatsoever up to the date on which the Participant accepts this Agreement (individually and collectively, "Claims"). The parties intend the foregoing to be a general release of any and all Claims to the fullest extent permissible by law. Notwithstanding the foregoing, nothing herein is a release by the Participant of (A) any rights or Claims with respect to accrued and vested benefits and/or previously awarded equity interests, subject in each instance to the terms and conditions of any applicable plan, grant, and/or agreement pertaining to such benefits, awards or interests and applicable law, (B) any rights or Claims arising under or to enforce this Agreement, or (C) any rights or Claims that, under applicable law, cannot lawfully be released by private agreement or otherwise.

(b) **FOR CALIFORNIA RESIDENTS ONLY:** In granting the foregoing release, the Participant acknowledges that he/she has been advised to consult with legal counsel and is familiar with the provision of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE

TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

Being aware of said Code section, the Participant hereby expressly waives any rights the Participant may have thereunder, as well as under any other state or federal statutes or common law principles of similar effect.

(c) Nothing contained in this Agreement (including the foregoing general release) limits the Participant’s ability to file a charge or complaint with any federal, state or local governmental agency, commission or regulatory entity (a “Government Agency”). If the Participant files any charge or complaint with any Government Agency, if any Government Agency pursues any charge or claim on the Participant’s behalf, or if any other third party pursues any claim or charge on the Participant’s behalf, the Participant waives any right to monetary or other individualized relief (either individually, or as part of any collective or class action); provided, however, that nothing in this Agreement limits any right the Participant may have to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission. The Participant represents that he/she is not aware of any unlawful conduct or violations of any federal, state or local law, rule or regulation by the Company and/or any other Company Releasees on any basis to bring a charge or complaint to any Government Agency.

15. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Participant at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

16. Severability. If any provision(s) hereof shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

17. Counterparts. For the convenience of the parties and to facilitate execution, this document may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

18. Time to Review and Accept; Right to Revoke; Effective Date. The Participant is advised by the Company to consult with an attorney in connection with this Agreement. The Participant understands that as part of his/her agreement to release Claims against the Company and the other Company Releasees, the Participant is releasing Claims for age discrimination under the federal Age Discrimination in Employment Act (the “ADEA”). Accordingly, the Participant has the right, and acknowledges that he/she has been given the opportunity, to review and consider this Agreement for a period of twenty-one (21) days from the Participant’s receipt of this Agreement before accepting it (the “Review Period”). To accept this Agreement and the Award granted hereunder, the Participant must accept the agreement online via his/her E\*TRADE employee stock plan account at any time before the end of the Review Period. If the Participant signs this Agreement before the end of the Review Period, the Participant acknowledges that such decision was voluntary and that he/she had the opportunity to consider this Agreement for the full Review Period. For the period of seven (7) days from the date when the Participant accepts this Agreement, the Participant has the right to revoke this Agreement by written notice via email to [human-resources@ansys.com](mailto:human-resources@ansys.com) and addressing stock administration, provided such notice is delivered so that it is received at or before the expiration of the 7-day revocation period. This Agreement shall not become effective or enforceable during the revocation period. If timely accepted and not revoked by the Participant prior to the end of

the revocation period, this Agreement shall become effective on the first business day following the expiration of the revocation period (the "Effective Date"). If not timely accepted or if (after timely acceptance) the Participant revokes prior to the expiration of the revocation period, this Agreement shall not become effective and the Participant will not be entitled to or receive the Award granted hereunder and/or such Award shall be rescinded.

19. Knowing and Voluntary Agreement. By accepting this Agreement, the Participant acknowledges and represents that the Participant (a) has carefully read this Agreement in its entirety; (b) is hereby advised by the Company in writing to consult with an attorney of the Participant's choice before accepting this Agreement; (c) has been afforded and has had a full and reasonable opportunity and period of time of at least 21 days to consider the terms and conditions of this Agreement; (d) fully understands the meaning and significance, and consequences, of all of the terms and conditions of this Agreement (including without limitation the general release given by the Participant in this Agreement); and (e) is accepting this Agreement knowingly, voluntarily and of the Participant's own free will and with the intent to be fully bound hereby.

ANSYS, Inc.

By: /s/ Ajei S. Gopal

Name: Ajei S. Gopal

Title: President and CEO

The foregoing Award is hereby accepted and the terms and conditions of this Agreement are hereby agreed to by the Participant. Electronic acceptance of this Award pursuant to the Company's instructions to the Participant (including through an online acceptance process) is acceptable and the Participant agrees that documentation from E\*TRADE showing online acceptance is valid evidence of acceptance.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Participant's signature

Participant's name and address:

**EXHIBIT A**  
**FIFTH AMENDED AND RESTATED**  
**ANSYS, INC.**  
**1996 STOCK OPTION AND GRANT PLAN**

**SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS**

The name of the plan is the Fifth Amended and Restated ANSYS, Inc. 1996 Stock Option and Grant Plan (the “Plan”). The purpose of the Plan is to encourage and enable the officers, employees, directors, consultants and key persons of ANSYS, Inc. (the “Company”) and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company’s welfare will assure a closer identification of their interests with those of the Company, thereby stimulating their efforts on the Company’s behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

“*Act*” means the Securities Exchange Act of 1934, as amended.

“*Award*” or “*Awards*,” except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Unrestricted Stock Awards, Cash-Based Awards, Performance Share Awards, Deferred Stock Awards, Restricted Stock Units and Dividend Equivalent Rights.

“*Board*” means the Board of Directors of the Company.

“*Cash-Based Awards*” means an Award entitling the recipient to receive a cash-denominated payment.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

“*Committee*” means the Committee of the Board referred to in Section 2.

“*Covered Employee*” means an employee who is a “Covered Employee” within the meaning of Section 162(m) of the Code.

“*Deferred Stock Award*” means an Award designated as such and granted pursuant to Section 11.

“*Dividend Equivalent Right*” means Awards granted pursuant to Section 12.

“*Effective Date*” means the date on which the Plan is approved by stockholders as set forth in Section 21.

“*Fair Market Value*” of the Stock on any given date means (i) if the Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System (“NASDAQ”), the Fair Market Value on any given date shall not be less than the average of the highest bid and lowest asked prices of the Stock reported for such date or, if no bid and asked prices were reported for such date, for the last day preceding such date for which such prices were reported,

or (ii) if the Stock is admitted to trading on a national securities exchange or the NASDAQ National Market System, then clause (i) shall not apply and the Fair Market Value on any date shall not be less than the closing price reported for the Stock on such exchange or system for such date or, if no sales were reported for such date, for the last date preceding such date for which a sale was reported.

*“Incentive Stock Option”* means any Stock Option designated and qualified as an “incentive stock option” as defined in Section 422 of the Code.

*“Independent Director”* means a member of the Board who is considered an “Independent Director” as set forth in the Nasdaq listing requirements.

*“Non-Qualified Stock Option”* means any Stock Option that is not an Incentive Stock Option.

*“Option”* or *“Stock Option”* means any option to purchase shares of Stock granted pursuant to Section 5.

*“Performance-Based Award”* means any Restricted Stock Award, Deferred Stock Award, Restricted Stock Unit, Performance Share Award or Cash-Based Award granted to a Covered Employee that is intended to qualify as “performance-based compensation” under Section 162(m) of the Code and the regulations promulgated thereunder.

*“Performance Criteria”* means the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for an individual for a Performance Cycle. The Performance Criteria (which shall be applicable to the organizational level specified by the Committee, including, but not limited to, the Company or a unit, division, group, or Subsidiary of the Company) that will be used to establish Performance Goals are limited to the following: earnings before interest, taxes, depreciation and amortization, net income (loss) (either before or after interest, taxes, depreciation and/or amortization), changes in the market price of the Stock, economic value-added, funds from operations or similar measure, sales, bookings or revenue, acquisitions or strategic transactions, operating income (loss), cash flow (including, but not limited to, operating cash flow and free cash flow), return on capital, assets, equity, or investment, stockholder returns, return on sales, gross or net profit levels, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings (loss) per share of Stock, sales or market shares and number of customers, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group.

*“Performance Cycle”* means one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Criteria will be measured for the purpose of determining a grantee’s right to and the payment of a Restricted Stock Award, Deferred Stock Award, Restricted Stock Unit, Performance Share Award or Cash-Based Award. Each such period shall not be less than 12 months.

*“Performance Goals”* means, for a Performance Cycle, the specific goals established in writing by the Committee for a Performance Cycle based upon the Performance Criteria.

*“Performance Share Award”* means any Award granted pursuant to Section 10.

*“Restricted Stock Award”* means any Award granted pursuant to Section 7.

“*Restricted Stock Unit Award*” means an Award designated as such and granted pursuant to Section 11.

“*Stock*” means the Common Stock, par value \$.01 per share, of the Company, subject to adjustments pursuant to Section 3.

“*Stock Appreciation Right*” means an Award entitling the recipient to receive shares of Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

“*Subsidiary*” means any corporation or other entity (other than the Company) in any unbroken chain of corporations or other entities, beginning with the Company, if each of the corporations or entities (other than the last corporation or entity in the unbroken chain) owns stock or other interests possessing 50% or more of the economic interest or the total combined voting power of all classes of stock or other interests in one of the other corporations or entities in the chain.

“*Unrestricted Stock Award*” means any Award granted pursuant to Section 8.

## **SECTION 2. ADMINISTRATION OF PLAN; COMMITTEE AUTHORITY TO SELECT PARTICIPANTS AND DETERMINE AWARDS**

(a) *Committee.* The Plan shall be administered by the Compensation Committee of the Board, or any other committee of not less than two Independent Directors performing similar functions as appointed by the Board from time to time. Each member of the Committee shall be an “Outside Director” within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder. The Plan may be administered by either the Board or a committee of not less than two “Independent Directors” and all references to the “Committee” shall also be deemed to refer to the Board.

(b) *Powers of Committee.* The Committee shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the officers, employees, directors, consultants and key persons of the Company and its Subsidiaries to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Unrestricted Stock Awards, Cash-Based Awards, Performance Share Awards, Deferred Stock Awards, Restricted Stock Units and Dividend Equivalent Rights, or any combination of the foregoing, granted to any one or more participants;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and participants, and to approve the form of written instruments evidencing the Awards;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award and/or to include provisions in Awards providing for such acceleration;

(vi) to impose any limitations on Awards granted under the Plan, including limitations on transfers, repurchase provisions and the like;

(vii) subject to the provisions of Section 5(a)(ii), to extend at any time the period in which Stock Options may be exercised;

(viii) to determine at any time whether, to what extent, and under what circumstances Stock and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the participant and whether and to what extent the Company shall pay or credit amounts constituting interest (at rates determined by the Committee) or dividends or deemed dividends on such deferrals; and

(ix) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Committee shall be binding on all persons, including the Company and Plan participants.

(c) *Delegation of Authority to Grant Awards.* The Committee, in its discretion, may delegate to the Chief Executive Officer of the Company and/or certain other designated officers of the Company all or part of the Committee's authority and duties with respect to Awards, including the granting thereof, to individuals who are not subject to the reporting and other provisions of Section 16 of the Act or "covered employees" within the meaning of Section 162(m) of the Code. The Committee may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Committee's delegate or delegates that were consistent with the terms of the Plan.

(d) *Indemnification.* Neither the Board nor the Committee, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Committee (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company's articles or bylaws or any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

(e) *Foreign Award Recipients.* Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have employees or other individuals eligible for Awards, the Committee, in its sole discretion, shall have the power and authority to:

(i) determine which Subsidiaries shall be covered by the Plan; (ii) determine which individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent the Committee determines such actions to be necessary or advisable (and such subplans and/or modifications shall be attached to this Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Section 3(a) hereof; and (v) take any action, before or after an Award is made, that the Committee determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no

Awards shall be granted, that would violate the Act or any other applicable United States securities law, the Code, or any other applicable United States governing statute or law.

(f) *Full Value Award Minimum Vesting Requirements.* Notwithstanding any other provision in the Plan to the contrary, the minimum restriction or vesting period with respect to any Restricted Stock Award, Performance Share Award, Restricted Stock Unit Award and Deferred Stock Award granted to employees or consultants shall be no less than one year in the case of a performance-based restriction or vesting period and no less than three years in the case of a time-based restriction or vesting period; provided, however, that an Award with a time-based restriction or vesting period may become unrestricted and vested incrementally over such three-year period; and provided further that, notwithstanding the foregoing, Restricted Stock Awards, Performance Share Awards, Restricted Stock Unit Awards and Deferred Stock Awards that result in the issuance of up to 5% of the shares of Stock available for issuance under the Plan pursuant to Section 3(a) may be granted in the aggregate to any one or more eligible participants in the Plan without respect to such minimum vesting provisions.

### **SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION**

(a) *Stock Issuable.* The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 39,768,912 shares of Stock, subject to adjustment provided in Section 3. For purposes of the foregoing limitation, the shares of Stock underlying any Awards which are forfeited, canceled, or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan. Notwithstanding the foregoing, the following shares shall not be added to the shares authorized for grant under the Plan: (i) shares tendered or held back upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding, and (ii) shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right upon exercise thereof. In the event the Company repurchases shares of Stock on the open market, such shares shall not be added to the shares of Stock available for issuance under the Plan. Subject to such overall limitations, shares of Stock may be issued up to such maximum number pursuant to any type or types of Award; provided, however, that Stock Options and Stock Appreciation Rights with respect to no more than 900,000 shares of Stock may be granted to any one individual participant during any one calendar year period and no more than 39,768,912 shares of Stock may be issued in the form of Incentive Stock Options. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company.

(b) *Recapitalizations.* If, through or as a result of any merger, consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar transaction, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, the Committee shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan and maximum number of shares that may be issued in the form of Incentive Stock Options, (ii) the number of Stock Options and Stock Appreciation Rights that can be granted to any one individual participant and the maximum number of shares that may be granted under a Performance-Based Award, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, and (iv) the exercise price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of shares) as to which such Stock Options and Stock Appreciation Rights remain exercisable. The adjustment by the

Committee shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Committee in its discretion may make a cash payment in lieu of fractional shares.

(c) *Mergers and Other Transactions.* In the case of (i) the dissolution or liquidation of the Company, (ii) a merger, reorganization or consolidation in which the Company is acquired by another person or entity (other than a holding company formed by the Company), (iii) the sale of all or substantially all of the assets of the Company to an unrelated person or entity, or (iv) the sale of all of the Stock of the Company to an unrelated person or entity (in each case, a “Transaction”), the Plan and all outstanding Awards shall be assumed or continued by the successor entity or parent thereof with appropriate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as provided in Section 3(b) above. In such event, except as the Committee may otherwise specify with respect to particular Awards in the Award agreements, if the employment or other service relationship of a holder of an Award is terminated without cause on or within 18 months after a Transaction, then all Awards held by such holder shall become fully exercisable and/or vested at such time. In the event the successor entity or parent thereof refuses to assume or continue outstanding Awards, then subject to the consummation of the Transaction and to the extent Awards are not assumed or continued, (x) all Awards with time-based vesting, conditions or restrictions shall become fully vested, exercisable and nonforfeitable as of the effective time of the Transaction and all Awards with conditions and restrictions relating to the attainment of performance goals may become vested and nonforfeitable in connection with the Transaction in the Committee’s discretion; and (y) upon the effective time of the Transaction, the Plan and all Awards granted hereunder shall terminate. In the event of such termination, (A) the Company shall have the option (in its sole discretion) to make or provide for a cash payment to the grantees holding Options and Stock Appreciation Rights, in exchange for the cancellation thereof, in an amount equal to the difference between (1) the value as determined by the Committee of the consideration payable per share of Stock pursuant to the Transaction (the “Sale Price”) times the number of shares of Stock subject to outstanding Options and Stock Appreciation Rights (to the extent then exercisable (after taking into account any acceleration hereunder) at prices not in excess of the Sale Price) and (2) the aggregate exercise price of all such outstanding Options and Stock Appreciation Rights; or (B) each grantee shall be permitted to exercise for a period of at least 15 days prior to the date of such termination all outstanding Options and Stock Appreciation Rights held by such grantee.

(d) *Substitute Awards.* The Committee may grant Awards under the Plan in substitution for stock and stock based awards held by employees of another corporation who become employees of the Company or a Subsidiary as the result of a merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Committee may direct that the substitute awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

(e) *Effect of Awards.* The grant of any full value Award (i.e., an Award other than an Option or a Stock Appreciation Right) shall be deemed, for purposes of determining the number of shares of Stock available for issuance under Section 3(a), as an Award of 2.5 shares of Stock for each such share of Stock actually subject to the Award. The grant of an Option or a Stock Appreciation Right shall be deemed, for purposes of determining the number of shares of Stock available for issuance under Section 3(a), as an Award for one share of Stock for each such share of Stock actually subject to the Award. Any forfeitures, cancellations or other terminations (other than by exercise) of such Awards shall be returned to the reserved pool of shares of Stock under the Plan in the same manner.

#### **SECTION 4. ELIGIBILITY**

Participants in the Plan will be such directors, officers and other employees, consultants and key persons of the Company and its Subsidiaries who are responsible for or contribute to the management, growth or profitability of the Company and its Subsidiaries as are selected from time to time by the Committee, in its sole discretion.

## **SECTION 5. STOCK OPTIONS**

Any Stock Option granted under the Plan shall be pursuant to a stock option agreement which shall be in such form as the Committee may from time to time approve. Option agreements need not be identical.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of Section 424(f) of the Code. Non-Qualified Stock Options may be granted to officers, employees, directors, advisors, consultants and key persons of the Company and its Subsidiaries. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

(a) *Terms of Stock Options.* Stock Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(i) *Exercise Price.* The exercise price per share for the Stock covered by a Stock Option shall be determined by the Committee at the time of grant but shall not be less than 100% of the Fair Market Value on the date of grant in the case of Incentive Stock Options. If an employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the option price of such Incentive Stock Option shall be not less than 110% of the Fair Market Value on the grant date.

(ii) *Option Term.* The term of each Stock Option shall be fixed by the Committee, but no Option shall be exercisable more than ten years after the date the option is granted. If an employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the term of such option shall be no more than five years from the date of grant.

(iii) *Exercisability; Rights of a Stockholder.* Stock Options shall become vested and exercisable at such time or times, whether or not in installments, as shall be determined by the Committee at or after the grant date. The Committee may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(iv) *Method of Exercise.* Stock Options may be exercised in whole or in part, by giving written notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods:

(A) In cash, by certified or bank check or other instrument acceptable to the Committee;

(B) In the form of shares of Stock that are not then subject to restrictions under any Company plan and that have been held by the optionee free of such restrictions for at least six months, if permitted by the Committee in its discretion. Such surrendered shares shall be valued at Fair Market Value on the exercise date;

(C) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Committee shall prescribe as a condition of such payment procedure; or

(D) With respect to Stock Options that are not Incentive Stock Options, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price.

Payment instruments will be received subject to collection. The transfer to the optionee on the records of the Company or of the transfer agent of the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Option award documentation or applicable provisions of laws (including the satisfaction of any withholding taxes that the Company is obligated to withhold with respect to the optionee). In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Stock Options, such as a system using an internet website or interactive voice response, then the paperless exercise of Stock Options may be permitted through the use of such an automated system.

(v) *Termination.* Unless otherwise provided in the option agreement or determined by the Committee, upon the optionee’s termination of employment (or other business relationship) with the Company and its Subsidiaries, the optionee’s rights in his Stock Options shall automatically terminate.

(vi) *Annual Limit on Incentive Stock Options.* To the extent required for “incentive stock option” treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed \$100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

## **SECTION 6. STOCK APPRECIATION RIGHTS**

(a) *Exercise Price of Stock Appreciation Rights.* The exercise price of a Stock Appreciation Right shall not be less than 100 percent of the Fair Market Value of the Stock on the date of grant.

(b) *Grant and Exercise of Stock Appreciation Rights.* Stock Appreciation Rights may be granted by the Committee independently of any Stock Option granted pursuant to Section 5 of the Plan.

(c) *Terms and Conditions of Stock Appreciation Rights.* Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Committee. The term of a Stock Appreciation Right may not exceed ten years.

## **SECTION 7. RESTRICTED STOCK AWARDS**

(a) *Nature of Restricted Stock Awards.* The Committee may grant Restricted Stock Awards to any officer, employee, consultant or key person of the Company and its Subsidiaries. A Restricted Stock Award is an Award entitling the recipient to acquire, at par value or such other purchase price determined by the Committee, shares of Stock subject to such restrictions and conditions as the Committee may determine at the time of grant (“Restricted Stock”). Conditions may be based on continuing employment (or other business relationship) and/or achievement of pre-established performance goals and objectives.

(b) *Rights as a Stockholder.* Upon execution of a written instrument setting forth the Restricted Stock Award and paying any applicable purchase price, a participant shall have the rights of a stockholder with respect to the voting of the Restricted Stock, subject to such conditions contained in the written instrument evidencing the Restricted Stock Award. Unless the Committee shall otherwise determine, certificates evidencing the Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in Section 7(d) below.

(c) *Restrictions.* Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the written instrument evidencing the Restricted Stock Award. If a participant’s employment (or other business relationship) with the Company and its Subsidiaries terminates for any reason, the Company or its assigns shall have the right or shall agree, as may be specified in the relevant restricted stock agreement, to repurchase Restricted Stock with respect to which conditions have not lapsed at their purchase price from the participant or the participant’s legal representative.

(d) *Vesting of Restricted Stock.* The Committee at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals (including goals based on the Performance Criteria), objectives and other conditions on which Restricted Stock shall become vested, subject to such further rights of the Company or its assigns as may be specified in the instrument evidencing the Restricted Stock Award.

(e) *Waiver, Deferral and Reinvestment of Dividends.* The written instrument evidencing the Restricted Stock Award may require or permit the immediate payment, waiver, deferral or investment of dividends paid on the Restricted Stock.

## **SECTION 8. UNRESTRICTED STOCK AWARDS**

(a) *Grant or Sale of Unrestricted Stock.* The Committee may, in its sole discretion, grant (or sell at a purchase price determined by the Committee) an Unrestricted Stock Award to any officer, employee, consultant or key person of the Company or its Subsidiaries, pursuant to which such individual may receive shares of Stock free of any vesting restrictions (“Unrestricted Stock”) under the Plan. Unrestricted Stock Awards may be granted or sold as described in the preceding sentence in respect of past services or other valid consideration, or in lieu of any cash compensation due to such individual.

## **SECTION 9. CASH-BASED AWARDS**

*Grant of Cash-Based Awards.* The Committee may, in its sole discretion, grant Cash-Based Awards to any grantee in such number or amount and upon such terms, and subject to such conditions, as the Committee shall determine at the time of grant. The Committee shall determine the maximum duration of the Cash-Based Award, the amount of cash to which the Cash-Based Award pertains, the conditions upon which the Cash-Based Award shall become vested or payable (which may include the achievement of Performance Goals), and such other provisions as the Committee shall determine. Each Cash-Based Award shall specify a cash-denominated payment amount, formula or payment ranges as determined by the Committee. Payment, if any, with respect to a Cash- Based Award shall be made in accordance with the terms of the Award and may be made in cash or in shares of Stock, as the Committee determines.

## **SECTION 10. PERFORMANCE SHARE AWARDS**

(a) *Nature of Performance Share Awards.* A Performance Share Award is an Award entitling the recipient to acquire shares of Stock upon the attainment of specified performance goals (including goals based on the Performance Criteria). The Committee may make Performance Share Awards independent of or in connection with the granting of any other Award under the Plan. Performance Share Awards may be granted under the Plan to any officer, employee, consultant or key person of the Company or its Subsidiaries, including those who qualify for awards under other performance plans of the Company. The Committee in its sole discretion shall determine whether and to whom Performance Share Awards shall be made, the performance goals applicable under each such Award, the periods during which performance is to be measured, and all other limitations and conditions applicable to the awarded Performance Shares; provided, however, that the Committee may rely on the performance goals and other standards applicable to other performance unit plans of the Company in setting the standards for Performance Share Awards under the Plan.

(b) *Restrictions on Transfer.* Performance Share Awards and all rights with respect to such Awards may not be sold, assigned, transferred, pledged or otherwise encumbered.

(c) *Rights as a Shareholder.* A participant receiving a Performance Share Award shall have the rights of a shareholder only as to shares actually received by the participant under the Plan and not with respect to shares subject to the Award but not actually received by the participant. A participant shall be entitled to receive a stock certificate evidencing the acquisition of shares of Stock under a Performance Share Award only upon satisfaction of all conditions specified in the written instrument evidencing the Performance Share Award (or in a performance plan adopted by the Committee).

(d) *Termination.* Except as may otherwise be provided by the Committee at any time, a participant's rights in all Performance Share Awards shall automatically terminate upon the participant's termination of employment (or business relationship) with the Company and its Subsidiaries for any reason.

(e) *Acceleration, Waiver, Etc.* At any time prior to the participant's termination of employment (or other business relationship) by the Company and its Subsidiaries, the Committee may in its sole discretion accelerate, waive or, subject to Section 18, amend any or all of the goals, restrictions or conditions imposed under any Performance Share Award.

## **SECTION 11. DEFERRED STOCK AWARDS AND RESTRICTED STOCK UNIT AWARDS**

(a) *Nature of Deferred Stock Awards and Restricted Stock Unit Awards.* A Deferred Stock Award and a Restricted Stock Unit Award is an Award of phantom stock units to a grantee, subject to restrictions and conditions as the Committee may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established

performance goals and objectives (including goals based on the Performance Criteria). The grant of a Deferred Stock Award or Restricted Stock Unit Award is contingent on the grantee executing the Deferred Stock Award agreement or Restricted Stock Unit Award agreement (as applicable). The terms and conditions of each such agreement shall be determined by the Committee, and such terms and conditions may differ among individual Awards and grantees. Restricted Stock Units are generally settled at or shortly following the vesting of the Award, unless the grantee is given the opportunity to defer such settlement. Deferred Stock Awards may also contain an additional deferral feature. At the end of the deferral period (if any), the Deferred Stock Award or Restricted Stock Unit Award, to the extent vested, shall be paid to the grantee in the form of shares of Stock.

(b) *Election to Receive Deferred Stock Awards in Lieu of Compensation.* The Committee may, in its sole discretion, permit a grantee to elect to receive a portion of future cash compensation otherwise due to such grantee in the form of a Deferred Stock Award. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Committee and in accordance with Section 409A of the Code and such other rules and procedures established by the Committee. The Committee shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Committee deems appropriate. Any such deferred compensation shall be converted to a fixed number of phantom stock units based on the Fair Market Value of Stock on the date the compensation would otherwise have been paid to the grantee but for the deferral.

(c) *Rights as a Stockholder.* During the deferral period or vesting period, a grantee shall have no rights as a stockholder; provided, however, that the grantee may be credited with Dividend Equivalent Rights with respect to the phantom stock units underlying his Deferred Stock Award or Restricted Stock Unit Award, subject to such terms and conditions as the Committee may determine.

(d) *Termination.* Except as may otherwise be provided by the Committee either in the Award agreement or, subject to Section 18 below, in writing after the Award agreement is issued, a grantee's right in all Deferred Stock Awards or Restricted Stock Unit Awards that have not vested shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

## **SECTION 12. DIVIDEND EQUIVALENT RIGHTS**

(a) *Dividend Equivalent Rights.* A Dividend Equivalent Right is an Award entitling the recipient to receive credits based on cash dividends that would be paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares were held by the recipient. A Dividend Equivalent Right may be granted hereunder to any officer, employee, consultant or key person, as a component of another Award or as a freestanding award. The terms and conditions of Dividend Equivalent Rights shall be specified in the grant. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment or such other price as may then apply under a dividend reinvestment plan sponsored by the Company, if any. Dividend Equivalent Rights may be settled in cash or shares of Stock or a combination thereof, in a single installment or installments. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other award. A Dividend Equivalent Right granted as a component of another Award may also contain terms and conditions different from such other award.

(b) *Interest Equivalents.* Any Award under this Plan that is settled in whole or in part in cash on a deferred basis may provide in the grant for interest equivalents to be credited with respect to such cash payment. Interest equivalents may be compounded and shall be paid upon such terms and conditions as may be specified by the grant.

### **SECTION 13. PERFORMANCE-BASED AWARDS TO COVERED EMPLOYEES**

(a) *Performance-Based Awards.* Any employee or other key person providing services to the Company and who is selected by the Committee may be granted one or more Performance-Based Awards in the form of a Restricted Stock Award, Deferred Stock Awards, Restricted Stock Unit Awards, Performance Share Awards or Cash-Based Award payable upon the attainment of Performance Goals that are established by the Committee and relate to one or more of the Performance Criteria, in each case on a specified date or dates or over any period or periods determined by the Committee. The Committee shall define in an objective fashion the manner of calculating the Performance Criteria it selects to use for any Performance Cycle. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The Committee, in its discretion, may adjust or modify the calculation of Performance Goals for such Performance Cycle in order to prevent the dilution or enlargement of the rights of an individual (i) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development, (ii) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or (iii) in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions provided however, that the Committee may not exercise such discretion in a manner that would increase the Performance-Based Award granted to a Covered Employee. Each Performance-Based Award shall comply with the provisions set forth below.

(b) *Grant of Performance-Based Awards.* With respect to each Performance-Based Award granted to a Covered Employee, the Committee shall select, within the first 90 days of a Performance Cycle (or, if shorter, within the maximum period allowed under Section 162(m) of the Code) the Performance Criteria for such grant, and the Performance Goals with respect to each Performance Criterion (including a threshold level of performance below which no amount will become payable with respect to such Award). Each Performance-Based Award will specify the amount payable, or the formula for determining the amount payable, upon achievement of the various applicable performance targets. The Performance Criteria established by the Committee may be (but need not be) different for each Performance Cycle and different Performance Goals may be applicable to Performance-Based Awards to different Covered Employees.

(c) *Payment of Performance-Based Awards.* Following the completion of a Performance Cycle, the Committee shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Cycle have been achieved and, if so, to also calculate and certify in writing the amount of the Performance-Based Awards earned for the Performance Cycle. The Committee shall then determine the actual size of each Covered Employee's Performance-Based Award, and, in doing so, may reduce or eliminate the amount of the Performance-Based Award for a Covered Employee if, in its sole judgment, such reduction or elimination is appropriate.

(d) *Maximum Award Payable.* The maximum Performance-Based Award payable to any one Covered Employee under the Plan for a Performance Cycle is 900,000 shares of Stock (subject to adjustment as provided in Section 3(b) hereof) or \$2,500,000 in the case of a Performance-Based Award that is a Cash-Based Award.

## **SECTION 14. TRANSFERABILITY OF AWARDS**

(a) *Transferability.* Except as provided in Section 14(b) below, during a grantee's lifetime, his or her Awards shall be exercisable only by the grantee, or by the grantee's legal representative or guardian in the event of the grantee's incapacity. No Awards shall be sold, assigned, transferred or otherwise encumbered or disposed of by a grantee other than by will or by the laws of descent and distribution or pursuant to a domestic relations order. No Awards shall be subject, in whole or in part, to attachment, execution, or levy of any kind, and any purported transfer in violation hereof shall be null and void.

(b) *Committee Action.* Notwithstanding Section 14(a), the Committee, in its discretion, may provide either in the agreement regarding a given Award or by subsequent written approval that the grantee (who is an employee or director) may transfer his or her Awards (other than any Incentive Stock Options or Restricted Stock Units or Deferred Stock Awards) to his or her immediate family members, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award. In no event may an Award be transferred by a grantee for value.

(c) *Family Member.* For purposes of Section 14(b), "family member" shall mean a grantee's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the grantee's household (other than a tenant of the grantee), a trust in which these persons (or the grantee) have more than 50 percent of the beneficial interest, a foundation in which these persons (or the grantee) control the management of assets, and any other entity in which these persons (or the grantee) own more than 50 percent of the voting interests.

(d) *Designation of Beneficiary.* Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

## **SECTION 15. TAX WITHHOLDING**

(a) Each participant shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the participant for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any federal, state, or local taxes of any kind required by law to be withheld with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant. The Company's obligation to deliver evidence of book entry (or stock certificates) to any grantee is subject to and conditioned on tax withholding obligations being satisfied by the grantee.

(b) *Payment in Stock.* Subject to approval by the Committee, the Company's minimum required tax withholding obligation may be satisfied, in whole or in part, by the Company withholding from shares of Stock to be issued pursuant to any Award, a number of shares with an aggregate Fair

Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due.

#### **SECTION 16. SECTION 409A AWARDS**

To the extent that any Award is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A (a “409A Award”), the Award shall be subject to such additional rules and requirements as specified by the Committee from time to time in order to comply with Section 409A. In this regard, if any amount under a 409A Award is payable upon a “separation from service” (within the meaning of Section 409A) to a grantee who is then considered a “specified employee” (within the meaning of Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the grantee’s separation from service, or (ii) the grantee’s death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. Further, the settlement of any such Award may not be accelerated except to the extent permitted by Section 409A. All Awards are intended to either be exempt from, or compliant with, the requirements of Section 409A, and the terms of all such Awards shall be interpreted in accordance with such intent.

#### **SECTION 17. TRANSFER, LEAVE OF ABSENCE, ETC.**

For purposes of the Plan, the following events shall not be deemed a termination of employment:

- (a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another; or
- (b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee’s right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing.

#### **SECTION 18. AMENDMENTS AND TERMINATION**

The Board may, at any time, amend or discontinue the Plan and the Committee may, at any time, amend or cancel any outstanding Award (or provide substitute Awards at the same exercise or purchase price in a manner not inconsistent with the terms of the Plan, but such price, if any, must satisfy the requirements which would apply to the substitute or amended Award if it were then initially granted under this Plan) for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder’s consent. Notwithstanding any other provision of this Plan to the contrary, the exercise price of outstanding Options or Stock Appreciation Rights under the Plan may not be reduced or re-priced, either by amendment to the Option or Stock Appreciation Right or by cancellation of the Option or Stock Appreciation Right in exchange for the grant of a new Option or Stock Appreciation Right with a lower exercise price, or by cancellation of the Stock Option or Stock Appreciation Right in exchange for cash or other Awards, without the prior approval by the Company’s stockholders. If and to the extent determined by the Committee to be required by the Act to ensure that Awards granted under the Plan are exempt under Rule 16b-3 promulgated under the Act, or that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code, or as required by other applicable laws, rules or requirements, Plan amendments shall be subject to approval by the Company’s stockholders who are eligible to vote at a meeting of stockholders. Any material Plan amendments shall be subject to shareholder approval to the extent required by Rule 4350(i) of the Nasdaq Stock Market, Inc., as such rule may be amended and interpreted from time to time.

## **SECTION 19. STATUS OF PLAN**

With respect to the portion of any Award which has not been exercised and any payments in cash, Stock or other consideration not received by a participant, a participant shall have no rights greater than those of a general creditor of the Company unless the Committee shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

## **SECTION 20. GENERAL PROVISIONS**

(a) *No Distribution; Compliance with Legal Requirements.* The Committee may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

No shares of Stock shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange or similar requirements have been satisfied. The Committee may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) *Other Compensation Arrangements; No Employment Rights.* Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(c) *Trading Policy Restrictions.* Option exercises and other Awards under the Plan shall be subject to the Company's insider trading policies and procedures, as in effect from time to time.

(d) *Claw-Back.* Awards under the Plan shall be subject to the Company's claw-back policy, in effect from time to time.

## **SECTION 21. EFFECTIVE DATE OF PLAN**

This Plan shall become effective upon approval by the holders of a majority of the shares of Stock of the Company present or represented and entitled to vote at a meeting of stockholders. Subject to such approval by the stockholders and to the requirement that no Stock may be issued hereunder prior to such approval, Stock Options and other Awards may be granted hereunder on and after adoption of this Plan by the Board. No grants of Stock Options and other Awards may be made hereunder after May 20, 2026 and no grants of Incentive Stock Options may be made hereunder after February 26, 2026.

## **SECTION 22. GOVERNING LAW**

This Plan shall be governed by Delaware law except to the extent such law is preempted by federal law.

## **INTERNATIONAL APPENDIX**

### **Additional Terms and Conditions**

#### **Terms and Conditions**

This International Appendix includes additional terms and conditions that govern the award granted to you under the Plan for your country. Certain capitalized terms used but not defined in this International Appendix have the meanings set forth in the Plan and the Agreement that relate to your award. By acceptance of the award you agree to be bound by the terms and conditions contained in the paragraphs below in addition to the terms of the Plan and the Agreement and the terms of any other document that may apply to you and your award.

#### **Notifications**

This International Appendix also includes information regarding issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of the date set forth above. Such laws are often complex and change frequently. As a result, it is strongly recommended that you not rely on the information in this International Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in your award or sell shares acquired under the Plan.

The information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of a particular result. In addition, please note that the requirements may differ for residents and non-residents. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, transferred employment to another country after the award was granted to you, or are considered a resident of another country for local law purposes, the information contained herein may not apply.

#### **Provisions Applicable to all International Awards**

**Data Privacy.** The Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data by and among, as applicable, the Company, its subsidiaries and affiliates, for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant hereby understands that the Company, its subsidiaries and affiliates hold (but only process or transfer to the extent required or permitted by local law) certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of

implementing, administering and managing the Plan (“Data”). The Participant hereby understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Participant’s country or elsewhere (including countries outside of the European Economic Area such as the United States of America), and that the recipient’s country may have different data privacy laws and protections than the Participant’s country. The Participant hereby understands that the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant’s local human resources representative. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant’s participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any Shares acquired upon exercise. The Participant hereby understands that Data will be held only as long as is necessary to implement, administer and manage the Participant’s participation in the Plan and in accordance with local law. The Participant hereby understands that the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Participant’s local human resources representative. The Participant hereby understands, however, that refusing or withdrawing the Participant’s consent may affect the Participant’s ability to participate in the Plan. For more information on the consequences of the Participant’s refusal to consent or withdrawal of consent, the Participant hereby understands that the Participant may contact the Participant’s local human resources representative.

Nature of Grant. In accepting the grant of Restricted Stock Units, the Participant acknowledges that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement;
- (b) the grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted repeatedly in the past;
- (c) all decisions with respect to future Restricted Stock Units, if any, will be at the sole discretion of the Company;
- (d) the Participant’s participation in the Plan will not create a right to further employment with the Participant’s employer (the “Employer”) and shall not interfere with the ability of the Employer to terminate the Participant’s employment relationship;
- (e) the Participant is voluntarily participating in the Plan;

(f) the Restricted Stock Units are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of the Participant's employment contract, if any;

(g) the Restricted Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer;

(h) in the event that the Participant is not an employee of the Company, the grant of Restricted Stock Units will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the grant of Restricted Stock Units will not be interpreted to form an employment contract with the Employer or any subsidiary or affiliate of the Company;

(i) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(j) if the Participant vests in the Restricted Stock Units and obtains Shares, the value of those Shares may increase or decrease in value;

(k) in consideration of the grant of the Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from termination of the Restricted Stock Units or diminution in value of the Restricted Stock Units or Shares acquired resulting from termination of the Participant's employment by the Company or the Employer, and the Participant irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, the Participant will be deemed irrevocably to have waived his or her entitlement to pursue such claim; and

(l) in the event of termination of the Participant's employment, Participant's right to receive the Restricted Stock Units and vest in the Restricted Stock Units under the Plan, if any, will terminate effective as of the date that the Participant is no longer actively employed.

### **Country-Specific Language**

Below please find country-specific language that applies to you if you are a citizen or resident of one of the following countries: Belgium, Canada, China, France, Germany, Greece, India, Ireland, Italy, Japan, Poland, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan and United Kingdom.

### ***BELGIUM***

#### **Notifications**

Tax Reporting Information. Participants are required to report any bank accounts opened and maintained outside Belgium on their annual tax return.

## **CANADA**

### **Terms and Conditions**

**Restricted Stock Units Settled in Shares Only.** Notwithstanding anything to the contrary in the Plan and/or the Agreement, you understand that any Restricted Stock Units granted to you shall be paid in shares only and do not provide any right for you to receive a cash payment.

The following provision will apply to residents of Quebec:

**Language Consent.** The parties to the Agreement have expressly required that the Agreement and all documents and notices relating to the Agreement be drafted in English.

*Les parties aux présentes ont expressément exigé que la présente convention et tous les documents et avis qui y sont afférents soient rédigés en anglais.*

### **Notifications**

Additional Restrictions on Resale. In addition to the restrictions on resale and transfer noted in Plan materials, securities purchased under the Plan may be subject to certain restrictions on resale imposed by Canadian provincial securities laws. Participants are encouraged to seek legal advice prior to any resale of such securities. In general, Participants resident in Canada may resell their securities in transactions carried out on exchanges outside of Canada.

Tax Reporting. The Tax Act and the regulations thereunder require a Canadian resident individual (among others) to file an information return disclosing prescribed information where, at any time in a tax year, the total cost amount of such individual's "specified foreign property" (which includes shares) exceeds Cdn.\$100,000. Participants should consult their own tax advisor regarding this reporting requirement.

## **CHINA**

Due to Chinese legal requirements, Shares of ANSYS, Inc. acquired under any company equity plans must be maintained in the designated brokerage account until the Shares are sold through the designated brokerage account with the net sales proceeds being paid to you through your current or most recent PRC employer. As a condition of the grant of PSUs, to the extent that you hold any Shares on the date that is six (6) months after the date of your termination of active employment with ANSYS and its subsidiaries and affiliates, you authorize E\*TRADE Financial Corporate Services, Inc. (or any successor broker designated by ANSYS) to sell such Shares on your behalf at that time or as soon as is administratively practical thereafter.

Under local law, Participant is required to repatriate to China the proceeds from your participation in any company equity Plans, including proceeds from the sale of Shares acquired through PSU lapses and any dividends or dividend equivalents paid to you through a special exchange control account established by ANSYS or one of its subsidiaries or affiliates in China. You hereby agree that any proceeds from your participation in the Plan may be transferred to such special account prior to being delivered to you through your current or most recent PRC employer. Further, if the proceeds from your participation in the Plan are converted to local currency, you acknowledge that the Company

(including its subsidiaries and affiliates) are under no obligation to secure any currency conversion rate, and may face delays in converting the proceeds to local currency due to exchange control restrictions in China. You agree to bear the risk of any currency conversion rate fluctuation between the date that your proceeds are delivered to the special exchange control account and the date of conversion of the proceeds to local currency.

ANSYS reserves the right to impose such further restrictions or conditions as may be necessary to comply with changes in applicable local laws in China.

Please note that the above provisions will apply to all PSUs granted to you under a company equity plan.

If you are not a PRC national, the above provision will apply to you to the extent approved by SAFE or its local branch office in accordance with local laws.

## ***FRANCE***

### **Notifications**

**Exchange Control Information.** If a Participant imports or exports cash (*e.g.*, sale proceeds received under the Plan) with a value equal to or exceeding €10,000 and does not use a financial institution to do so, Participant must submit a report to the customs and excise authorities. If Participant maintains a foreign bank account, Participant is required to report such account to the French tax authorities when filing his/her annual tax return.

## ***GERMANY***

### **Notifications**

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If a Participant uses a German bank to transfer a cross-border payment in excess of €12,500 in connection with the sale of Shares acquired under the Plan, the bank will file the report for the Participant.

## ***INDIA***

### **Terms and Conditions**

**Repatriation of Proceeds.** You understand that you must repatriate any proceeds from the sale of Shares acquired upon vesting of the Restricted Stock Units to India and convert the proceeds into local currency within 90 days of receipt. You will receive a foreign inward remittance certificate (“FIRC”) from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or your employer requests proof of repatriation.

### **Notifications**

**Tax Information.** The amount subject to tax at vesting may partially be dependent upon a valuation of Shares from a Merchant Banker in India. The Company has no responsibility or obligation to obtain the most favorable valuation possible nor obtain valuations more frequently than required under Indian tax law.

## ***IRELAND***

### **Notifications**

**Director Notification Requirement.** If you are a director or a shadow director or secretary of an Irish affiliate of Ansys, pursuant to Section 53 of the Irish Company Act of 1990, and you own more than a 1% interest in Ansys, you must notify the Irish affiliate of Ansys in writing within five business days of receiving or disposing of an interest in Ansys (*e.g.*, stock options, RSUs, shares, etc.) or within five business days of the event giving rise to the notification requirement, or within five days of becoming a director, shadow director or secretary if such an interest exists at that time. This notification requirement also applies with respect to the interests of a spouse or minor child, whose interests will be attributed to the director, shadow director or secretary.

## ***ITALY***

### **Notifications**

**Exchange Control Information.** By September 30th of each year, the Participants are required to report on their annual tax return (Form RW) any foreign investments (including proceeds from the sale of Shares acquired upon vesting) held outside of Italy if the investment may give rise to income in Italy. However, deposits and bank accounts held outside of Italy only need to be disclosed if the value of the assets exceeds €10,000 during any part of the tax year.

With respect to Shares received upon vesting of the Restricted Stock Units, the Participants must report (i) the value of the Shares at the beginning of the year or on the day the Participant acquired the Shares, whichever is later; and (ii) the value of the Shares when sold, or if the Participant still owns the Shares at the end of the year, the value of the Shares at the end of the year. The value to be reported is the fair market value of the Shares on the applicable dates mentioned above.

## ***JAPAN***

### **Notifications**

**Exchange Control Information.** If you acquire Shares valued at more than ¥100,000,000 in a single transaction, you must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of the acquisition of the Shares.

## ***POLAND***

## **Notifications**

**Exchange Control Information.** While you are responsible for any exchange control filings, no advance foreign exchange permit is required for the acquisition, holding or disposal of Shares. However, if the value of your Shares exceeds the equivalent of PLN 7,000,000, you will have to notify the National Bank of Poland of such holdings on a quarterly basis. If such reporting obligation applies to you and your shareholding exceeds 10% of the Company's total voting stock, you will also be required to notify the National Bank of Poland by the end of May of each subsequent year.

**Exchange Control Information.** If a Polish resident transfers funds in excess of €15,000 into Poland, the funds must be transferred via a Polish bank account or financial institution. Polish residents are required to retain the documents connected with a foreign exchange transaction for a period of five years, as measured from the end of the year in which such transaction occurred.

## ***SINGAPORE***

### **Notifications**

**Director Notification Requirement** - If you are a director, associate director or shadow director of a Singapore affiliate of the Company, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singaporean affiliate in writing when you receive an interest in shares (e.g., RSUs or Shares) in the Company or any related companies. In addition, you must notify the Singapore affiliate when you sell Shares or any related company (including when you sell Shares acquired through vesting of your RSU or pursuant to any other Award granted under the Plan). These notifications must be made within two business days of acquiring or disposing of any interest in shares of the Company or any related company. In addition, a notification must be made of your interests in shares of the Company or any related company within two business days of becoming a director.

**Securities Law Information** - The grant of the Awards is being made pursuant to the "Qualifying Person" exemption" under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA"). As a result, the grant is exempt from the prospectus and registration requirements under Singaporean law and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been, and will not be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

## ***SOUTH KOREA***

### **Notifications**

**Exchange Control Information.** If you receive US\$500,000 or more from the sale of underlying Shares, Korean exchange control laws require you to repatriate the proceeds to South Korea within 18 months of sale.

## ***SPAIN***

## **Notifications**

**Exchange Control Information.** All acquisitions of foreign shares by Spanish residents must comply with exchange control regulations in Spain. Because of foreign investment requirements, the acquisition of Shares upon vesting of the Restricted Stock Units must be declared for statistical purposes to the Spanish Direccion General de Politica Comercial y de Inversiones Extranjeras (the “DGPCIE”). If you acquire Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGPCIE for you. Otherwise, you must make the declaration by filing a form with the DGPCIE.

If you import the Shares acquired upon vesting of the Restricted Stock Units into Spain, you must declare the importation of the share certificates to the DGPCIE.

In addition, you must also file a declaration of the ownership of the Shares with the Directorate of Foreign Transactions each January while the shares are owned. These filings are made on standard forms furnished by the Directorate of Foreign Transactions.

When you receive any foreign currency payments (*i.e.*, as a result of the sale of the Shares), you must inform the institution receiving the payment of the basis upon which such payment is made and provide certain specific information (*e.g.*, name, address, and fiscal identification number; the name and corporate domicile of the company; the amount of the payment; the type of foreign currency received; the country of origin; and the reason for the payment).

**Tax Reporting.** If you hold assets (*e.g.*, cash or shares in a bank or brokerage account) or rights outside Spain that exceed €50,000 per type of asset, you must file a Form 720 with the Spanish Tax Authorities by April 30<sup>th</sup> of each year.

## ***SWITZERLAND***

### **Notifications**

**Securities Law Information.** The offer of the Restricted Stock Units is considered a private offering in Switzerland and is not subject to registration in Switzerland.

## ***TAIWAN***

### **Notifications**

**Exchange Control Information.** Taiwan’s foreign exchange control regulations may have an impact on the grant and vesting of the Restricted Stock Units as well as the repatriation of capital gains realized from the holding or sale of the underlying Shares. Under current foreign exchange regulations, a Taiwanese resident can remit up to US \$5 million (or an equivalent amount of other foreign currencies) per year into or out of Taiwan without prior approval from the Taiwan Central Bank.

If the transaction amount is TWD500,000 or more in a single transaction, you must submit a Foreign Exchange Transaction Form. If the transaction amount is US\$500,000 or more in a single transaction, you must also provide supporting documentation to the satisfaction of the remitting bank.

## ***UNITED KINGDOM***

### **Terms and Conditions**

(i) Purpose. This section is to modify those provisions of the Plan in order for awards made under the Plan, and communications concerning those awards, to be exempt from provisions of the United Kingdom Financial Services and Markets Act 2000 (the "FSMA").

(ii) Application. These provisions shall be used solely to grant awards to employees of the Company or any member of the same group as the Company resident and providing services in the United Kingdom. (The term "group" in relation to the Company shall bear the meaning given to such term in section 421 of the FSMA.)

(iii) Restricted Delivery of Awards. Payments of benefits under these provisions shall be made only in Shares or such other securities of the Company that may arise from such Shares under the adjustment provisions of the Plan. For the avoidance of doubt, and without limitation, no cash settlement of awards (including dividends or dividend equivalent payments in cash) shall be permissible.

(iv) Exercise of Restricted Stock Units/Vesting of Awards. The Administrator may specify, in its discretion, any other conditions of exercise and/or vesting of awards that will be specified in the award agreement.

(v) Restricted Transfer of Rights. The persons to whom rights under awards may be assigned or transferred, whether by will or the laws of descent and distribution or any transferability of awards shall be limited to a Participant's children and step-children under the age of eighteen, spouses and surviving spouses and civil partners and civil partners (within the meaning of the United Kingdom Civil Partnerships Act 2004) and surviving partners.

(vi) Tax. All awards will be subject to tax withholding and all references to "tax" shall be read and construed as including, without limitation, United Kingdom income tax and primary class 1 (employee's) national insurance contributions that the Participant's employer is liable to account for and, if so agreed between the Company and the Participant, secondary class 1 (employer's) national insurance contributions that the Participant's employer is liable to account for.



**AWARD NOTICE  
UNDER THE ANSYS, INC.  
FIFTH AMENDED AND RESTATED LONG-TERM INCENTIVE PLAN**

**Name of Participant:**

**Target Units:**

**Grant Date of Target Award:**

**Performance Measurement Period:        January 1, 2021 to December 31, 2023**

Pursuant to the ANSYS, Inc. Fifth Amended and Restated Long-Term Incentive Plan (the “Plan”), ANSYS, Inc. (the “Company”) has selected the Participant named above to be awarded the Target Award specified above, subject to the terms and conditions of the Plan and this Award Notice. Capitalized terms used but not defined in this Award Notice shall have the meaning given such terms in the Plan. A copy of the Plan is attached hereto as Exhibit A.

1. Acceptance of Award. The total number of Restricted Stock Units that may be credited to the Participant (if any) shall be determined by the Company’s performance during the Performance Measurement Period specified above and as set forth in Section 4(b) of the Plan. The Measurement Period Target for the Performance Measurement Period shall be equal to the Target Award. The actual number of Restricted Stock Units that may be credited could be up to 200% of such Target Award and could also be lower than the Target Award and could be zero.

2. Termination of Employment. Subject to Section 3 below, if at any time prior to the conclusion of the Performance Measurement Period, the Participant’s employment with the Company terminates for any reason, the Participant shall automatically forfeit the right to receive any portion of the Award.

Notwithstanding the foregoing, if the Participant’s employment with the Company is terminated on account of the Participant’s death or Disability (as defined below), any Restricted Stock Units that are not vested will remain eligible to vest in accordance with their terms based upon achievement of the applicable performance condition and subject to the Company’s certification of the performance metric attainment but on a prorated basis based upon the number of months that the Participant provided services as a Participant to the Company prior to the Participant’s death or Disability during the applicable performance period. For purposes hereof, “Disability” shall mean the Participant’s termination of employment with the Company: (i) after becoming eligible to receive benefits under the Company’s then current long-term disability plan that is applicable to the Participant; (ii) where the Participant is not eligible under a Company long-term disability plan, after being officially declared permanently disabled under the mandatorily applicable health or welfare regulations of the applicable jurisdiction; or, (iii) in the absence of such a determination under said regulations, after being officially declared permanently disabled by a physician appointed by the Company in its sole discretion.

3. Change in Control. Upon a Change in Control, the Award shall be treated as specified in Section 6 of the Plan.

4. Issuance of Shares.

(a) Each Restricted Stock Unit relates to one share of the Company's Stock. Shares of Stock (if any) shall be issued and delivered to the Participant in accordance with the terms of this Award Notice and of the Plan upon compliance to the satisfaction of the Committee with all requirements under applicable laws or regulations in connection with such issuance and with the requirements hereof and of the Plan. The determination of the Committee as to such compliance shall be final and binding on the Participant.

(b) Until such time as shares of Stock are issued to the Participant pursuant to the terms hereof and of the Plan, the Participant shall have no rights as a stockholder with respect to any shares of Stock underlying the Restricted Stock Units, including but not limited to any voting rights.

5. Non-Competition and Non-Solicitation. As additional consideration for the grant of this Award to the Participant, the Participant hereby agrees that he or she shall not, at any time during his or her employment with the Company, and for a period of one year immediately after the termination of such employment (no matter if terminated by the Participant or the Company and no matter what the reason for that termination), engage for any reason, directly or indirectly, whether as owner, part-owner, shareholder, member, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, on behalf of himself or herself or any firm, corporation or other business organization other than the Company and its subsidiaries, in any one or more of the following activities:

(a) the development, marketing, solicitation, or selling of any product or service that is competitive with the products or services of the Company, or products or services that the Company has under development or that are subject to active planning at any time during Participant's employment;

(b) the use of any of the Company's confidential or proprietary information, copyrights, patents or trade secrets which was acquired by the Participant as an employee of the Company and its subsidiaries; or

(c) any activity for the purpose of inducing, encouraging, or arranging for the employment or engagement by anyone other than the Company and its subsidiaries of any employee, officer, director, agent, consultant, or sales representative of the Company and its subsidiaries or attempt to engage any of them in a manner which would deprive the Company and its subsidiaries of their services or place them in a conflict of interest with the Company and its subsidiaries.

The Participant acknowledges and agrees that the activities set forth in (a)-(c) (above) are adverse to the Company's interests, and that it would be inequitable for Participant to benefit from this Award should Participant engage in any such activities during or within one year after termination of his or her employment with the Company. The Participant may be released from his or her obligations as stated above only if the Committee (or its duly appointed agent) determines in its sole discretion that such action is in the best interests of the Company and its subsidiaries. The one year post-employment non-compete provision set forth in this Agreement does not apply to residents of California.

6. Claw-Back of Award Proceeds. The Committee shall have the authority to unilaterally terminate this Award and/or cause some or all of the proceeds relating to this Award that have been

received by the Participant to become immediately due and payable by the Participant to the Company upon the occurrence of any of the following events:

- (a) the Participant's violation of Section 5 of this Agreement (entitled Non-Competition and Non-Solicitation);
- (b) the material restatement of the Company's financial statements due to misconduct by the Participant;
- (c) the material restatement of the Company's financial statements that results in the Participant receiving more compensation under the Award than the Participant would have received absent the incorrect financial statements.

The determination of whether any of the foregoing events has occurred and the extent of the application of this Section to the Participant and this Award shall be determined by the Committee in its sole discretion.

7. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Award Notice shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Committee set forth in Section 3 of the Plan.

8. Transferability. This Award is personal to the Participant, is non-assignable and is not transferable by Participant in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. The Stock to be issued upon the settlement of this Award to the Participant shall be issued, during the Participant's lifetime, only to the Participant, and thereafter, only to the Participant's beneficiary. The Participant may designate a beneficiary by providing written notice of the name of such beneficiary to the Company, and may revoke or change such designation at any time by filing written notice of revocation or change with the Company.

9. No Contract for Continuing Services. Neither the Plan nor this Award Notice shall be construed as creating any contract for continued services between the Company or any of its subsidiaries and the Participant and nothing herein contained shall give the Participant the right to be retained as an employee or consultant of the Company or any of its subsidiaries.

10. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

11. Mandatory Arbitration. The Participant and the Company agree that any dispute or claim arising out of or in any way related to (i) the Participant's employment with the Company, and/or (ii) this Agreement or any breach hereof, this Award, the Plan and/or any actions taken under the Plan, to the fullest extent permitted by law, shall be submitted to and resolved by confidential, binding arbitration by a single, neutral arbitrator. The arbitration shall be held in the county where the Company has an office at which the Participant provides services (for remote Participants, the nearest county where the Company has an office) or any other locale to which the parties jointly agree. The arbitration shall be administered by and under the auspices of JAMS in accordance with the then-current Employment Arbitration Rules & Procedures of JAMS (which are available at [www.jamsadr.com/rules-employment](http://www.jamsadr.com/rules-employment)). Arbitrator selection and discovery shall be conducted pursuant to the JAMS Rules. The arbitrator shall issue a written award setting forth the essential findings and conclusions on which the award is based, which shall be final and binding and judgment thereon may be entered in any court of

competent jurisdiction. Other than an amount equal to the fee for filing such an action in the local state court, which amount the Participant shall pay toward the costs of the arbitration, the Company shall bear the administrative, filing and forum costs of the arbitration, including the JAMS administrative fees and the arbitrator's fees. Except as otherwise provided by law or in the arbitrator's ruling, each party shall otherwise bear its own respective attorneys' fees and costs of the arbitration. The Participant and the Company agree that each may bring claims against the other only in an individual capacity, and not as a plaintiff, claimant or class member in any purported class action, collective action or other representative proceeding, or otherwise seeking to represent the interests of any other person. This agreement to arbitrate shall survive any separation of the Participant's employment. Notwithstanding the foregoing, nothing herein or otherwise shall preclude the Company from pursuing a court action for the purpose of obtaining a temporary restraining order or other injunctive relief to enforce any restrictive covenants the Participant has with or for the benefit of the Company.

12. General Release of Claims by the Participant.

(a) As a condition of and in consideration for the promises made by the Company herein, including without limitation to provide the Award hereunder, the Participant hereby knowingly and voluntarily releases and discharges to the fullest extent permitted by law the Company and its past, present and future parents, subsidiaries, affiliates, and related entities, any and all of its or their past, present or future directors, shareholders, officers, executives, employees, and/or agents, and/or its and their respective predecessors, successors, and assigns (individually and collectively, the "Company Releasees"), from and with respect to any and all claims and causes of action whatsoever, in law or in equity, known or unknown, which the Participant ever had, has or may have against the Company and/or any or all of the other Company Releasees for, upon, or by reason of any matter whatsoever up to the date on which the Participant accepts this Agreement (individually and collectively, "Claims"). The parties intend the foregoing to be a general release of any and all Claims to the fullest extent permissible by law. Notwithstanding the foregoing, nothing herein is a release by the Participant of (A) any rights or Claims with respect to accrued and vested benefits and/or previously awarded equity interests, subject in each instance to the terms and conditions of any applicable plan, grant, and/or agreement pertaining to such benefits, awards or interests and applicable law, (B) any rights or Claims arising under or to enforce this Agreement, or (C) any rights or Claims that, under applicable law, cannot lawfully be released by private agreement or otherwise.

(b) **FOR CALIFORNIA RESIDENTS ONLY:** In granting the foregoing release, the Participant acknowledges that he/she has been advised to consult with legal counsel and is familiar with the provision of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Being aware of said Code section, the Participant hereby expressly waives any rights the Participant may have thereunder, as well as under any other state or federal statutes or common law principles of similar effect.

(c) Nothing contained in this Agreement (including the foregoing general release) limits the Participant's ability to file a charge or complaint with any federal, state or local governmental agency, commission or regulatory entity (a "Government Agency"). If the Participant files any charge

or complaint with any Government Agency, if any Government Agency pursues any charge or claim on the Participant's behalf, or if any other third party pursues any claim or charge on the Participant's behalf, the Participant waives any right to monetary or other individualized relief (either individually, or as part of any collective or class action); provided, however, that nothing in this Agreement limits any right the Participant may have to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission. The Participant represents that he/she is not aware of any unlawful conduct or violations of any federal, state or local law, rule or regulation by the Company and/or any other Company Releasees or any basis to bring a charge or complaint to any Government Agency.

13. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Participant at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

14. Severability. If any provision(s) hereof shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

15. Counterparts. For the convenience of the parties and to facilitate execution, this document may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

16. Time to Review and Accept; Right to Revoke; Effective Date. The Participant is advised by the Company to consult with an attorney in connection with this Agreement. The Participant understands that as part of his/her agreement to release Claims against the Company and the other Company Releasees, the Participant is releasing Claims for age discrimination under the federal Age Discrimination in Employment Act (the "ADEA"). **ACCORDINGLY, THE PARTICIPANT HAS THE RIGHT, AND ACKNOWLEDGES THAT HE/SHE HAS BEEN GIVEN THE OPPORTUNITY, TO REVIEW AND CONSIDER THIS AGREEMENT FOR A PERIOD OF TWENTY-ONE (21) DAYS FROM THE PARTICIPANT'S RECEIPT OF THIS AGREEMENT BEFORE SIGNING IT (THE "REVIEW PERIOD").** To accept this Agreement and the Award granted hereunder, the Participant must accept the agreement online via his/her E\*TRADE employee stock plan account at any time before the end of the Review Period. If the Participant accepts this Agreement before the end of the Review Period, the Participant acknowledges that such decision was voluntary and that he/she had the opportunity to consider this Agreement for the full Review Period. For the period of seven (7) days from the date when the Participant accepts this Agreement, the Participant has the right to revoke this Agreement by written notice via email to human-resources@ansys.com and addressing stock administration, provided such notice is delivered so that it is received at or before the expiration of the 7-day revocation period. This Agreement shall not become effective or enforceable during the revocation period. If timely accepted and not revoked by the Participant prior to the end of the revocation period, this Agreement shall become effective on the first business day following the expiration of the revocation period (the "Effective Date"). If not timely accepted or if (after timely acceptance) the Participant revokes prior to the expiration of the revocation period, this Agreement shall not become effective and the Participant will not be entitled to or receive the Award granted hereunder and/or such Award shall be rescinded.

17. Knowing and Voluntary Agreement. By accepting this Agreement, the Participant acknowledges and represents that the Participant (a) has carefully read this Agreement in its entirety; (b)

is hereby advised by the Company in writing to consult with an attorney of the Participant's choice before accepting this Agreement; (c) has been afforded and has had a full and reasonable opportunity and period of time of at least 21 days to consider the terms and conditions of this Agreement; (d) fully understands the meaning and significance, and consequences, of all of the terms and conditions of this Agreement (including without limitation the general release given by the Participant in this Agreement); and (e) is accepting this Agreement knowingly, voluntarily and of the Participant's own free will and with the intent to be fully bound hereby.

ANSYS, Inc.

By:           /s/ Ajei S. Gopal          

Name: Ajei S. Gopal

Title: President and CEO

The foregoing Award is hereby accepted and the terms and conditions of this Agreement are hereby agreed to by the Participant. Electronic acceptance of this Award pursuant to the Company's instructions to the Participant (including through an online acceptance process) is acceptable and the Participant agrees that documentation from E\*TRADE showing online acceptance is valid evidence of acceptance.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Participant's signature

Participant's name and address:

**Exhibit A**  
**ANSYS, INC.**  
**FIFTH AMENDED AND RESTATED LONG-TERM INCENTIVE PLAN**

1. Purpose

This Fifth Amended and Restated Long-Term Incentive Plan (the “Plan”) is intended to provide an incentive for superior work and to motivate executives and employees of ANSYS, Inc. (the “Company”) toward even higher achievement and business results, to tie their goals and interests to those of the Company and its stockholders and to enable the Company to attract and retain highly qualified executives and employees. The Plan is for the benefit of Participants (as defined below). Awards made under this Plan constitute Restricted Stock Unit Awards under Section 11 of the Company’s Fifth Amended and Restated 1996 Stock Option and Grant Plan (the “1996 Option Plan”) and shall be granted under, and subject to, the terms of the 1996 Option Plan.

2. Definitions

For purposes of this Plan:

- (a) “Award” means a grant to a Participant hereunder. From and after a Change in Control, any references to an Award shall mean the fixed number of Restricted Stock Units eligible to be earned by a Participant, as determined by the Committee pursuant to Section 6 hereof.
- (b) “Award Notice” means a notice or agreement provided to a Participant that sets forth the terms, conditions and limitations of the Participant’s participation in this Plan, including, without limitation, the Participant’s Target Award.
- (c) “Board” means the Board of Directors of the Company.
- (d) “Cause” means, and shall be limited to a determination by the Company that the Participant’s employment shall be terminated as a result of any one or more of the following events:
  - (i) any material breach by the Participant of any agreement between the Participant and the Company; or
  - (ii) the conviction of, indictment for or plea of nolo contendere by the Participant to a felony or a crime involving moral turpitude; or
  - (iii) any material misconduct or willful and deliberate non-performance (other than by reason of disability) by the Participant of the Participant’s duties to the Company; or
  - (iv) willful failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other

materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

(e) “Change in Control” means any of the following:

(i) any “person,” as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Act”) (other than the Company, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries), together with all “affiliates” and “associates” (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 50 percent or more of the combined voting power of the Company’s then outstanding securities having the right to vote in an election of the Board (“Voting Securities”) (in such case other than as a result of an acquisition of securities directly from the Company); or

(ii) the consummation of (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than 50 percent of the voting shares of the Company issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to 50 percent or more of the combined voting power of all of the then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns 50 percent or more of the combined voting power of all of the then outstanding Voting Securities, then a “Change in Control” shall be deemed to have occurred for purposes of the foregoing clause (i).

(f) “Change in Control Date” means with respect to each Change in Control Performance Measurement Period, the last day of the month immediately preceding the effective date of the Change in Control.

(g) “Change in Control Performance Measurement Period” means the Performance Measurement Period that is shortened by the Committee such that such period shall be deemed to have concluded as of the Change in Control Date.

(h) “Change in Control Terminating Event” means during the 18-month period following the occurrence of a Change in Control, any of the following events: (i) termination by the Company of the Participant’s employment for any reason other than for Cause, death or disability; or (ii) the termination by the Participant of his or her employment with the Company for Good Reason. Notwithstanding the foregoing, a Change in Control

Terminating Event shall not be deemed to have occurred herein solely as a result of the Participant being an employee of any direct or indirect successor to the business or assets of the Company.

- (i) “Closing Index Value” means the Performance Measurement Index Value as of the last day of the Performance Measurement Period.
- (j) “Closing Stock Price” means the Stock Price as of the last day of the Performance Measurement Period.
- (k) “Code” means Internal Revenue Code of 1986, as amended.
- (l) “Committee” means the Compensation Committee of the Board.
- (m) “Effective Date” means as of January 1, 2019.
- (n) “Good Reason” means that the Participant has complied with the “Good Reason Process” (hereinafter defined) following the occurrence of any of the following events:
  - (i) a material diminution in the Participant’s responsibilities, authority or duties; or
  - (ii) a material reduction in the Participant’s Base Salary and Target Bonus except for across-the-board salary reductions similarly affecting all or substantially all management employees; or
  - (iii) a material change in the geographic location at which the Participant is principally employed.

For purposes of this Section 2(n)(i), a change in the reporting relationship, or a change in a title will not, by itself, be sufficient to constitute a material diminution of responsibilities, authority or duty.

- (o) “Good Reason Process” means:
  - (i) the Participant reasonably determines in good faith that a “Good Reason” condition has occurred;
  - (ii) the Participant notifies the Company in writing of the occurrence of the Good Reason condition within 60 days of the first occurrence of such condition;
  - (iii) the Participant cooperates in good faith with the Company’s efforts, for a period not less than 30 days following such notice (the “Cure Period”), to remedy the condition;
  - (iv) notwithstanding such efforts, the Good Reason condition continues to exist following the Cure Period; and
  - (v) the Participant terminates his or her employment within 30 days after the end of the Cure Period.

If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

- (p) “Initial Index Value” means, the Performance Measurement Index Value as of January 1 of the first calendar year in any Performance Measurement Period.
- (q) “Initial Stock Price” means the Stock Price as of January 1 of the first calendar year in any Performance Measurement Period.
- (r) “Participant” means an executive or employee of the Company selected by the Committee to participate in the Plan.
- (s) “Performance Measurement Index” means the NASDAQ Composite Index (^IXIC), or, in the event such index is discontinued or its methodology significantly changed, a comparable index selected by the Committee in good faith.
- (t) “Performance Measurement Index Value” means, with respect to any date, the average value of the Performance Measurement Index for the ten consecutive trading days immediately preceding such date.
- (u) “Performance Measurement Period” means a three-year period commencing on January 1 and ending on the third December 31 thereafter. There shall be overlapping Performance Measurement Periods. The first Performance Measurement Period under the Plan will commence on January 1, 2019 and subsequent Performance Measurement Periods will commence on each January 1 thereafter while the Plan is effective.
- (v) “Performance Multiplier” means the percentage between 0% and 200% by which the applicable portion of the Target Award is multiplied to determine the number of credited Restricted Stock Units for the Performance Measurement Period.
- (w) “Restricted Stock Units” means the stock units of the Company to be settled in shares of Stock.
- (x) “Stock” means the Company’s common stock, par value \$0.01 per share.
- (y) “Stock Price” means, as of a particular date, the average closing price of one share of Stock for the ten consecutive trading days ending on, and including, such date; provided however, that in the event of a Change in Control of the Company, the Stock Price shall equal the fair market value, as determined by the Committee in its discretion, of the total consideration paid or payable in the transaction resulting in the Change in Control for one share of Stock.
- (z) “Target Award” means the target number of Restricted Stock Units that comprise a Participant’s Award for each Performance Measurement Period, as set forth in the Participant’s Award Notice.
- (aa) “Total Shareholder Return” means, with respect to a Performance Measurement Period, the total percentage return per share, achieved by the Stock assuming contemporaneous reinvestment in the Stock of all dividends and other distributions (excluding dividends and distributions paid in the form of additional shares of Stock) at the closing price of one share of Stock on the date such dividend or other distribution was paid, based on the Initial Stock Price, and the Closing Stock Price for the last day of the applicable Performance Measurement Period.

### 3. Administration

(a) The Plan shall be administered by the Committee. The Committee shall have the discretionary authority to make all determinations (including, without limitation, the interpretation and construction of the Plan and the determination of relevant facts) regarding the entitlement to any Award hereunder and the amount of any Award to be paid under the Plan (including the number of shares of Stock issuable to any Participant), provided such determinations are made in good faith and are consistent with the purpose and intent of the Plan. In particular, but without limitation and subject to the foregoing, the Committee shall have the authority:

- (i) to select Participants under the Plan;
- (ii) to determine the number and length of each Performance Measurement Period;
- (iii) to determine the Target Award and any formula or criteria for the determination of the Target Award for each Participant;
- (iv) to determine the terms and conditions, not inconsistent with the terms of this Plan, which shall govern Award Notices and all other written instruments evidencing an Award hereunder, including the waiver or modification of any such conditions;
- (v) to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable; and
- (vi) to interpret the terms and provisions of the Plan and any Award granted under the Plan (and any Award Notices or other agreements relating thereto) and to otherwise supervise the administration of the Plan.

(b) Notwithstanding anything herein to the contrary, the Committee may, in its discretion, make appropriate adjustments to any Award, any Target Award, any Initial Stock Price, any Closing Stock Price or the Total Shareholder Return for any period in connection with or as a result of any of the following events which occur or have occurred after the Effective Date: reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, if the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities or as otherwise determined by the Committee as permitted under the terms and conditions of the 1996 Option Plan.

(c) Subject to the terms hereof, all decisions made by the Committee pursuant to the Plan shall be final, conclusive and binding on all persons, including the Company and the Participants. No member of the Board or the Committee, nor any officer or employee of the Company acting on behalf of the Board or the Committee shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

#### 4. Determination and Payment of Awards

(a) Measurement Period Target. Each Participant's Award Notice shall specify such Participant's Target Award, and the portion of which shall be eligible to be credited for the Performance Measurement Period (the "Measurement Period Target"). The Target Award shall be expressed as a number of Restricted Stock Units. The percentage of the Measurement Period Target that is eligible to be credited shall be determined by reference to the Company's performance for the Performance Measurement Period as measured by the Total Shareholder Return relative to the percentage appreciation of the Performance Measurement Index for such calendar year or years. The percentage appreciation of the Performance Measurement Index shall be established by comparing the Initial Index Value to the Closing Index Value.

(b) Performance Multiplier: If Total Shareholder Return for a Performance Measurement Period is less than the Performance Measurement Index, the Performance Multiplier shall be 100% minus A, where A is (the amount by which the Performance Measurement Index exceeds Total Shareholder Return) times three; provided however that the Performance Multiplier shall be zero if A results in a number greater than 75. If Total Shareholder Return for a Performance Measurement Period is equal to the Performance Measurement Index, the Performance Multiplier shall be 100%. If Total Shareholder Return for a Performance Measurement Period is greater than the Performance Measurement Index, the Performance Multiplier is 100% plus B, where B is (the amount by which Total Shareholder Return exceeds the Performance Measurement Index) times four.

In no event will any portion of a Participant's Target Award be credited for a Performance Measurement Period in which the Performance Multiplier calculates to a number of less than 25% (i.e., in such event the Performance Multiplier shall be 0% for such Performance Measurement Period).

Notwithstanding the foregoing, in no event shall the Performance Multiplier be less than 0% or exceed 200%, regardless of a Total Shareholder Return that would result in a Performance Multiplier of less than 0% or in excess of 200%.

Notwithstanding the foregoing, if the Total Shareholder Return in a Performance Measurement Period is a negative percentage, then a maximum of 100% of the Measurement Period Target may be credited for such period, even if the Total Shareholder Return relative to the median percentage appreciation (depreciation) of the Performance Measurement Index would result in a greater Performance Multiplier.

(c) Committee Determination. The Committee, at its first meeting following the conclusion of a Performance Measurement Period, shall determine the actual number of Restricted Stock Units that will be deemed to have been credited as of the final day of such Performance Measurement Period. The number of Restricted Stock Units credited for such period shall equal the Measurement Period Target multiplied by the Performance Multiplier, subject to the terms and conditions hereof.

(d) Vesting and Settlement. Subject to Section 6, as soon as practicable (but in no event later than 74 days) following the conclusion of the Performance Measurement Period, the Restricted Stock Units that were credited, if any, for the Performance Measurement Period will be vested and settled in an equal number of shares of Stock.

5. Termination of Employment. Unless otherwise provided in any Award Notice or as provided in Section 6 below, if at any time prior to the conclusion of a Performance Measurement Period, a

Participant's employment with the Company terminates for any reason, such Participant shall automatically forfeit the right to receive any Award credited as of the date of termination of employment.

6. Change in Control. Unless otherwise provided in any Award Notice, upon a Change in Control of the Company, the following shall occur:

(a) With respect to each Change In Control Performance Measurement Period, the Committee, in accordance with Section 4, shall determine the actual number of Restricted Stock Units that are eligible to be credited based on the Total Shareholder Return for the Change in Control Performance Measurement Period relative to the median percentage appreciation of the Performance Measurement Index for such Change in Control Performance Measurement Period and such Award shall not be deemed fully vested until the conclusion of the Performance Measurement Period, subject to the continued employment of the Participant through such date. For example, if a Change in Control occurs during the eleventh month of the Performance Measurement Period, the Committee shall determine the number of Restricted Stock Units that are eligible to be credited with respect to the applicable Change in Control Performance Measurement Period based on performance for such period, but the Award shall not be deemed vested and will not be settled until the end of the full 36 month Performance Measurement Period. For the avoidance of doubt, since the Plan contemplates overlapping Performance Measurement Periods, there may be up to three different Change In Control Performance Measurement Periods.

(b) In the event that subsequent to a Change in Control, a Participant's employment with the Company terminates for any reason other than a Change in Control Terminating Event, such Participant shall automatically forfeit the right to receive all outstanding Awards that have been credited as of the date of termination of employment.

(c) In the event a Change in Control Terminating Event occurs with respect to a Participant, all outstanding Awards held by such Participant shall immediately vest and become payable.

(d) If as a result of a Change in Control, no Stock remains outstanding and the surviving corporation (or its ultimate parent) does not agree to convert the Awards into a number of restricted stock units of equivalent value of the surviving corporation (or its ultimate parent), then the Awards shall be converted to a dollar value based on the Stock Price.

7. Miscellaneous

(a) Amendment and Termination. The Company reserves the right to amend or terminate the Plan at any time in its discretion without the consent of any Participants, but no such amendment shall adversely affect the rights of the Participants with regard to outstanding Awards. In the event the Plan is terminated, the Company shall determine the Awards payable to Participants based on the Total Shareholder Return relative to the Performance Measurement Index for each Performance Measurement Period ending on the date of Plan termination. The Awards for each Performance Measurement Period shall be further prorated to reflect the shortened Performance Measurement Period.

(b) No Contract for Continuing Services. This Plan shall not be construed as creating any contract for continued services between the Company or any of its subsidiaries and any

Participant and nothing herein contained shall give any Participant the right to be retained as an employee or consultant of the Company or any of its subsidiaries.

- (c) No Transfers. A Participant's rights in an interest under the Plan may not be assigned or transferred.
- (d) Unfunded Plan. The Plan shall be unfunded and shall not create (or be construed to create) a trust or separate fund. Likewise, the Plan shall not establish any fiduciary relationship between the Company or any of subsidiaries or affiliates and any Participant. To the extent that any Participant holds any rights by virtue of an Award under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company or any of its subsidiaries.
- (e) Governing Law. The Plan and each Award Notice awarded under the Plan shall be construed in accordance with and governed the laws of the State of Delaware, without regard to principles of conflict of laws of such state.
- (f) Tax Withholding. Any issuance of shares of Stock to a Participant shall be subject to tax withholding. The minimum tax withholding obligation shall be satisfied through a net issuance of shares. The Company shall withhold from shares of Stock to be issued to the Participant a number of shares of Stock with an aggregate fair market value that would satisfy the minimum withholding amount due.
- (g) Construction. Wherever appropriate, the use of the masculine gender shall be extended to include the feminine and/or neuter or vice versa; and the singular form of words shall be extended to include the plural; and the plural shall be restricted to mean the singular.
- (h) Headings. The Section headings and Section numbers are included solely for ease of reference. If there is any conflict between such headings or numbers and the text of this Plan, the text shall control.
- (i) Effect on Other Plans. Nothing in this Plan shall be construed to limit the rights of Participants under the Company's or its subsidiaries' benefit plans, programs or policies.
- (j) Effective Date. The Plan shall be effective as of the Effective Date.

8. Section 409A.

- (a) All payments described in this Plan are intended to constitute a short term deferral for purposes of Section 409A of the Code and shall be made within the short term deferral period set forth in Section 409A of the Code. To the extent that any payment or benefit described in this Plan constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Participant's termination of employment, then such payments or benefits shall be payable only upon the Participant's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).
- (b) The parties intend that this Plan will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Plan is ambiguous as to its compliance

with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Plan may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

- (c) The Company makes no representation or warranty and shall have no liability to the Participant or any other person if any provisions of this Plan are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

## **INTERNATIONAL APPENDIX**

### **Additional Terms and Conditions**

#### **Terms and Conditions**

This International Appendix includes additional terms and conditions that govern the award granted to you under the Plan for your country. Certain capitalized terms used but not defined in this International Appendix have the meanings set forth in the Plan and the Agreement that relate to your award. By acceptance of the award you agree to be bound by the terms and conditions contained in the paragraphs below in addition to the terms of the Plan and the Agreement and the terms of any other document that may apply to you and your award.

#### **Notifications**

This International Appendix also includes information regarding issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of the date set forth above. Such laws are often complex and change frequently. As a result, it is strongly recommended that you not rely on the information in this International Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in your award or sell shares acquired under the Plan.

The information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of a particular result. In addition, please note that the requirements may differ for residents and non-residents. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, transferred employment to another country after the award was granted to you, or are considered a resident of another country for local law purposes, the information contained herein may not apply.

#### **Provisions Applicable to all International Awards**

**Data Privacy.** The Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data by and among, as applicable, the Company, its subsidiaries and affiliates, for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant hereby understands that the Company, its subsidiaries and affiliates hold (but only process or transfer to the extent required or permitted by local law) certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's

favor, for the purpose of implementing, administering and managing the Plan (“Data”). The Participant hereby understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Participant’s country or elsewhere (including countries outside of the European Economic Area such as the United States of America), and that the recipient’s country may have different data privacy laws and protections than the Participant’s country. The Participant hereby understands that the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant’s local human resources representative. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant’s participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any Shares acquired upon exercise. The Participant hereby understands that Data will be held only as long as is necessary to implement, administer and manage the Participant’s participation in the Plan and in accordance with local law. The Participant hereby understands that the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Participant’s local human resources representative. The Participant hereby understands, however, that refusing or withdrawing the Participant’s consent may affect the Participant’s ability to participate in the Plan. For more information on the consequences of the Participant’s refusal to consent or withdrawal of consent, the Participant hereby understands that the Participant may contact the Participant’s local human resources representative.

Nature of Grant. In accepting the grant of Restricted Stock Units, the Participant acknowledges that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement;
- (b) the grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted repeatedly in the past;
- (c) all decisions with respect to future Restricted Stock Units, if any, will be at the sole discretion of the Company;
- (d) the Participant’s participation in the Plan will not create a right to further employment with the Participant’s employer (the “Employer”) and shall not interfere with the ability of the Employer to terminate the Participant’s employment relationship;

- (e) the Participant is voluntarily participating in the Plan;
- (f) the Restricted Stock Units are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of the Participant's employment contract, if any;
- (g) the Restricted Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer;
- (h) in the event that the Participant is not an employee of the Company, the grant of Restricted Stock Units will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the grant of Restricted Stock Units will not be interpreted to form an employment contract with the Employer or any subsidiary or affiliate of the Company;
- (i) the future value of the underlying Shares is unknown and cannot be predicted with certainty;
- (j) if the Participant vests in the Restricted Stock Units and obtains Shares, the value of those Shares may increase or decrease in value;
- (k) in consideration of the grant of the Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from termination of the Restricted Stock Units or diminution in value of the Restricted Stock Units or Shares acquired resulting from termination of the Participant's employment by the Company or the Employer, and the Participant irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, the Participant will be deemed irrevocably to have waived his or her entitlement to pursue such claim; and
- (l) in the event of termination of the Participant's employment, Participant's right to receive the Restricted Stock Units and vest in the Restricted Stock Units under the Plan, if any, will terminate effective as of the date that the Participant is no longer actively employed.

#### **Country-Specific Language**

Below please find country-specific language that applies to you if you are a citizen or resident of one of the following countries: Belgium, Canada, China, France, Germany, Greece, India, Ireland, Italy, Japan, Poland, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan and United Kingdom.

#### ***BELGIUM***

#### **Notifications**

Tax Reporting Information. Participants are required to report any bank accounts opened and maintained outside Belgium on their annual tax return.

## **CANADA**

### **Terms and Conditions**

**Restricted Stock Units Settled in Shares Only.** Notwithstanding anything to the contrary in the Plan and/or the Agreement, you understand that any Restricted Stock Units granted to you shall be paid in shares only and do not provide any right for you to receive a cash payment.

The following provision will apply to residents of Quebec:

**Language Consent.** The parties to the Agreement have expressly required that the Agreement and all documents and notices relating to the Agreement be drafted in English.

*Les parties aux présentes ont expressément exigé que la présente convention et tous les documents et avis qui y sont afférents soient rédigés en anglais.*

### **Notifications**

**Additional Restrictions on Resale.** In addition to the restrictions on resale and transfer noted in Plan materials, securities purchased under the Plan may be subject to certain restrictions on resale imposed by Canadian provincial securities laws. Participants are encouraged to seek legal advice prior to any resale of such securities. In general, Participants resident in Canada may resell their securities in transactions carried out on exchanges outside of Canada.

**Tax Reporting.** The Tax Act and the regulations thereunder require a Canadian resident individual (among others) to file an information return disclosing prescribed information where, at any time in a tax year, the total cost amount of such individual's "specified foreign property" (which includes shares) exceeds Cdn.\$100,000. Participants should consult their own tax advisor regarding this reporting requirement.

## **CHINA**

Due to Chinese legal requirements, Shares of ANSYS, Inc. acquired under any company equity plans must be maintained in the designated brokerage account until the Shares are sold through the designated brokerage account with the net sales proceeds being paid to you through your current or most recent PRC employer. As a condition of the grant of PSUs, to the extent that you hold any Shares on the date that is six (6) months after the date of your termination of active employment with ANSYS and its subsidiaries and affiliates, you authorize E\*TRADE Financial Corporate Services, Inc. (or any successor broker designated by ANSYS) to sell such Shares on your behalf at that time or as soon as is administratively practical thereafter.

Under local law, Participant is required to repatriate to China the proceeds from your participation in any company equity Plans, including proceeds from the sale of Shares acquired through PSU lapses and any dividends or dividend equivalents paid to you through a special exchange control account established by ANSYS or one of its subsidiaries or affiliates in China. You hereby agree that any proceeds from your participation in the Plan may be transferred to such special account prior to being delivered to you through your current or most recent PRC employer. Further, if the proceeds from your participation in the Plan are converted to local currency, you acknowledge that the Company (including

its subsidiaries and affiliates) are under no obligation to secure any currency conversion rate, and may face delays in converting the proceeds to local currency due to exchange control restrictions in China. You agree to bear the risk of any currency conversion rate fluctuation between the date that your proceeds are delivered to the special exchange control account and the date of conversion of the proceeds to local currency.

ANSYS reserves the right to impose such further restrictions or conditions as may be necessary to comply with changes in applicable local laws in China.

Please note that the above provisions will apply to all PSUs granted to you under a company equity plan.

If you are not a PRC national, the above provision will apply to you to the extent approved by SAFE or its local branch office in accordance with local laws.

## ***FRANCE***

### **Notifications**

**Exchange Control Information.** If a Participant imports or exports cash (*e.g.*, sale proceeds received under the Plan) with a value equal to or exceeding €10,000 and does not use a financial institution to do so, Participant must submit a report to the customs and excise authorities. If Participant maintains a foreign bank account, Participant is required to report such account to the French tax authorities when filing his/her annual tax return.

## ***GERMANY***

### **Notifications**

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If a Participant uses a German bank to transfer a cross-border payment in excess of €12,500 in connection with the sale of Shares acquired under the Plan, the bank will file the report for the Participant.

## ***INDIA***

### **Terms and Conditions**

**Repatriation of Proceeds.** You understand that you must repatriate any proceeds from the sale of Shares acquired upon vesting of the Restricted Stock Units to India and convert the proceeds into local currency within 90 days of receipt. You will receive a foreign inward remittance certificate ("FIRC") from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or your employer requests proof of repatriation.

## **Notifications**

**Tax Information.** The amount subject to tax at vesting may partially be dependent upon a valuation of Shares from a Merchant Banker in India. The Company has no responsibility or obligation to obtain the most favorable valuation possible nor obtain valuations more frequently than required under Indian tax law.

## ***IRELAND***

### **Notifications**

**Director Notification Requirement.** If you are a director or a shadow director or secretary of an Irish affiliate of Ansys, pursuant to Section 53 of the Irish Company Act of 1990, and you own more than a 1% interest in Ansys, you must notify the Irish affiliate of Ansys in writing within five business days of receiving or disposing of an interest in Ansys (*e.g.*, stock options, RSUs, shares, etc.) or within five business days of the event giving rise to the notification requirement, or within five days of becoming a director, shadow director or secretary if such an interest exists at that time. This notification requirement also applies with respect to the interests of a spouse or minor child, whose interests will be attributed to the director, shadow director or secretary.

## ***ITALY***

### **Notifications**

**Exchange Control Information.** By September 30th of each year, the Participants are required to report on their annual tax return (Form RW) any foreign investments (including proceeds from the sale of Shares acquired upon vesting) held outside of Italy if the investment may give rise to income in Italy. However, deposits and bank accounts held outside of Italy only need to be disclosed if the value of the assets exceeds €10,000 during any part of the tax year.

With respect to Shares received upon vesting of the Restricted Stock Units, the Participants must report (i) the value of the Shares at the beginning of the year or on the day the Participant acquired the Shares, whichever is later; and (ii) the value of the Shares when sold, or if the Participant still owns the Shares at the end of the year, the value of the Shares at the end of the year. The value to be reported is the fair market value of the Shares on the applicable dates mentioned above.

## ***JAPAN***

### **Notifications**

**Exchange Control Information.** If you acquire Shares valued at more than ¥100,000,000 in a single transaction, you must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of the acquisition of the Shares.

## ***POLAND***

### **Notifications**

**Exchange Control Information.** While you are responsible for any exchange control filings, no advance foreign exchange permit is required for the acquisition, holding or disposal of Shares. However, if the value of your Shares exceeds the equivalent of PLN 7,000,000, you will have to notify the National Bank of Poland of such holdings on a quarterly basis. If such reporting obligation applies to you and your shareholding exceeds 10% of the Company's total voting stock, you will also be required to notify the National Bank of Poland by the end of May of each subsequent year.

**Exchange Control Information.** If a Polish resident transfers funds in excess of €15,000 into Poland, the funds must be transferred via a Polish bank account or financial institution. Polish residents are required to retain the documents connected with a foreign exchange transaction for a period of five years, as measured from the end of the year in which such transaction occurred.

## ***SINGAPORE***

### **Notifications**

**Director Notification Requirement** - If you are a director, associate director or shadow director of a Singapore affiliate of the Company, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singaporean affiliate in writing when you receive an interest in shares (e.g., RSUs or Shares) in the Company or any related companies. In addition, you must notify the Singapore affiliate when you sell Shares or any related company (including when you sell Shares acquired through vesting of your RSU or pursuant to any other Award granted under the Plan). These notifications must be made within two business days of acquiring or disposing of any interest in shares of the Company or any related company. In addition, a notification must be made of your interests in shares of the Company or any related company within two business days of becoming a director.

**Securities Law Information** - The grant of the Awards is being made pursuant to the "Qualifying Person" exemption" under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA"). As a result, the grant is exempt from the prospectus and registration requirements under Singaporean law and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been, and will not be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

## ***SOUTH KOREA***

### **Notifications**

**Exchange Control Information.** If you receive US\$500,000 or more from the sale of underlying Shares, Korean exchange control laws require you to repatriate the proceeds to South Korea within 18 months of sale.

## ***SPAIN***

## **Notifications**

**Exchange Control Information.** All acquisitions of foreign shares by Spanish residents must comply with exchange control regulations in Spain. Because of foreign investment requirements, the acquisition of Shares upon vesting of the Restricted Stock Units must be declared for statistical purposes to the Spanish Direccion General de Politica Comercial y de Inversiones Extranjeras (the “DGPCIE”). If you acquire Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGPCIE for you. Otherwise, you must make the declaration by filing a form with the DGPCIE.

If you import the Shares acquired upon vesting of the Restricted Stock Units into Spain, you must declare the importation of the share certificates to the DGPCIE.

In addition, you must also file a declaration of the ownership of the Shares with the Directorate of Foreign Transactions each January while the shares are owned. These filings are made on standard forms furnished by the Directorate of Foreign Transactions.

When you receive any foreign currency payments (*i.e.*, as a result of the sale of the Shares), you must inform the institution receiving the payment of the basis upon which such payment is made and provide certain specific information (*e.g.*, name, address, and fiscal identification number; the name and corporate domicile of the company; the amount of the payment; the type of foreign currency received; the country of origin; and the reason for the payment).

**Tax Reporting.** If you hold assets (*e.g.*, cash or shares in a bank or brokerage account) or rights outside Spain that exceed €50,000 per type of asset, you must file a Form 720 with the Spanish Tax Authorities by April 30<sup>th</sup> of each year.

## ***SWITZERLAND***

### **Notifications**

**Securities Law Information.** The offer of the Restricted Stock Units is considered a private offering in Switzerland and is not subject to registration in Switzerland.

## ***TAIWAN***

### **Notifications**

**Exchange Control Information.** Taiwan’s foreign exchange control regulations may have an impact on the grant and vesting of the Restricted Stock Units as well as the repatriation of capital gains realized from the holding or sale of the underlying Shares. Under current foreign exchange regulations, a Taiwanese resident can remit up to US \$5 million (or an equivalent amount of other foreign currencies) per year into or out of Taiwan without prior approval from the Taiwan Central Bank.

If the transaction amount is TWD500,000 or more in a single transaction, you must submit a Foreign Exchange Transaction Form. If the transaction amount is US\$500,000 or more in a single transaction, you must also provide supporting documentation to the satisfaction of the remitting bank.

## **UNITED KINGDOM**

### **Terms and Conditions**

(i) Purpose. This section is to modify those provisions of the Plan in order for awards made under the Plan, and communications concerning those awards, to be exempt from provisions of the United Kingdom Financial Services and Markets Act 2000 (the "FSMA").

(ii) Application. These provisions shall be used solely to grant awards to employees of the Company or any member of the same group as the Company resident and providing services in the United Kingdom. (The term "group" in relation to the Company shall bear the meaning given to such term in section 421 of the FSMA.)

(iii) Restricted Delivery of Awards. Payments of benefits under these provisions shall be made only in Shares or such other securities of the Company that may arise from such Shares under the adjustment provisions of the Plan. For the avoidance of doubt, and without limitation, no cash settlement of awards (including dividends or dividend equivalent payments in cash) shall be permissible.

(iv) Exercise of Restricted Stock Units/Vesting of Awards. The Administrator may specify, in its discretion, any other conditions of exercise and/or vesting of awards that will be specified in the award agreement.

(v) Restricted Transfer of Rights. The persons to whom rights under awards may be assigned or transferred, whether by will or the laws of descent and distribution or any transferability of awards shall be limited to a Participant's children and step-children under the age of eighteen, spouses and surviving spouses and civil partners and civil partners (within the meaning of the United Kingdom Civil Partnerships Act 2004) and surviving partners.

(vi) Tax. All awards will be subject to tax withholding and all references to "tax" shall be read and construed as including, without limitation, United Kingdom income tax and primary class 1 (employee's) national insurance contributions that the Participant's employer is liable to account for and, if so agreed between the Company and the Participant, secondary class 1 (employer's) national insurance contributions that the Participant's employer is liable to account for.



**RESTRICTED STOCK UNIT AGREEMENT  
UNDER THE FIFTH AMENDED AND RESTATED ANSYS, INC.  
1996 STOCK OPTION AND GRANT PLAN**

**Name of Grantee:**

**No. of Restricted Stock Units Granted:**

**Grant Date:**

Pursuant to the Fifth Amended and Restated ANSYS, Inc. 1996 Stock Option and Grant Plan (the "Plan") as amended through the date hereof, ANSYS, Inc. (the "Company") hereby grants the number of Restricted Stock Units listed above (the "Award") to the Grantee named above. Each "Restricted Stock Unit" shall relate to one share of Common Stock, par value \$.01 per share (the "Stock"), of the Company, subject to the restrictions and conditions set forth in this Restricted Stock Unit Agreement (the "Agreement") and in the Plan.

1. Restrictions on Transfer of Award. The Award shall not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, until shares of Stock have been issued pursuant to Section 3 hereof.

2. Vesting of Restricted Stock Units.

(a) The Restricted Stock Units shall become vested pursuant to the following schedule or as otherwise provided in Section 2 (each, a "Vesting Date"), so long as the Grantee continues to be employed by the Company on each such date:

Incremental Number of  
Restricted Stock Units Vested

Vest Date

Notwithstanding the foregoing, if the Grantee's employment with the Company is terminated on account of the Grantee's death or Disability (as defined below), any Restricted Stock Units that are not vested shall automatically vest in full as of the date that the Grantee's employment terminates by reason of death or Disability. For purposes hereof, "Disability" shall mean the Grantee's termination of employment with the Company: (i) after becoming eligible to receive benefits under the Company's then current long-term disability plan that is applicable to Grantee; (ii) where Grantee is not eligible under a Company long-term disability plan, after being officially declared permanently disabled under the mandatorily applicable health or welfare regulations of the applicable jurisdiction; or, (iii) in the absence of such a determination under said regulations, after being officially declared permanently disabled by a physician appointed by the Company in its sole discretion.

(b) Notwithstanding anything herein to the contrary, in the event that this Award is assumed in the sole discretion of the parties to a Transaction (as defined in Section 3 of the Plan) or is

continued by the Company and thereafter remains in effect following such Transaction, then this Award shall be deemed vested in full upon the date on which the Grantee's employment with the Company and its subsidiaries or successor entities terminates if (i) such termination occurs within 18 months after such Transaction and (ii) such termination is by either the Company without Cause (as defined below), or by the Grantee if such termination by the Grantee is preceded during such 18-month period by any material adverse modification of the duties, principal employment location or compensation of the Grantee without his or her consent, subject, however, to the following sentence. In addition and notwithstanding anything herein to the contrary, in the event that the Grantee is not offered employment by the Company and its subsidiaries or any successor entities following a Transaction on substantially the same or better terms (including, without limitation, duties and compensation) than those in effect immediately prior to such Transaction, then this Award shall be deemed vested in full upon the date on which the Grantee's employment with the Company and its subsidiaries terminates. For this purpose, "Cause" shall have the meaning given such term in the employment, severance or similar agreement between the Company and the Grantee and, in the absence of any such agreement, shall mean a determination by the Company that the Grantee shall be dismissed as a result of (i) any material breach by the Grantee of any agreement between the Grantee and the Company; (ii) the conviction of, indictment for or plea of nolo contendere by the Grantee to a felony or a crime involving moral turpitude; or (iii) any material misconduct or willful and deliberate non-performance (other than by reason of disability) by the Grantee of the Grantee's duties to the Company.

3. Issuance of Shares of Stock.

(a) Subject to the terms of the Plan and this Agreement, each Restricted Stock Unit entitles the Grantee to receive one share of Stock as soon as reasonably practicable following the Vesting Date.

(b) As soon as reasonably practicable following each Vesting Date, but in no event later than 60 days after the end of the year in which such Vesting Date occurs, the Company shall direct its transfer agent to issue to the Grantee the number of shares of Stock equal to the incremental number of Restricted Stock Units that became vested on such Vesting Date in satisfaction of the Award via the Company's dedicated on-line broker.

(c) Shares of Stock shall be issued and delivered to the Grantee in accordance with Section 3(b) upon compliance to the satisfaction of the Committee with all requirements under applicable laws or regulations in connection with such issuance and with the requirements hereof and of the Plan. The determination of the Committee as to such compliance shall be final and binding on the Grantee.

(d) Until such time as shares of Stock are issued to the Grantee pursuant to Section 3(b), the Grantee shall have no rights as a stockholder with respect to any shares of Stock underlying the Restricted Stock Units, including but not limited to any voting rights.

4. Termination of Employment. Except as provided in Section 2(b) hereof, if the Grantee's employment by the Company or its subsidiaries is terminated for any reason or under any circumstances, this Award shall no longer vest with respect to any unvested Restricted Stock Units.

5. Effect of Certain Transactions. Subject to Section 2(b) hereof, in the case of a Transaction (as defined in Section 3 of the Plan), the unvested portion of this Award shall terminate on the effective date of such Transaction, unless provision is made in such Transaction in the sole discretion of the parties thereto for the assumption or continuation of the unvested Award or the substitution for the unvested Award of new restricted stock units of the successor person or entity or a parent or subsidiary thereof, with appropriate adjustment as to the number and kind of shares, as provided in the Plan.

6. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Award shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Committee set forth in Section 2(b) of the Plan. Capitalized terms used herein shall have the meaning specified in the Plan, unless a different meaning is specified herein.

7. Transferability. This Award is personal to the Grantee, is non-assignable and is not transferable by Grantee in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. The Stock to be issued upon the vesting of this Award to the Grantee shall be issued, during the Grantee's lifetime, only to the Grantee.

8. Tax Withholding. Any issuance of shares of Stock to a Grantee pursuant to this Award shall be subject to applicable tax withholding requirements. The Grantee shall, not later than the date as of which the transfer of shares of Stock pursuant to this Award becomes a taxable event for Federal income tax or other applicable withholding tax purposes, pay to the Company or make arrangements satisfactory to the Committee for payment of any Federal, state, local, non U.S., or other taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the required minimum tax withholding amount to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Grantee a number of shares of Stock with an aggregate Fair Market Value that would satisfy such minimum withholding obligation.

9. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Award to continue the Grantee in employment and neither the Plan nor this Award shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time, in accordance with applicable law.

10. Non-Competition, Non-Solicitation. As additional consideration for this Award to the Grantee, the Grantee hereby agrees that if he or she engages for any reason, directly or indirectly, whether as owner, part-owner, shareholder, member, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, on behalf of himself or herself or any firm, corporation or other business organization other than the Company and its subsidiaries in any one or more of the following activities:

(a) at any time during his or her employment with the Company or any Subsidiary (the "Employment Period") and for a period of one year after the termination of his or her employment with the Company or any Subsidiary no matter what the cause of that termination (the "Post-Employment Period"), the development, marketing, solicitation, or selling of any product or service that is competitive with the products or services of the Company, or products or services that the Company has under development or

that are subject to active planning at any time during Grantee's employment; provided that the restrictions set forth in this Section 10(a) for the Post-Employment Period shall not apply to any Grantee who is a California-based employee;

(b) during the Employment Period and/or Post-Employment Period, the use of any of the Company's confidential or proprietary information, copyrights, patents or trade secrets which was acquired by the Grantee as an employee of the Company and its subsidiaries; or

(c) during the Employment Period and/or Post-Employment Period, any activity for the purpose of inducing, encouraging, or arranging for the employment or engagement by anyone other than the Company and its subsidiaries of any employee, officer, director, agent, consultant, or sales representative of the Company and its subsidiaries or attempt to engage any of them in a manner which would deprive the Company and its subsidiaries of their services or place them in a conflict of interest with the Company and its subsidiaries;

then (i) this Award shall terminate effective on the date on which he or she first engages in such activity, unless terminated sooner by operation of any other term or condition of this Award or the Plan, and (ii) all shares of Stock issued to the Grantee pursuant to this Award shall become immediately due and payable by Grantee to the Company and if such shares of Stock have been sold by the Grantee, an amount equal to the proceeds from such sale shall become immediately due and payable by the Grantee to the Company. Grantee acknowledges and agrees that the activities set forth in this Section 10(a)-(c) are adverse to the Company's interests, and that it would be inequitable for Grantee to benefit from this Award should Grantee engage in any such activities during or within one year after termination of his or her employment with the Company. Grantee acknowledges and agrees that the rights and remedies set forth in this Section 10 are in addition to and are not intended to limit any other rights or remedies the Company may have available to it, both during and at any time after the termination of Grantee's employment with the Company, including without limitation, any rights or remedies the Company may have under the ANSYS Intellectual Property Protection Agreement or other similar agreements.

The Grantee may be released from his or her obligations as stated above only if the Committee (or its duly appointed agent) determines in its sole discretion that such action is in the best interests of the Company and its subsidiaries.

Notwithstanding the foregoing, if the Grantee has an agreement with the Company in which any of the provisions therein are inconsistent with the covenants set forth in this Section 10, the terms of such other agreement shall control and shall supersede the covenants of this Section 10 but only to the extent of such inconsistency.

11. Section 409A of the Code. This Agreement shall be interpreted in such a manner that the Award shall be exempt from the requirements of Section 409A of the Code as a "short-term deferral" as described in Section 409A of the Code.

12. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

13. Data Privacy. Collection and use of Grantee's personal data, as well as any personal data belonging to Grantee's permitted beneficiaries hereunder, for the purposes of implementing, administering, and managing Grantee's participation in the Plan shall be processed by Company in accordance with the ANSYS Global Data Protection Notice. Additional details about the types of personal data used to administer the Plan, including, where applicable, the Company's policies on sharing of personal data with third-party service providers and cross-border data transfer, may be found in the Global Data Protection Notice.

14. Nature of Grant. In accepting the Award, the Grantee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Award is voluntary and occasional and does not create any contractual or other right to receive future grants;

(c) all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company;

(d) the Award and the Grantee's participation in the Plan shall not be interpreted as forming an employment contract with the Company;

(e) the Grantee is voluntarily participating in the Plan;

(f) the Award and any shares of Stock acquired under the Plan are not intended to replace any pension rights or compensation;

(g) the Award and any shares of Stock acquired under the Plan, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar payments;

(h) the future value of the shares of Stock underlying the Award is unknown, indeterminable, and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of the Grantee's employment relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any);

(j) unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Company's Stock; and

(k) neither the Employer, the Company nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency and the United States Dollar that may affect the value of the Award or of any amounts due to the Grantee pursuant to settlement of the Award or the subsequent sale of any shares of Stock acquired upon settlement.

15. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying shares of Stock. The Grantee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

16. Language. If the Grantee has received this Agreement, or any other document related to the Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

17. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

18. Amendment. Pursuant to Section 18 of the Plan, the Committee may at any time amend or cancel any unvested portion of this Award, but no such action may be taken that adversely affects the Grantee's rights under hereunder without the Grantee's consent.

19. Severability. If any provision(s) hereof shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

20. Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

21. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

22. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Restricted Stock Unit Award and the shares of Stock acquired pursuant to the Award, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

23. Waiver. The Grantee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Grantee or any other Grantee.

24. Governing Law and Venue. This Agreement and the Award will be governed by, and construed in accordance with, the laws of the state of Delaware without giving effect to the conflict of law principles thereof. For any dispute that may arise in connection with this Agreement or the Award, the parties hereby submit to and consent to the jurisdiction of the Courts of the State of Delaware or the federal courts of the United States for the Third District, and no other courts.

ANSYS, Inc.

By: /s/ Ajei S. Gopal

Name: Ajei S. Gopal

Title: President and CEO

The foregoing Award is hereby accepted and the terms and conditions of this Agreement are hereby agreed to by the undersigned. Electronic acceptance of this Award pursuant to the Company's instructions to the Grantee (including through an online acceptance process) is acceptable.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Grantee's signature

Grantee's name and address:

## **INTERNATIONAL APPENDIX**

### **Additional Terms and Conditions**

#### **Terms and Conditions**

This International Appendix includes additional terms and conditions that govern the award granted to you under the Plan for your country. Certain capitalized terms used but not defined in this International Appendix have the meanings set forth in the Plan and the Agreement that relate to your award. By acceptance of the award you agree to be bound by the terms and conditions contained in the paragraphs below in addition to the terms of the Plan and the Agreement and the terms of any other document that may apply to you and your award.

#### **Notifications**

This International Appendix also includes information regarding issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of the date set forth above. Such laws are often complex and change frequently. As a result, it is strongly recommended that you not rely on the information in this International Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in your award or sell shares acquired under the Plan.

The information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of a particular result. In addition, please note that the requirements may differ for residents and non-residents. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, transferred employment to another country after the award was granted to you, or are considered a resident of another country for local law purposes, the information contained herein may not apply.

#### **Provisions Applicable to all International Awards**

Tax Obligations. The following provision replaces Section 8 of the Agreement:

The Grantee acknowledges that, regardless of any action the Company or, if different, the subsidiary employing or retaining the Grantee (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), the ultimate liability for Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of shares of Stock

acquired pursuant to such settlement and the receipt of any dividends or other distributions, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee is subject to Tax-Related Items in more than one jurisdiction, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. If the Grantee fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder at the time of the applicable taxable event, the Grantee acknowledges and agrees that the Company may refuse to issue or deliver the shares of Stock or the proceeds of the sale of shares of Stock.

Prior to the relevant taxable or tax withholding event, as applicable, the Grantee agrees to make adequate arrangements satisfactory to the Company or the Employer to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items, if any, by withholding from proceeds of the sale of shares of Stock acquired at vesting of the Restricted Stock Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization) without further consent. Alternatively, the Company and the Employer, or their respective agents, in their sole discretion and pursuant to such procedures as they may specify from time to time, may satisfy their withholding obligations with regard to all Tax-Related Items, if any, in whole or in part (without limitation) by:

- (i) requiring the Grantee to deliver cash or a check to the Company or the Employer,
- (ii) withholding from the Grantee's wages or other cash compensation paid to the Grantee by the Company or the Employer, or
- (iii) withholding in shares of Stock to be issued upon settlement of the Restricted Stock Units; provided, however, that if the Grantee is a Section 16 officer of the Company under the Exchange Act, then the Company will withhold from proceeds of the sale of shares of Stock acquired at vesting of the Restricted Stock Units, unless the use of such withholding method is inadvisable under applicable laws or has materially adverse accounting consequences, in which case, the withholding obligation for Tax-Related Items, if any, may be satisfied by one or a combination of methods (i) and (ii) above.

Further, depending on the withholding method, the Company or the Employer may withhold or account for Tax-Related Items by considering applicable statutory rates or other applicable withholding rates, including the maximum rates applicable in the Grantee's jurisdiction, in which case the Grantee may receive a refund of any over-withheld amount in cash and will have no entitlement to the Stock equivalent.<sup>1</sup> If the obligation for Tax-Related Items is satisfied by withholding a number of shares of Stock, for tax purposes, the Grantee will be deemed to have been issued the full number of shares of Stock subject to the vested Restricted Stock Units, notwithstanding that a number of the shares of Stock is held back solely for the purpose of paying the Tax-Related Items. The Grantee agrees to pay to the Company and/or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold

or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described.

The Company shall not be obligated to deliver any shares of Stock to the Grantee or the Grantee's legal representative unless and until the Grantee or the Grantee's legal representative shall have paid or otherwise satisfied the Grantee's obligations in connection with the Tax-Related Items resulting from the Restricted Stock Units or the shares of Stock subject to the Restricted Stock Units.

Nature of Grant. The following provision replaces Section 14 of the Agreement:<sup>2</sup>

In accepting the grant of Restricted Stock Units, the Grantee acknowledges that:

(a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement;

(b) the grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted repeatedly in the past;

(c) all decisions with respect to future Restricted Stock Units, if any, will be at the sole discretion of the Company;

(d) the Grantee's participation in the Plan will not create a right to further employment with the Grantee's employer (the "Employer") and shall not interfere with the ability of the Employer to terminate the Grantee's employment relationship;

(e) the Grantee is voluntarily participating in the Plan;

(f) the Restricted Stock Units are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of the Grantee's employment contract, if any;

(g) the Restricted Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer;

(h) in the event that the Grantee is not an employee of the Company, the grant of Restricted Stock Units will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the grant of Restricted Stock Units will not be interpreted to form an employment contract with the Employer or any subsidiary or affiliate of the Company;

(i) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(j) if the Grantee vests in the Restricted Stock Units and obtains Shares, the value of those Shares may increase or decrease in value;

(k) in consideration of the grant of the Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from termination of the Restricted Stock Units or diminution in value of the Restricted Stock Units or Shares acquired resulting from termination of the Grantee's employment by the Company or the Employer; and

(l) in the event of termination of the Grantee's employment, Grantee's right to receive the Restricted Stock Units and vest in the Restricted Stock Units under the Plan, if any, will terminate effective as of the date that the Grantee is no longer actively providing services to the Company or any subsidiary (regardless of the reason for such termination and whether or not later to be found invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment or service agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Committee, the Grantee's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Grantee's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment or service agreement, if any, unless the Grantee is providing bona fide services during such time); the Committee shall have the exclusive discretion to determine when the Grantee is no longer actively providing services for purposes of the Restricted Stock Units grant (including whether the Grantee may still be considered to be providing services while on a leave of absence).

### **Country-Specific Language**

Below please find country-specific language that applies to you if you are a citizen or resident of one of the following countries: Belgium, Canada, China, France, Germany, Greece, India, Ireland, Italy, Japan, Poland, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan and United Kingdom.

#### ***BELGIUM***

##### **Notifications**

Tax Reporting Information. Grantees are required to report any bank accounts opened and maintained outside Belgium on their annual tax return.

#### ***CANADA***

##### **Terms and Conditions**

**Restricted Stock Units Settled in Shares Only.** Notwithstanding anything to the contrary in the Plan and/or the Agreement, you understand that any Restricted Stock Units granted to you shall be paid in shares only and do not provide any right for you to receive a cash payment.

The following provision will apply to residents of Quebec:

**Language Consent.** The parties to the Agreement have expressly required that the Agreement and all documents and notices relating to the Agreement be drafted in English.

*Les parties aux présentes ont expressément exigé que la présente convention et tous les documents et avis qui y sont afférents soient rédigés en anglais.*

### **Notifications**

**Additional Restrictions on Resale.** In addition to the restrictions on resale and transfer noted in Plan materials, securities purchased under the Plan may be subject to certain restrictions on resale imposed by Canadian provincial securities laws. Grantees are encouraged to seek legal advice prior to any resale of such securities. In general, Grantees resident in Canada may resell their securities in transactions carried out on exchanges outside of Canada.

**Tax Reporting.** The Tax Act and the regulations thereunder require a Canadian resident individual (among others) to file an information return disclosing prescribed information where, at any time in a tax year, the total cost amount of such individual's "specified foreign property" (which includes shares) exceeds Cdn.\$100,000. Grantees should consult their own tax advisor regarding this reporting requirement.

### ***CHINA***

Due to Chinese legal requirements, Shares of ANSYS, Inc. acquired under any company equity plans must be maintained in the designated brokerage account until the Shares are sold through the designated brokerage account with the net sales proceeds being paid to you through your current or most recent PRC employer. As a condition of the grant of RSUs, to the extent that you hold any Shares on the date that is six (6) months after the date of your termination of active employment with ANSYS and its subsidiaries and affiliates, you authorize E\*Trade Financial Corporate Services, Inc. (or any successor broker designated by ANSYS) to sell such Shares on your behalf at that time or as soon as is administratively practical thereafter.

Under local law, Grantee is required to repatriate to China the proceeds from your participation in any company equity Plans, including proceeds from the sale of Shares acquired through RSU lapses and any dividends or dividend equivalents paid to you through a special exchange control account established by ANSYS or one of its subsidiaries or affiliates in China. You hereby agree that any proceeds from your participation in the Plan may be transferred to such special account prior to being delivered to you through your current or most recent PRC employer. Further, if the proceeds from your participation in the Plan are converted to local currency, you acknowledge that the Company (including its subsidiaries and affiliates) are under no obligation to secure any currency conversion rate, and may face delays in converting the proceeds to local currency due to exchange control restrictions in China. You agree to bear the risk of any currency conversion rate fluctuation between the date that your proceeds are delivered to the special

exchange control account and the date of conversion of the proceeds to local currency.

ANSYS reserves the right to impose such further restrictions or conditions as may be necessary to comply with changes in applicable local laws in China.

Please note that the above provisions will apply to all RSUs granted to you under a company equity plan.

If you are not a PRC national, the above provision will apply to you to the extent approved by SAFE or its local branch office in accordance with local laws.

## **FRANCE**

### **Terms and Conditions**

**French Sub-Plan.** The Restricted Stock Units are intended to qualify for the special tax and social security treatment in France applicable to shares granted for no consideration under Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code, as amended, and are subject to the provisions below and the Rules of the Fifth Amended and Restated ANSYS, Inc. 1996 Stock Option and Grant Plan for Restricted Stock Units Granted to French Grantees (the “French Sub-Plan”), which has been provided to the Grantee and is incorporated herein. The Company does not undertake to maintain the qualified status of the Restricted Stock Units and the Grantee will not be entitled to damages of any nature whatsoever if the Restricted Stock Units become disqualified. Capitalized terms not defined herein will have the same meanings as set forth in the French Sub-Plan and the Agreement.

**Consent to Receive Information in English.** By accepting the Restricted Stock Units, the Grantee confirms having read and understood the Agreement and the Plan, including all terms and conditions included therein, which were provided in the English language. The Grantee accepts the terms of those documents accordingly.

*Consentement relatif à la réception d'informations en langue anglaise. En acceptant les droits sur des actions assujetties à des restrictions, le Grantee confirme avoir lu et compris le Contrat et le Plan, y compris tous leurs termes et conditions, qui ont été transmis en langue anglaise. Le Grantee accepte les dispositions de ces documents en connaissance de cause.*

**Vesting of Restricted Stock Units.** This provision supplements Section 2 of the Agreement:

Notwithstanding the vesting schedule set forth in Section 2 of the Agreement, the Restricted Stock Units will not vest and the underlying shares of Stock will not be delivered to the Grantee prior to the expiration of any specific period calculated from the Grant Date as may be required to comply with the minimum mandatory vesting period applicable to French-Qualified RSUs under Section L. 225-197-1 of the French Commercial Code, as amended, or under the relevant sections of the French Tax Code or the French Social Security Code, as amended, to benefit from the special tax and social security treatment in France. The applicable minimum mandatory vesting period currently is one year from the Grant Date.

**Termination Due to Death.** This provision supplements Section 2 of the Agreement:

Notwithstanding anything to the contrary in Section 2 of the Agreement or in the Plan, in the case of the Grantee's death, the shares of Stock subject to unvested Restricted Stock Units will vest only if the Grantee's heir or heirs request the delivery of the share of Stock subject to the Restricted Stock Units within a period of six months following the Grantee's death. If a timely request is made, the Restricted Stock Units will be settled in shares of Stock as soon as practicable following the request. If no such request is made within six months following the Grantee's death, the Restricted Stock Units will be forfeited.

**Mandatory Holding Period.** Notwithstanding anything to the contrary in the Agreement or in the Plan, any shares of Stock issued to the Grantee upon settlement of the Restricted Stock Units must be held (and cannot be sold or transferred) until the expiration of a period which currently shall not be less than two years from the Grant Date, or such other period as is required to comply with the minimum mandatory holding period applicable to French-Qualified Restricted Stock Units under Section L. 225-197-1 of the French Commercial Code, as amended, or under the relevant sections of the French Tax Code or the French Social Security Code, as amended, to benefit from the special tax and social security treatment in France; provided, however, that this mandatory holding period will not apply in the event the Grantee dies or terminates his or her employment due to Disability (as defined in the French Sub-Plan). In order to enforce this provision, the Company may, in its discretion, issue appropriate "stop transfer" instructions to its transfer agent or hold the shares of Stock until the expiration of the mandatory holding period set forth above. Such shares of Stock may be held by the Company, a transfer agent designated by the Company or with a broker designated by the Company.

**Closed Periods.** Notwithstanding the mandatory holding period and even after such holding period has expired, any shares of Stock acquired upon vesting of the Restricted Stock Units may not be sold during certain Closed Periods as provided for and defined by Section L. 225-197-1 of the French Commercial Code, as amended, and by the French Sub-Plan, for so long as and to the extent that the Closed Periods are applicable to the shares of Stock underlying French-Qualified Restricted Stock Units granted by the Company.

### **Notifications**

**Foreign Asset/Account Reporting Information.** French residents are required to report all foreign accounts (whether open, current or closed) to the French tax authorities when filing their annual tax returns. The Grantee should consult his or her personal advisor to ensure compliance with applicable reporting obligations.

## ***GERMANY***

### **Notifications**

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If a Grantee uses a German bank to transfer a cross-border payment in excess of €12,500 in connection with the sale of Shares acquired under the Plan, the bank will file the report for the Grantee.

## ***INDIA***

### **Terms and Conditions**

**Repatriation of Proceeds.** You understand that you must repatriate any proceeds from the sale of Shares acquired upon vesting of the Restricted Stock Units to India and convert the proceeds into local currency within 90 days of receipt. You will receive a foreign inward remittance certificate (“FIRC”) from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or your employer requests proof of repatriation.

### **Notifications**

**Tax Information.** The amount subject to tax at vesting may partially be dependent upon a valuation of Shares from a Merchant Banker in India. The Company has no responsibility or obligation to obtain the most favorable valuation possible nor obtain valuations more frequently than required under Indian tax law.

## ***IRELAND***

### **Notifications**

**Director Notification Requirement.** If you are a director or a shadow director or secretary of an Irish affiliate of Ansys, pursuant to Section 53 of the Irish Company Act of 1990, and you own more than a 1% interest in Ansys, you must notify the Irish affiliate of Ansys in writing within five business days of receiving or disposing of an interest in Ansys (*e.g.*, stock options, RSUs, shares, etc.) or within five business days of the event giving rise to the notification requirement, or within five days of becoming a director, shadow director or secretary if such an interest exists at that time. This notification requirement also applies with respect to the interests of a spouse or minor child, whose interests will be attributed to the director, shadow director or secretary.

## ***ITALY***

### **Notifications**

**Exchange Control Information.** By September 30th of each year, the Grantees are required to report on their annual tax return (Form RW) any foreign investments (including proceeds from the sale of Shares acquired upon vesting) held outside of Italy if the investment may give rise to income in Italy. However, deposits and bank accounts held outside of Italy only need to be disclosed if the value of the assets exceeds €10,000 during any part of the tax year.

With respect to Shares received upon vesting of the Restricted Stock Units, the Grantees must report (i) the value of the Shares at the beginning of the year or on the day the Grantee acquired the Shares, whichever is later; and (ii) the value of the Shares when sold, or if the Grantee still owns the Shares at the end of the year, the value of the Shares at the end of the year. The value to be reported is the fair market value of the Shares on the applicable dates mentioned above.

## ***JAPAN***

## **Notifications**

**Exchange Control Information.** If you acquire Shares valued at more than ¥100,000,000 in a single transaction, you must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of the acquisition of the Shares.

## ***POLAND***

### **Notifications**

**Exchange Control Information.** While you are responsible for any exchange control filings, no advance foreign exchange permit is required for the acquisition, holding or disposal of Shares. However, if the value of your Shares exceeds the equivalent of PLN 7,000,000, you will have to notify the National Bank of Poland of such holdings on a quarterly basis. If such reporting obligation applies to you and your shareholding exceeds 10% of the Company's total voting stock, you will also be required to notify the National Bank of Poland by the end of May of each subsequent year.

**Exchange Control Information.** If a Polish resident transfers funds in excess of €15,000 into Poland, the funds must be transferred via a Polish bank account or financial institution. Polish residents are required to retain the documents connected with a foreign exchange transaction for a period of five years, as measured from the end of the year in which such transaction occurred.

## ***SINGAPORE***

### **Notifications**

**Director Notification Requirement** - If you are a director, associate director or shadow director of a Singapore affiliate of the Company, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singaporean affiliate in writing when you receive an interest in shares (e.g., RSUs or Shares) in the Company or any related companies. In addition, you must notify the Singapore affiliate when you sell Shares or any related company (including when you sell Shares acquired through vesting of your RSU or pursuant to any other Award granted under the Plan). These notifications must be made within two business days of acquiring or disposing of any interest in shares of the Company or any related company. In addition, a notification must be made of your interests in shares of the Company or any related company within two business days of becoming a director.

**Securities Law Information** - The grant of the Awards is being made pursuant to the "Qualifying Person" exemption" under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA"). As a result, the grant is exempt from the prospectus and registration requirements under Singaporean law and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been, and will not be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

## ***SOUTH KOREA***

### **Notifications**

**Exchange Control Information.** If you receive US\$500,000 or more from the sale of underlying Shares, Korean exchange control laws require you to repatriate the proceeds to South Korea within 18 months of sale.

## ***SPAIN***

### **Notifications**

**Exchange Control Information.** All acquisitions of foreign shares by Spanish residents must comply with exchange control regulations in Spain. Because of foreign investment requirements, the acquisition of Shares upon vesting of the Restricted Stock Units must be declared for statistical purposes to the Spanish Direccion General de Politica Comercial y de Inversiones Extranjeras (the “DGPCIE”). If you acquire Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGPCIE for you. Otherwise, you must make the declaration by filing a form with the DGPCIE.

If you import the Shares acquired upon vesting of the Restricted Stock Units into Spain, you must declare the importation of the share certificates to the DGPCIE.

In addition, you must also file a declaration of the ownership of the Shares with the Directorate of Foreign Transactions each January while the shares are owned. These filings are made on standard forms furnished by the Directorate of Foreign Transactions.

When you receive any foreign currency payments (*i.e.*, as a result of the sale of the Shares), you must inform the institution receiving the payment of the basis upon which such payment is made and provide certain specific information (*e.g.*, name, address, and fiscal identification number; the name and corporate domicile of the company; the amount of the payment; the type of foreign currency received; the country of origin; and the reason for the payment).

**Tax Reporting.** If you hold assets (*e.g.*, cash or shares in a bank or brokerage account) or rights outside Spain that exceed €50,000 per type of asset, you must file a Form 720 with the Spanish Tax Authorities by April 30<sup>th</sup> of each year.

## ***SWITZERLAND***

### **Notifications**

**Securities Law Information.** The offer of the Restricted Stock Units is considered a private offering in Switzerland and is not subject to registration in Switzerland.

## *TAIWAN*

### **Notifications**

**Exchange Control Information.** Taiwan's foreign exchange control regulations may have an impact on the grant and vesting of the Restricted Stock Units as well as the repatriation of capital gains realized from the holding or sale of the underlying Shares. Under current foreign exchange regulations, a Taiwanese resident can remit up to US \$5 million (or an equivalent amount of other foreign currencies) per year into or out of Taiwan without prior approval from the Taiwan Central Bank.

If the transaction amount is TWD500,000 or more in a single transaction, you must submit a Foreign Exchange Transaction Form. If the transaction amount is US\$500,000 or more in a single transaction, you must also provide supporting documentation to the satisfaction of the remitting bank.

## **UNITED KINGDOM**

### **Terms and Conditions**

**Purpose.** This section is to modify those provisions of the Plan in order for awards made under the Plan, and communications concerning those awards, to be exempt from provisions of the United Kingdom Financial Services and Markets Act 2000 (the "FSMA").

**Application.** These provisions shall be used solely to grant awards to employees of the Company or any member of the same group as the Company resident and providing services in the United Kingdom. (The term "group" in relation to the Company shall bear the meaning given to such term in section 421 of the FSMA.)

**Restricted Delivery of Awards.** Payments of benefits under these provisions shall be made only in Shares or such other securities of the Company that may arise from such Shares under the adjustment provisions of the Plan. For the avoidance of doubt, and without limitation, no cash settlement of awards (including dividends or dividend equivalent payments in cash) shall be permissible.

**Exercise of Restricted Stock Units/Vesting of Awards.** The Administrator may specify, in its discretion, any other conditions of exercise and/or vesting of awards that will be specified in the award agreement.

**Restricted Transfer of Rights.** The persons to whom rights under awards may be assigned or transferred, whether by will or the laws of descent and distribution or any transferability of awards shall be limited to a Grantee's children and step-children under the age of eighteen, spouses and surviving spouses and civil partners and civil partners (within the meaning of the United Kingdom Civil Partnerships Act 2004) and surviving partners.

**Tax.** All awards will be subject to tax withholding and all references to "tax" shall be read and construed as including, without limitation, United Kingdom income tax and primary class 1 (employee's) national insurance contributions that the Grantee's employer is liable to account for and,

if so agreed between the Company and the Grantee, secondary class 1 (employer's) national insurance contributions that the Grantee's employer is liable to account for.



May 5, 2021

The Board of Directors and Stockholders of ANSYS, Inc.  
2600 ANSYS Drive  
Canonsburg, PA 15317

We are aware that our report dated May 5, 2021, on our review of the interim financial information of ANSYS, Inc. appearing in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, is incorporated by reference in Registration Statement Nos. 333-152765, 333-174670, 333-177030, 333-196393, 333-206111, 333-212412 on Form S-8, and Registration No. 333-253472 on Form S-3.

/s/ Deloitte & Touche LLP  
Pittsburgh, Pennsylvania

## CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Ajei S. Gopal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ANSYS, Inc. ("Ansys");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Ansys as of, and for, the periods presented in this report;
4. Ansys' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Ansys and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Ansys, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of Ansys' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in Ansys' internal control over financial reporting that occurred during Ansys' most recent fiscal quarter (Ansys' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, Ansys' internal control over financial reporting; and
5. Ansys' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Ansys' auditors and the audit committee of Ansys' board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Ansys' ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in Ansys' internal control over financial reporting.

Date: May 5, 2021

/s/ Ajei S. Gopal

Ajei S. Gopal  
President and Chief Executive Officer  
(Principal Executive Officer)

## CHIEF FINANCIAL OFFICER CERTIFICATION

I, Nicole Anasenes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ANSYS, Inc. ("Ansys");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Ansys as of, and for, the periods presented in this report;
4. Ansys' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Ansys and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Ansys, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of Ansys' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in Ansys' internal control over financial reporting that occurred during Ansys' most recent fiscal quarter (Ansys' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, Ansys' internal control over financial reporting; and
5. Ansys' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Ansys' auditors and the audit committee of Ansys' board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Ansys' ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in Ansys' internal control over financial reporting.

Date: May 5, 2021

/s/ Nicole Anasenes

Nicole Anasenes

Chief Financial Officer and Senior Vice President, Finance

(Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ANSYS, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ajei S. Gopal, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification is provided solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed to be part of the Report or filed for any purpose whatsoever.

*/s/ Ajei S. Gopal*

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Ajei S. Gopal  
President and Chief Executive Officer  
(Principal Executive Officer)  
May 5, 2021

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ANSYS, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nicole Anasenes, Chief Financial Officer and Senior Vice President, Finance of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification is provided solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed to be part of the Report or filed for any purpose whatsoever.

/s/ Nicole Anasenes

Nicole Anasenes

Chief Financial Officer and Senior Vice President, Finance  
(Principal Financial Officer and Principal Accounting Officer)

May 5, 2021