UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
EXCHANGE ACT OF 1934

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 September 30, 2005

OR

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

Commission file number: 0-20853

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

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

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

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

Indicate by a check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No ☐

Indicate by a check mark whether the Registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ☐ No ☒

The number of shares of the Registrant's Common Stock, par value $.01 per share, outstanding as of October 31, 2005 was 31,948,557 shares.

ANSYS, INC. AND SUBSIDIARIES

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PART I – UNAUDITED FINANCIAL INFORMATION

Item 1. Financial Statements:

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

	September 30, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 164,430	$ 83,547
Short-term investments	10,042	54,899
Accounts receivable, less allowance for doubtful accounts of $2,300 and $1,890, respectively	16,448	18,792
Other receivables and current assets	21,085	23,612
Deferred income taxes	3,315	3,404
Total current assets	215,320	184,254
Property and equipment, net	6,234	5,551
Capitalized software costs, net	767	898
Goodwill	37,949	36,277
Other intangibles, net	10,688	12,108
Deferred income taxes	2,060	558
Total assets	$ 273,018	$ 239,646
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 947	$ 1,100
Accrued bonuses	6,261	7,927
Other accrued expenses and liabilities	10,695	11,244
Deferred revenue	46,079	43,906
Total current liabilities	63,982	64,177
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized	—	—
Common stock, $.01 par value; 50,000,000 shares authorized; 33,169,516 shares issued	332	332
Additional paid-in capital	58,026	50,868
Retained earnings	165,900	135,268
Treasury stock, at cost: 1,286,015 and 1,753,391 shares, respectively	(20,046)	(17,700)
Accumulated other comprehensive income	4,824	6,701
Total stockholders' equity	209,036	175,469
Total liabilities and stockholders' equity	$ 273,018	$ 239,646

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
Revenue:				
Software licenses	$ 20,978	$ 16,585	$ 61,247	$ 49,262
Maintenance and service	18,057	15,733	53,068	46,390
Total revenue	39,035	32,318	114,315	95,652
Cost of sales:				
Software licenses	1,334	1,162	3,747	3,678
Amortization of software and acquired technology	877	758	2,665	2,267
Maintenance and service	3,822	3,521	11,476	9,649
Total cost of sales	6,033	5,441	17,888	15,594
Gross profit	33,002	26,877	96,427	80,058
Operating expenses:				
Selling and marketing	6,432	5,757	19,003	17,843
Research and development	7,667	6,611	22,486	19,441
Amortization	298	285	1,009	857
General and administrative	4,276	3,763	12,851	10,808
Total operating expenses	18,673	16,416	55,349	48,949
Operating income	14,329	10,461	41,078	31,109
Other income	1,141	415	2,800	791
Income before income tax provision	15,470	10,876	43,878	31,900
Income tax provision	4,296	3,277	13,246	9,584
Net income	$ 11,174	$ 7,599	$ 30,632	$ 22,316
Earnings per share - basic:				
Basic earnings per share	$ 0.35	$ 0.24	$ 0.97	$ 0.72
Weighted average shares – basic	31,851	31,075	31,670	30,835
Earnings per share - diluted:				
Diluted earnings per share	$ 0.33	$ 0.23	$ 0.91	$ 0.68
Weighted average shares - diluted	33,922	33,231	33,667	32,895

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

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

	Nine Months Ended	
	September 30, 2005	September 30, 2004
Cash flows from operating activities:		
Net income	$ 30,632	$ 22,316
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,159	5,621
Deferred income tax (benefit) expense	(899)	604
Provision for bad debts	575	(19)
Changes in operating assets and liabilities:		
Accounts receivable	1,723	5,285
Other receivables and current assets	1,832	815
Accounts payable, accrued expenses and liabilities	4,374	4,301
Deferred revenue	2,681	792
Net cash provided by operating activities	47,077	39,715
Cash flows from investing activities:		
Capital expenditures	(3,463)	(2,595)
Capitalization of internally developed software costs	(270)	(524)
Purchases of short-term investments	(34,865)	(20,103)
Maturities of short-term investments	80,188	15,000
Acquisition of Century Dynamics, net of cash acquired	(4,173)	—
Net cash provided by (used in) investing activities	37,417	(8,222)
Cash flows from financing activities:		
Proceeds from issuance of common stock under Employee Stock Purchase Plan	849	485
Proceeds from exercise of stock options	4,394	4,121
Repurchase of common stock	(7,492)	—
Net cash (used in) provided by financing activities	(2,249)	4,606
Effect of exchange rate fluctuations on cash and cash equivalents	(1,362)	143
Net increase in cash and cash equivalents	80,883	36,242
Cash and cash equivalents, beginning of period	83,547	78,038
Cash and cash equivalents, end of period	$ 164,430	$ 114,280
Supplemental disclosures of cash flow information:		
Cash paid during the period for income taxes	$ 10,109	$ 4,334

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

ANSYS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2005
(Unaudited)

1. Organization

ANSYS, Inc. (the “Company” or “ANSYS”) develops and globally markets engineering simulation software and technologies widely used by engineers and designers across a broad spectrum of industries, including aerospace, automotive, manufacturing, electronics and biomedical.

The Company operates as one segment, as defined by Statement of Financial Accounting Standards No. 131, “*Disclosures about Segments of an Enterprise and Related Information*.” Given the integrated approach to the problem-solving needs of the Company’s customers, a single sale of software may contain components from multiple product areas and include combined technologies. There is no means by which the Company can provide accurate historical (or current) reporting among its various product-line segmentations. Disclosure of such information is impracticable.

2. Summary of Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements have been prepared by ANSYS, Inc. in accordance with accounting principles generally accepted in the United States of America for interim financial information for commercial and industrial companies and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, the accompanying statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The accompanying condensed consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements (and notes thereto) included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2004. The condensed consolidated December 31, 2004 balance sheet presented is derived from the audited December 31, 2004 balance sheet included in the most recent Form 10-K. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial statements have been included, and all adjustments are of a normal and recurring nature. Operating results for the three months and nine months ended September 30, 2005 are not necessarily indicative of the results that may be expected for any future period.

Concentrations of Credit Risk: The Company has a concentration of credit risk with respect to trade receivables due to the limited number of distributors through which the Company sells its products. The Company performs periodic credit evaluations of its customers’ financial condition and generally does not require collateral.

In addition to the concentration of credit risk with respect to trade receivables, the Company’s cash and cash equivalents are also exposed to concentration of credit risk. The Company maintains its cash accounts primarily in U.S. banks, which are insured by the F.D.I.C. up to $100,000 per bank. The Company had cash balances on deposit with a U.S. bank at September 30, 2005 that exceeded the balance insured by the F.D.I.C. in the amount of approximately $63.5 million. A significant portion of the remaining U.S. cash balances are also uninsured. As a result of the Company’s operations in international locations, it also has significant, uninsured cash balances denominated in foreign currencies and held outside of the U.S.

Stock-Based Compensation: The Company has elected to account for stock-based compensation arrangements through the intrinsic value method under the provisions of Accounting Principles Board Opinion No. 25, "*Accounting for Stock-Based Compensation*." No compensation expense has been recognized in the condensed consolidated statements of income as option grants generally are made with exercise prices equal to the fair value of the underlying common stock on the award date, which is typically the date of compensation measurement. Had compensation cost been determined based on the fair value at the date of grant, in accordance with the provisions of SFAS No. 123, "*Accounting for Stock-Based Compensation,*" the Company's net income and basic and diluted earnings per share would have been reduced to the pro forma amounts indicated below:

	Three Months Ended		Nine Months Ended	
(in thousands, except per share data)	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
Net income, as reported	$ 11,174	$ 7,599	$ 30,632	$ 22,316
Add: Stock-based employee compensation expense included in net income, net of related tax effects	—	—	—	—
Deduct: Stock-based employee compensation expense determined under the fair value-based method for all awards, net of related tax effects	(904)	(651)	(2,701)	(2,045)
Pro forma net income	$ 10,270	$ 6,948	$ 27,931	$ 20,271
Earnings per share:				
Basic – as reported	$ 0.35	$ 0.24	$ 0.97	$ 0.72
Basic – pro forma	$ 0.32	$ 0.22	$ 0.88	$ 0.66
Diluted – as reported	$ 0.33	$ 0.23	$ 0.91	$ 0.68
Diluted – pro forma	$ 0.30	$ 0.21	$ 0.83	$ 0.62

In December 2004, the FASB issued a revised version of FASB Statement No. 123, "*Accounting for Stock-Based Compensation*." The statement requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost will be recognized over the period during which an employee is required to provide service in exchange for the award, typically the vesting period. For public entities, the revised statement indicated an effective date as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. However, the Securities

and Exchange Commission (the "Commission") announced on April 14, 2005 a new rule which allows companies to implement FASB Statement No. 123 at the beginning of the next fiscal year. The Company intends to adopt Statement No. 123 in compliance with the revised implementation date on January 1, 2006.

Reclassifications: Certain reclassifications have been made to the 2004 geographic information in footnote 8 to conform to the 2005 presentation.

3. Accumulated Other Comprehensive Income

As of September 30, 2005 and December 31, 2004, accumulated other comprehensive income, as reflected on the condensed consolidated balance sheets, was comprised of foreign currency translation adjustments.

Comprehensive income for the three- and nine-month periods ended September 30, 2005 and 2004 was as follows:

	Three Months Ended		Nine Months Ended	
(in thousands)	**September 30, 2005**	**September 30, 2004**	**September 30, 2005**	**September 30, 2004**
Comprehensive income	$ 11,506	$ 8,264	$ 28,755	$ 22,589

4. Other Current Assets

The Company reports accounts receivable related to the portion of annual lease licenses and software maintenance that has not yet been recognized as revenue as a component of other current assets. These amounts totaled $16.2 million and $20.1 million as of September 30, 2005 and December 31, 2004, respectively.

5. Earnings Per Share

Basic earnings per share ("EPS") amounts are computed by dividing earnings by the average number of common shares outstanding during the period. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive equivalents outstanding. The details of basic and diluted earnings per share are as follows:

	Three Months Ended		Nine Months Ended	
(in thousands, except per share data)	**September 30, 2005**	**September 30, 2004**	**September 30, 2005**	**September 30, 2004**
Net income	$ 11,174	$ 7,599	$ 30,632	$ 22,316
Weighted average shares outstanding – basic	31,851	31,075	31,670	30,835
Basic earnings per share	$ 0.35	$ 0.24	$ 0.97	$ 0.72
Effect of dilutive securities:				
Shares issuable upon exercise of dilutive outstanding stock options	2,071	2,156	1,997	2,060
Weighted average shares outstanding – diluted	33,922	33,231	33,667	32,895
Diluted earnings per share	$ 0.33	$ 0.23	$ 0.91	$ 0.68
Anti-dilutive shares/options	23	—	101	—

6. Acquisitions

On January 5, 2005, the Company acquired Century Dynamics, Inc. (hereinafter referred to as "CDI"), a leading provider of sophisticated simulation software for solving linear, nonlinear, explicit and multi-body hydro-dynamics problems, for an initial purchase price of approximately $5.1 million in cash. In addition, the agreement provides for future payments contingent upon the attainment of certain performance criteria, which may result in an increase to goodwill. The acquisition of Century Dynamics, Inc. expands the Company's product offerings and allows it to deliver a more complete and comprehensive solution to its customers.

The total purchase price was allocated to the foreign and domestic assets and liabilities of CDI based upon estimated fair market values and foreign currency translation rates as of the date of acquisition. Approximately, $2.7 million was allocated to identifiable intangible assets (including $1.5 million to core technology, $450,000 to non-compete agreements, $300,000 to customer contracts, and $500,000 to trademarks), and $2.7 million to goodwill, which is not tax deductible. In the third quarter of 2005, a customer exercised its option to pay the Company approximately $300,000 under the contract that was valued on the acquisition date. As a result, the customer contract was removed from intangible assets as of September 30, 2005. The identified intangible assets are being amortized over three to five years. The acquisition of CDI was accounted for as a purchase, and accordingly, its operating results have been included in ANSYS, Inc.'s consolidated financial statements since the date of acquisition.

Had the acquisition occurred on January 1, 2005, the 2005 results would not be materially different from those presented in these financial statements. The following unaudited pro forma information presents the 2004 results of operations of the Company as if the acquisition had occurred on January 1, 2004. The unaudited pro forma results are not necessarily indicative of results that would have occurred had the acquisition been in effect for the year presented, nor are they necessarily indicative of future results.

(in thousands, except per share data)	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2004
Total revenue	$ 34,007	$ 99,661
Net income	7,902	22,237
Earnings per share:		
Basic	$ 0.25	$ 0.72
Diluted	$ 0.24	$ 0.68

7. Goodwill and Intangible Assets

During the first quarter of 2005, the Company completed the annual impairment test for goodwill and intangibles with indefinite lives and determined these assets had not been impaired as of January 1, 2005. No events occurred or circumstances changed during the nine months ended September 30, 2005 that required an interim goodwill impairment test.

Identifiable intangible assets with finite lives continue to be amortized on a straight-line basis over their estimated useful lives and are reviewed for impairment whenever events or circumstances indicated that the carrying amounts may not be recoverable.

As of September 30, 2005 and December 31, 2004, the Company's intangible assets have estimated useful lives and are classified as follows:

(in thousands)	September 30, 2005		December 31, 2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Core technology and trademarks (3–10 years)	$18,202	$ (9,650)	$16,894	$ (7,491)
Non-compete agreements (4–5 years)	2,902	(2,491)	2,536	(2,126)
Customer lists and contracts (3–5 years)	2,413	(2,273)	2,474	(1,872)
Total	$23,517	$ (14,414)	$21,904	$ (11,489)
Unamortized intangible assets:				
Trademarks	$ 1,585		$ 1,693	

Amortization expense for the amortized intangible assets reflected above for the three months ended September 30, 2005 and September 30, 2004 was approximately $1.0 million and $895,000, respectively. Amortization expense for the amortized intangible assets reflected above for the nine months ended September 30, 2005 and September 30, 2004 was approximately $3.3 million and $2.7 million, respectively.

Amortization expense for the amortized intangible assets reflected above is expected to be approximately $4.2 million, $3.3 million, $3.3 million, $730,000 and $357,000 for the years ending December 31, 2005, 2006, 2007, 2008 and 2009, respectively.

The changes in goodwill during the nine-month period ended September 30, 2005 are as follows:

(in thousands)	
Balance – January 1, 2005	$36,277
Acquisition of Century Dynamics, Inc.	2,677
Currency translation & other	(1,005)
Balance – September 30, 2005	$37,949

8. Geographic Information

Revenue by geographic area for the three and nine months ended September 30, 2005 and 2004 is as follows:

	Three Months Ended		Nine Months Ended	
(in thousands)	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
United States	$ 13,416	$ 11,170	$ 37,821	$ 32,402
Canada	975	901	3,248	3,039
United Kingdom	2,848	2,805	8,446	8,635
Germany	5,916	4,986	17,146	14,503
Japan	5,000	4,232	15,034	13,168
Other European	6,715	5,178	21,312	15,251
Other International	4,165	3,046	11,308	8,654
Total revenue	$ 39,035	$ 32,318	$ 114,315	$ 95,652

Long-lived assets (excluding deferred tax assets) by geographic area are as follows:

(in thousands)	September 30, 2005	December 31, 2004
United States	$ 31,105	$ 27,728
Canada	6,314	6,831
United Kingdom	8,117	8,607
Germany	3,528	4,080
Japan	894	1,006
Other European	5,402	6,313
Other International	278	269
Total long-lived assets	$ 55,638	$ 54,834

9. Stock Repurchase Program

In October 2001, the Company announced that its Board of Directors had amended its existing stock repurchase program to acquire up to an additional one million shares, or four million shares in total under the program that was initially announced in February 2000. Under this program, ANSYS repurchased 206,477 shares in the nine-month period ended September 30, 2005. No shares were repurchased in the nine-month period ended September 30, 2004. As of September 30, 2005, 2.0 million shares remain authorized for repurchase under the program.

10. Contingencies and Commitments

From time to time the Company is involved in various investigations, claims and legal proceedings that arise in the ordinary course of business activities. Management believes, after consulting with legal counsel, that the ultimate liabilities, if any, resulting from such matters will not materially affect the Company’s financial position, liquidity or results of operations.

11. Subsequent Event

In October 2005, the Company acquired substantially all of the assets of Harvard Thermal, Inc. (hereafter "HTI"), a leader in thermal analysis software tools, for an up-front purchase price of approximately $1.3 million in cash and stock. In addition, the acquisition agreement provides for future payments of up to $400,000, contingent upon the attainment of certain performance criteria. The acquisition of HTI expands the Company's product offerings and allows it to deliver a more complete and comprehensive solution to its customers. The operating results for HTI will be included with the Company's operating results from the date of acquisition. The Company is currently in the process of completing the purchase accounting for the acquired assets and liabilities. After allocation to the identifiable assets and liabilities, the remaining excess of the purchase price over the value of net assets acquired will be attributed to goodwill.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the accompanying condensed consolidated balance sheet of ANSYS, Inc. and subsidiaries as of September 30, 2005, and the related condensed consolidated statements of income and cash flows for the three and nine-month periods ended September 30, 2005 and 2004. These interim financial statements are the responsibility of the Corporation's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them 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), the consolidated balance sheet of ANSYS, Inc. and subsidiaries as of December 31, 2004, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated March 10, 2005, 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, 2004 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

Pittsburgh, Pennsylvania
October 26, 2005

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview:

ANSYS Inc.'s (the "Company") quarterly results for the three- and nine-month periods ended September 30, 2005 reflect revenue growth of 20.8% and 19.5%, respectively, and diluted earnings per share growth of 43.5% and 33.8%, respectively. These results were impacted by various factors, including higher revenues from the Company's software products and services, the January 2005 acquisition of Century Dynamics, Inc., an improvement in operating margins, higher interest income, a third quarter 2005 adjustment to the Company's estimate of accrued taxes and foreign currency fluctuations.

ANSYS, Inc. develops and globally markets engineering simulation software and technologies widely used by engineers and designers across a broad spectrum of industries, including aerospace, automotive, manufacturing, electronics and biomedical. Headquartered at Southpointe in Canonsburg, Pennsylvania, ANSYS, Inc. and its subsidiaries employ approximately 600 people and focus on the development of open and flexible solutions that enable users to analyze designs directly on the desktop, providing a common platform for fast, efficient and cost-conscious product development, from design concept to final-stage testing and validation. The Company distributes its ANSYS®, ANSYS Workbench™, CFX®, DesignSpace™, ICEM CFD™, CADOE™ and AUTODYN® products through a global network of channel partners, in addition to its own direct sales offices in strategic, global locations. It is the Company's intention to continue to maintain this mixed sales and support model.

The Company licenses its technology to businesses, educational institutions and governmental agencies. The growth in the Company's revenues is affected by the strength of the economy, general business conditions, customer budgetary constraints and the competitive position of the Company's products. The Company believes that the features, functionality and integrated multiphysics capabilities of its 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. As a result, the Company believes that its overall performance is best measured by fiscal year results rather than by quarterly results.

The following discussion should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and notes thereto for the three- and nine-month periods ended September 30, 2005 and 2004, and with the Company's audited financial statements and notes thereto for the year ended December 31, 2004 filed on Form 10-K with the Securities and Exchange Commission.

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including the following statements, as well as statements which contain such words as "anticipates", "intends", "believes", "plans" and other similar expressions:

- The Company's intentions regarding its sales and support model.

- The Company’s intentions related to investments in global sales and marketing, and research and development.
- The impact on general and administrative costs due to the ongoing costs associated with the Sarbanes-Oxley Act of 2002 and overall compliance costs related to being a public company.
- Increased exposure to volatility of foreign exchange rates.
- Exposure to changes in domestic and foreign tax laws in future periods.
- Plans related to future capital spending.
- The sufficiency of existing cash and cash equivalent balances to meet future working capital and capital expenditure requirements.
- Management’s assessment of the ultimate liabilities arising from various investigations, claims and legal proceedings.
- Current expectations regarding the 2005 effective tax rate.

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 the Company’s control. The Company’s actual results could differ materially from those set forth in forward-looking statements. Certain factors that might cause such a difference include risks and uncertainties detailed in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in the 2004 Annual Report to Stockholders and in “Important Factors Regarding Future Results” included herein as Exhibit 99.1 to this Form 10-Q.

Results of Operations

Three Months Ended September 30, 2005 Compared to Three Months Ended September 30, 2004

Revenue:

(dollars in thousands)	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Change $	Change %
Software licenses	$ 20,978	$ 16,585	4,393	26.5
Maintenance & service	18,057	15,733	2,324	14.8
Total revenue	39,035	32,318	6,717	20.8

The increase in revenue is primarily due to the following reasons:

- Post-acquisition revenue of $1.5 million ($900,000 in license revenue and $600,000 of maintenance and service revenue) related to CDI which was purchased on January 5, 2005.
- Newly generated software license revenue of $3.5 million.
- Increase of $1.9 million in product maintenance revenue, primarily associated with annual maintenance subscriptions sold in connection with new perpetual license sales in recent quarters.
- Decrease of $200,000 in engineering consulting revenue.

With respect to revenue, on average, for the third quarter of 2005, the U.S. dollar was approximately a net 0.3% weaker, when measured against the Company's primary foreign currencies, than for the third quarter of 2004. The U.S. dollar strengthened against the British Pound, the Japanese Yen, and the Euro while it weakened against the Indian Rupee and the Canadian Dollar. As a result of these fluctuations, the net impact on both revenue and operating profit during the quarter was less than $50,000.

International and domestic revenues, as a percentage of total revenue, were 65.6% and 34.4%, respectively, in the quarter ended September 30, 2005 and 65.4% and 34.6%, respectively, in the quarter ended September 30, 2004.

Cost of Sales and Gross Profit:

(dollars in thousands)	Three Months Ended September 30,					
	2005		2004		Change	
	Amount	% of Revenue	Amount	% of Revenue	$	%
Cost of sales:						
Software licenses	$ 1,334	3.4	$ 1,162	3.6	172	14.8
Amortization of software and acquired technology	877	2.2	758	2.3	119	15.7
Maintenance & service	3,822	9.8	3,521	10.9	301	8.5
Total cost of sales	6,033	15.5	5,441	16.8	592	10.9
Gross profit	33,002	84.5	26,877	83.2	6,125	22.8

The change in cost of sales is due to the following primary reasons:

- Third party software royalties increased by $200,000.
- Non-amortization expenses related to CDI of approximately $200,000.
- Increased amortization of $120,000 related to the intangibles acquired in the CDI acquisition.

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

Operating Expenses:

(dollars in thousands)	Three Months Ended September 30,					
	2005		2004		Change	
	Amount	% of Revenue	Amount	% of Revenue	$	%
Operating expenses:						
Selling & marketing	$ 6,432	16.5	$ 5,757	17.8	675	11.7
Research & development	7,667	19.6	6,611	20.5	1,056	16.0
Amortization	298	0.8	285	0.9	13	4.6
General & administrative	4,276	11.0	3,763	11.6	513	13.6
Total operating expenses	18,673	47.8	16,416	50.8	2,257	13.7

Selling and Marketing Expenses: Selling and marketing expenses increased by approximately $300,000 due to CDI. Both salary and headcount, excluding the CDI personnel, and marketing and advertising costs each increased $200,000. These costs were partially offset by a decrease in third party commissions of $300,000.

The Company anticipates that it will continue to make investments throughout the remainder of 2005 and into 2006 in its global sales and marketing organization to strengthen its competitive position, to enhance major account sales activities and to support its worldwide sales distribution and marketing strategies.

Research and Development: Research and development expenses increased due to two primary reasons. First, post-acquisition CDI research and development costs were $350,000. Second, salary and headcount related expenses (excluding CDI personnel) increased by $700,000. The Company has traditionally invested significant resources in research and development activities and intends to continue to make significant investments in this area.

Amortization: Amortization remained unchanged at approximately $300,000 in both 2005 and 2004. Amortization expense related to the January 2005 CDI acquisition was substantially offset by other intangible assets which became fully amortized during the current period.

General and Administrative: General and administrative expenses increased due to $300,000 in costs related to CDI and $200,000 in higher salary and headcount related expenses. Public company expenses and costs to comply with the provisions of the Sarbanes-Oxley Act, including accounting, legal and consulting fees, will be ongoing.

Other Income: Other income increased from $415,000 during the quarter ended September 30, 2004 to $1.1 million for the quarter ended September 30, 2005. This net increase was primarily the result of an increase in interest income of $600,000 due to an increased level of funds invested, as well as higher interest rates in 2005 as compared with 2004.

Income Tax Provision: The Company's effective tax rate was 27.8% in the 2005 quarter as compared to 30.1% in the 2004 quarter. These rates are lower than the federal and state combined statutory rate as a result of export benefits, as well as the generation of research and experimentation credits. The Company currently expects that the effective tax rate will be in the range of 31%—32% for the year ending December 31, 2005.

During the third quarter of 2005, the Company filed its 2004 U.S. federal and state tax returns. In conjunction with the completion of these returns, the Company adjusted its estimate for 2004 taxes to reflect the actual results and recorded a $500,000 tax benefit. The effect of this adjustment reduced the third quarter effective tax rate from 31.0% to 27.8%.

Net Income: The Company's net income in the 2005 quarter was $11.2 million as compared to $7.6 million in the 2004 quarter. Diluted earnings per share increased to $0.33 in the 2005 quarter as compared to $0.23 in the 2004 quarter as a result of the increase in net income. The weighted average shares used in computing diluted earnings per share were 33.9 million in the 2005 third quarter and 33.2 million in the 2004 third quarter.

Nine Months Ended September 30, 2005 Compared to Nine Months Ended September 30, 2004

Revenue:

(dollars in thousands)	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Change $	Change %
Software licenses	$ 61,247	$ 49,262	11,985	24.3
Maintenance & service	53,068	46,390	6,678	14.4
Total revenue	114,315	95,652	18,663	19.5

The increase in revenue is primarily due to the following reasons:

- Post-acquisition revenue of $4.4 million ($2.5 million in license revenue and $1.9 million of maintenance and service revenue) related to CDI which was purchased on January 5, 2005.
- Newly generated software license revenue of $9.5 million.
- Increase of $5.5 million in product maintenance revenue, primarily associated with annual maintenance subscriptions sold in connection with new perpetual license sales in recent quarters.
- Decrease of $700,000 in engineering consulting revenue.

With respect to revenue, on average, for the nine-month period of 2005, the U.S. dollar was approximately 2.4% weaker, when measured against the Company's primary foreign currencies, than for the same period of 2004. On a year-to-date basis, the U.S. dollar weakened against the British Pound, the Indian Rupee, the Japanese Yen, the Canadian Dollar, and the Euro. The weakening resulted in increased revenue and operating profit during the 2005 period, as compared with the corresponding 2004 period, of approximately $900,000 and $200,000, respectively.

International and domestic revenues, as a percentage of total revenue, were 66.9% and 33.1%, respectively, in the nine months ended September 30, 2005 and 66.1% and 33.9%, respectively, in the nine months ended September 30, 2004.

Cost of Sales and Gross Profit:

(dollars in thousands)	Nine Months Ended September 30, 2005 Amount	2005 % of Revenue	2004 Amount	2004 % of Revenue	Change $	Change %
Cost of sales:						
Software licenses	$ 3,747	3.3	$ 3,678	3.8	69	1.9
Amortization of software and acquired technology	2,665	2.3	2,267	2.4	398	17.6
Maintenance & service	11,476	10.0	9,649	10.1	1,827	18.9
Total cost of sales	17,888	15.6	15,594	16.3	2,294	14.7
Gross profit	96,427	84.4	80,058	83.7	16,369	20.4

The change in cost of sales is due to the following primary reasons:

- Salaries increased by $500,000.
- Increased technical support fees of approximately $800,000.
- Non-amortization expenses related to CDI of approximately $600,000.
- Increased amortization of $370,000 related to the intangibles acquired in the CDI acquisition.

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

Operating Expenses:

(dollars in thousands)	Nine Months Ended September 30, 2005 Amount	2005 % of Revenue	2004 Amount	2004 % of Revenue	Change $	Change %
Operating expenses:						
Selling & marketing	$19,003	16.6	$17,843	18.7	1,160	6.5
Research & development	22,486	19.7	19,441	20.3	3,045	15.7
Amortization	1,009	0.9	857	0.9	152	17.7
General & administrative	12,851	11.2	10,808	11.3	2,043	18.9
Total operating expenses	55,349	48.4	48,949	51.2	6,400	13.1

Selling and Marketing Expenses: Selling and marketing expenses increased by approximately $800,000 due to CDI. Excluding the CDI personnel, salary and headcount related expenses increased by $900,000 and travel costs increased by $100,000. These costs were partially offset by a decrease in third party commissions of $700,000, and a decrease in costs associated with the biennial ANSYS Users' Conference of $300,000, which was held in 2004.

Research and Development: Research and development expenses increased due primarily to post-acquisition costs for CDI of $1.1 million and higher salary and headcount related expenses of $1.8 million.

Amortization: Amortization expense increased due to the acquisition of CDI in January 2005.

General and Administrative: General and administrative expenses increased due to $1.0 million in costs related to CDI and $900,000 in higher salary and headcount related expenses. Public company expenses and costs to comply with the provisions of the Sarbanes-Oxley Act, including accounting, legal and consulting fees, will be ongoing.

Other Income: Other income increased from $791,000 during the nine months ended September 30, 2004 to $2.8 million for the nine months ended September 30, 2005. This net increase was primarily the result of the following two factors:

Investment Income - Interest income was $2.9 million for the nine months ended September 30, 2005, compared to $1.0 million for the nine months ended September 30, 2004. Larger cash balances invested, in addition to higher interest rates, caused the increase in interest income.

Foreign Currency Transaction - During the nine months ended September 30, 2005, the Company had a net foreign exchange loss of $200,000 as compared with a loss of $300,000 for the nine months ended September 30, 2004. Because the Company has significant operations in non-U.S. locations, the Company, for the foreseeable future, will have financial and operational exposure to volatility of foreign exchange rates. The Company is most impacted by movements among and between the Canadian Dollar, British Pound, Euro, Indian Rupee, Japanese Yen and the U.S. Dollar.

Income Tax Provision: The Company's effective tax rate was 30.2% for the nine months ended September 30, 2005 as compared to 30.0% for the nine months ended September 30, 2004. These rates are lower than the federal and state combined statutory rate as a result of export benefits, as well as the generation of research and experimentation credits.

During the third quarter of 2005, the Company filed its 2004 U.S. federal and state tax returns. In conjunction with the completion of these returns, the Company adjusted its estimate for 2004 taxes to reflect the actual results and recorded a $500,000 tax benefit. The effect of this adjustment reduced the effective tax rate for the nine months ended September 30, 2005 from 31.3% to 30.2%.

Net Income: The Company's net income for the nine months ended September 30, 2005 was $30.6 million as compared to $22.3 million in the 2004 nine-month period. Diluted earnings per share increased to $0.91 in the 2005 period as compared to $0.68 in the 2004 period as a result of the increase in net income. The weighted average shares used in computing diluted earnings per share were 33.7 million in the 2005 period and 32.9 million in the 2004 period.

Liquidity and Capital Resources

As of September 30, 2005, the Company had cash, cash equivalents and short-term investments totaling $174.5 million and working capital of $151.3 million, as compared to cash, cash equivalents and short-term investments of $138.4 million and working capital of $120.1 million at December 31, 2004. The short-term investments are generally investment grade and liquid, which allows the Company to minimize interest rate risk and to facilitate liquidity in the event of an immediate cash requirement.

The Company's operating activities provided cash of $47.1 million and $39.7 million during the nine months ended September 30, 2005 and 2004, respectively. The $7.4 million increase in the Company's cash flow from operations in the 2005 nine-month period as compared to the comparable 2004 period was primarily the result of $7.9 million in increased earnings, adjusted for non-cash expenses such as depreciation and deferred taxes, offset by a $600,000 decrease in cash from changes in working capital balances.

The Company's investing activities provided net cash of $37.4 million for the nine months ended September 30, 2005 and used net cash of $8.2 million for the nine months ended September 30, 2004. In 2005, maturing short-term investments exceeded related purchases by $45.3 million. In addition, during 2005, the Company had net cash outlays of approximately $4.2 million related to the acquisition of Century Dynamics, Inc. During the corresponding period of 2004, the Company's purchases of short-term investments exceeded related maturities by $5.1 million. The Company currently plans additional capital spending of approximately $700,000 to $1.0 million throughout the remainder of 2005; however, the level of spending will be dependent upon various factors, including growth of the business and general economic conditions.

Financing activities used cash of $2.2 million in the nine months ended September 30, 2005 as compared with cash provided of $4.6 million during the nine months ended September 30, 2004. During 2005, the Company repurchased 206,477 shares of stock for $7.5 million. This cash outlay was substantially offset by cash provided by the employee stock and option plans.

The Company believes that existing cash and cash equivalent balances of $164.4 million, together with short-term investment balances and cash generated from operations, will be sufficient to meet the Company's working capital and capital expenditure requirements through the remainder of fiscal 2005. The Company's cash requirements in the future may also be financed through additional equity or debt financings. There can be no assurance that such financings can be obtained on favorable terms, if at all.

The Company continues to generate positive cash flows from operating activities and believes that the best use of its excess cash is to grow the business and, under certain conditions, to repurchase stock. Additionally, the Company has in the past, and expects in the future, to acquire or make investments in complementary companies, products, services and technologies. The Company believes it can fund future acquisitions with available cash and investments, cash generated from operations, existing or additional credit facilities, or from the issuance of additional securities.

The Company does not have any special purpose entities or off-balance sheet financing arrangements.

During the quarters ended September 30, 2005 and 2004, the Company had no borrowings under an uncommitted and unsecured $10.0 million line of credit.

In the first quarter of 2005, the Company entered into a new facility lease agreement for an international office. This new agreement caused a significant change to the other office leases contractual obligations which were previously reported on the Company's Form 10-K. Such changes are summarized below:

		Payments Due by Period as of December 31, 2004			
(in thousands)	**Total**	**Within 1 Year**	**2-3 Years**	**4-5 Years**	**After 5 Years**
Prior to New Lease	$4,316	$ 1,698	$ 1,882	$ 665	$ 71
After New Lease	5,274	1,937	2,521	745	71

There were no other material changes to the Company's significant contractual obligations during the nine months ended September 30, 2005.

Item 3.Quantitative and Qualitative Disclosures Regarding Market Risk

As the Company continues to expand its direct sales presence in international regions, the portion of its revenue, expenses, cash, accounts receivable and payment obligations denominated in foreign currencies continues to increase. As a result, changes in currency exchange rates from time to time may affect the Company's financial position, results of operations and cash flows.

In April 2005 the Company's British Pound-denominated intercompany loan with a U.K. subsidiary was satisfied in full.

No other material change has occurred in the Company's market risk subsequent to December 31, 2004.

Item 4.Controls and Procedures

Evaluation of Disclosure Controls and Procedures. As required by Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, the Company has evaluated, with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, the effectiveness of its 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 in ensuring that material information relating to the Company, including its consolidated subsidiaries, is made known to the certifying officers by others within the Company and its consolidated subsidiaries during the period covered by this report.

The Company has a Disclosure Review Committee to assist in the quarterly evaluation of the Company's internal disclosure controls and procedures and in the review of the Company's periodic filings under the Exchange Act. The membership of the Disclosure Review Committee consists of the Company's Chief Executive Officer, Chief Financial Officer, Controller, General Counsel, Treasurer, Vice President of Sales and Support, Vice President of Human Resources and Business Unit General Managers. This committee is advised by external counsel, particularly on SEC-related matters. Additionally, other members of the Company's global management team advise the committee with respect to disclosure via a sub-certification process.

The Company believes, based on its knowledge, that 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 the Company as of, and for, the periods presented in this report. The Company cannot provide assurance that new problems will not be found in the future, nor does it expect that its disclosure controls and procedures, or its internal controls, will prevent all errors and all fraud because no system can provide absolute assurance that the objectives of the control system are met. Because of the inherent limitations on all control systems, no evaluation of controls can provide absolute assurance that all control issues and instance of fraud within ANSYS have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some person or by collusion of two or more people. The Company is committed to both a sound internal control environment and to good corporate governance.

The Company periodically reviews the disclosure controls and procedures, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that the Company's systems evolve with its business.

Changes in Internal Controls. The Company is in the process of extending its internal controls to its acquisition of Century Dynamics, Inc. Otherwise, there were no changes that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting during the nine months ended September 30, 2005.

PART II – OTHER INFORMATION

Item 1.Legal Proceedings

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

Item 2.Unregistered Sale of Equity Securities and Use of Proceeds

b) The following information is furnished in connection with securities sold by the Registrant during the period covered by this Form 10-Q which were not registered under the Securities Act. The transactions constitute sales of the Registrant's Common Stock, par value $.01 per share, upon the exercise of vested options issued pursuant to the Company's 1994 Stock Option and Grant Plan, issued in reliance upon the exemption from registration under Rule 701 promulgated under the Securities Act and issued prior to the Registrant becoming subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act of 1934, as amended.

Month/Year	Number of Shares	Number of Individuals	Aggregate Exercise Price
July 2005	7,000	1	$ 8,400
August 2005	14,000	1	$ 16,800
September 2005	7,500	2	$ 8,719

c) Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under Plans or Programs
July 2005	—	—	—	2,129,018
August 2005	—	—	—	2,129,018
September 2005	114,695	$ 38.69	114,695	2,014,323
Total	114,695	$ 38.69	114,695	2,014,323

Item 3.Defaults Upon Senior Securities

None.

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

None.

Item 5.Other Information

None.

Item 6.Exhibits

(a) Exhibits.

3.1	Restated Certificate of Incorporation
3.2	By-laws of the Company
10.1	1996 Stock Option and Grant Plan, as amended and restated
10.2	First Amended Lease Agreement between Southpointe Park Corp. and ANSYS, Inc.
15	Independent Accountants’ Letter Regarding Unaudited Financial Information
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Certain Factors Regarding Future Results

SIGNATURES

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

ANSYS, Inc.

Date: November 4, 2005

By: /s/ James E. Cashman, III

James E. Cashman, III
President and Chief Executive Officer

Date: November 4, 2005

By: /s/ Maria T. Shields

Maria T. Shields
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	
	Articles of Incorporation and By-laws
3.1	Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1996 and incorporated herein by reference).
3.2	By-laws of the Company (filed as Exhibit 3.3 to the Company's Registration Statement on Form S-1 (File No. 333-4278) and incorporated herein by reference).
	Material Contracts
10.1	1996 Stock Option and Grant Plan, as amended and restated (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1996 and incorporated herein by reference).
10.2	First Amended Lease Agreement between Southpointe Park Corp. and ANSYS, Inc. (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2004 and incorporated herein by reference).
15	Independent Accountants' Letter Regarding Unaudited Financial Information.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Certain Factors Regarding Future Results.

EXHIBIT 15

November 4, 2005

ANSYS, Inc.
275 Technology Drive
Canonsburg, PA 15317

We have made a review, in accordance with the standards of the Public Company Accounting Oversight Board (United States), of the unaudited interim financial information of ANSYS, Inc. and subsidiaries for the three and nine-month periods ended September 30, 2005 and 2004 and have issued our report dated October 26, 2005. As indicated in such report, because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which was included in your Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 is incorporated by reference in this Registration Statement Nos. 333-110728, 333-69506, and 333-08613 on Forms S-8.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP

Pittsburgh, Pennsylvania

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, James E. Cashman, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ANSYS, Inc. (“ANSYS”);
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. ANSYS’s 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 15(d)-15(f)) for ANSYS and we 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 quarterly report is being prepared; and
   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; and
   c) evaluated the effectiveness of ANSYS’s 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’s internal control over financial reporting that occurred during ANSYS’s most recent fiscal quarter (ANSYS’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, ANSYS’s internal control over financial reporting; and
5. ANSYS’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to ANSYS’s auditors and the audit committee of ANSYS’s Board of Directors:
   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’s 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’s internal control over financial reporting.

Date: November 4, 2005

/s/ James E. Cashman, III

James E. Cashman, III
President and Chief Executive Officer

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Maria T. Shields, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ANSYS, Inc. ("ANSYS");

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. ANSYS's 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 15(d)-15(f)) for ANSYS and we 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 quarterly report is being prepared; and

   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; and

   c) evaluated the effectiveness of ANSYS's 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's internal control over financial reporting that occurred during ANSYS's most recent fiscal quarter (ANSYS's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, ANSYS's internal control over financial reporting; and

5. ANSYS's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to ANSYS's auditors and the audit committee of ANSYS's Board of Directors:

   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's 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's internal control over financial reporting.

Date: November 4, 2005

/s/ Maria T. Shields

Maria T. Shields
Chief Financial Officer

EXHIBIT 32.1

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 September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James E. Cashman III, 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/ James E. Cashman, III

James E. Cashman, III
President and Chief Executive Officer
November 4, 2005

EXHIBIT 32.2

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 September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Maria T. Shields, Chief Financial 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/ Maria T. Shields

Maria T. Shields
Chief Financial Officer
November 4, 2005

Important Factors Regarding Future Results

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

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

SEASONAL VARIATIONS: The Company’s business has experienced significant seasonality, including quarterly reductions in software sales resulting from the slowdown in Europe during the summer months, as well as from the seasonal purchasing and budgeting patterns of the Company’s customers.

ECONOMIC SLOWDOWN IN CERTAIN SECTORS: The Company’s sales are based significantly on end user demand for products in key industrial sectors. Many of these sectors periodically experience economic declines. These economic declines may be exacerbated by other economic factors, such as the recent increase in global energy prices. These economic factors may adversely affect the Company’s business by extending sales cycles and reducing revenue.

The Company has customers, who supply a wide spectrum of goods and services, in virtually all of the world's major economic regions. The Company's performance is materially impacted by general economic conditions and the performance of its customers. The Company's management team forecasts macroeconomic trends and developments and integrates them through long-range planning into budgets, research and development strategies and a wide variety of general management duties. When forecasting future economic trends and technological developments, management does not have a comparative advantage. To the extent that the Company's forecasts are in error by being overly optimistic or overly pessimistic about the performance of an economy or sector, the Company's performance may be hindered because of a failure to properly match corporate strategy with economic conditions.

Terrorist attacks, other increased global hostilities and natural disasters have, at times, contributed to widespread uncertainty and speculation in the world financial markets. This uncertainty and speculation may result in further economic contraction, resulting in the suspension or delay of purchasing by our customers.

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

RAPIDLY CHANGING TECHNOLOGY; NEW PRODUCTS; RISK OF PRODUCT DEFECTS: The Company operates in an industry generally characterized by rapidly changing technology and frequent new product introductions that can render existing products obsolete or unmarketable. A major factor in the Company's future success will be its ability to anticipate technological changes and to develop and introduce, in a timely manner, enhancements to its existing products and new products to meet those changes. If the Company is unable to introduce new products and to respond quickly to industry changes, its business, financial condition, results of operations and cash flows could be materially adversely affected.

The introduction and marketing of new or enhanced products require the Company to manage the transition from existing products in order to minimize disruption in customer purchasing patterns. There can be no assurance that the Company will be successful in developing and marketing, on a timely basis, new products or product enhancements, that its new products will adequately address the changing needs of the marketplace or that it will successfully

manage the transition from existing products. Software products as complex as those offered by the Company may contain undetected errors or failures when first introduced or as new versions are released, and the likelihood of errors is increased as a result of the Company's commitment to accelerating the frequency of its product releases. There can be no assurance that errors will not be found in new or enhanced products after commencement of commercial shipments. Any of these problems may result in the loss of or delay in customer acceptance, diversion of development resources, damage to the Company's reputation or increased service and warranty costs, any of which could have a material, adverse effect on the Company's business, financial condition, results of operations and cash flows.

SALES OF NEW PRODUCTS: The Company continues to develop and introduce new software products. Certain of these products require a higher level of sales and support expertise. The ability of the Company's sales channel, particularly the indirect channel, to obtain this expertise and to sell the new product offerings effectively could have an impact on the Company's sales in future periods. Additionally, royalties and engineering service engagements associated with the new software products may result in the Company's cost of sales increasing as a percentage of revenue in future periods.

DEPENDENCE ON DISTRIBUTORS: The Company continues to distribute a substantial portion of its products through its global network of independent, regional channel partners. The channel partners sell the Company's software products to new and existing customers, expand installations within the existing customer base, offer consulting services and provide the first line of technical support. Consequently, the Company is highly dependent upon the efforts of the channel partners. Difficulties in ongoing relationships with channel partners, such as delays in collecting accounts receivable, failure to meet performance criteria or to promote the Company's products as aggressively as the Company expects and differences in the handling of customer relationships could adversely affect the Company's performance. Additionally, the loss of any major channel partner for any reason, including a channel partner's decision to sell competing products rather than the Company's products, could have a material adverse effect on the Company. Moreover, the Company's future success will depend substantially on the ability and willingness of its channel partners to continue to dedicate the resources necessary to promote the Company's products and to support a larger installed base of the Company's products. If the channel partners are unable or unwilling to do so, the Company may be unable to sustain revenue growth.

Currently the Company is partially protected from exchange rate fluctuations among the U.S. Dollar and other currencies as a result of its indirect sales channel, which generally pays the Company in U.S. Dollars. The revenues and expenses associated with the Company's international direct sales channel are subject to foreign currency exchange fluctuations and, as a result, the Company's future financial results may be impacted by fluctuations in exchange rates. Additionally, any future changes to the Company's sales channel involving proportionally higher direct sales from international locations could result in additional exposure to the foreign currency exchange fluctuations. This exposure could adversely impact the Company's financial position and results of operations in future periods.

COMPETITION: The Company continues to experience intense competition across all markets for its products and services. Some of the Company's current and possible future competitors

have greater financial, technical, marketing and other resources than the Company, and some have well established relationships with current and potential customers of the Company. These competitive pressures may result in decreased sales volumes, price reductions and/or increased operating costs, and could result in lower revenues, margins and net income.

DEPENDENCE ON SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL: The Company is highly dependent upon the ability and experience of its senior executives and its key technical and other management employees. Although the Company has employment agreements with certain employees, the loss of these employees, or any of the Company's other key employees, could adversely affect the Company's ability to conduct its operations.

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

As the Company continues to expand its direct sales presence in international regions, the portion of its revenue, expenses, cash, accounts receivable and payment obligations denominated in foreign currencies continues to increase. As a result, changes in currency exchange rates from time to time may affect the Company's financial position, results of operations and cash flows.

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

As the Company has grown, it has become increasingly subject to the risks arising from adverse changes in domestic and global economic conditions. As a result of the current economic slowdown, many companies are delaying or reducing technology purchases, which has had an impact on the Company's visibility into the closing of new business, as opposed to its recurring business. This slowdown has also contributed to, and may continue to contribute to, reductions in sales, longer sales cycles and increased price pressure. Each of these items could adversely affect the Company's sales in future periods.

The Company has historically received significant tax benefits related to its export activities. In October 2004, the American Jobs Creation Act of 2004 was signed into law and included replacement legislation for existing export benefits. This bill retains certain export benefits for transactions in the ordinary course of business under binding contracts with unrelated persons in effect on September 17, 2003. The phase-out of the existing export benefits associated with the pending legislation is summarized as follows:

Export Benefit Phase-out

2004	No Effect
2005	80% of otherwise-applicable benefits
2006	60% of otherwise-applicable benefits
2007 - beyond	Export Benefits Fully Eliminated

In addition to repealing the export tax benefits, the American Jobs Creation Act of 2004 provides significant tax relief for domestic manufacturers. Effective for taxable years beginning after December 31, 2004, qualifying entities will be able to deduct a certain percentage (as defined below) of the lesser of their qualified production activities income or their taxable income for a taxable year. The deduction, however, will be limited to 50% of an employer's W-2 wages for a taxable year. Beginning in 2010, when the 9% deduction is fully phased in, corporations facing a marginal tax rate of 35% would be subject to an effective tax rate of 31.85% on qualifying income.

Manufacturing Income Deduction Phase-in

2004	No Effect
2005 - 2006	3% applicable deduction for qualified income
2007 - 2009	6% applicable deduction for qualified income
2010 - beyond	9% applicable deduction for qualified income

In 2004, export benefits reduced the Company's effective tax rate by approximately 4.2%. The impact of the above legislation on the Company's effective tax rate in 2005 is not expected to be significant. Any changes to taxation regulations in the jurisdictions in which the Company operates may have an adverse impact on the Company's effective tax rate and decrease its net income in future periods.

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

INCREASED RELIANCE ON PERPETUAL LICENSES: Although the Company has historically maintained stable recurring revenue from the sale of software lease licenses, software maintenance subscriptions and third party royalties, it also has relied on sales of perpetual licenses that involve payment of a single up-front fee and that are more typical in the computer software industry. While revenue generated from software lease licenses, software maintenance subscriptions and third party royalties currently represents a portion of the Company's software license revenue, to the extent that perpetual license revenue continues to represent a significant percentage of total software license revenue, the Company's revenue in any period will depend increasingly on sales completed during that period.

RISKS ASSOCIATED WITH ACQUISITIONS: The Company has consummated and may continue to consummate certain strategic acquisitions in order to provide increased capabilities to its existing products, supply new products and services or enhance its distribution channels. In the future, the Company may not be able to identify suitable acquisition candidates or, if suitable candidates are identified, the Company may not be able to complete the business combination on commercially acceptable terms. Business acquisitions may result in devotion of significant management and financial resources. The ability of the Company to integrate the acquired businesses, including delivering sales and support, ensuring continued customer commitment, obtaining further commitments and challenges associated with expanding sales in particular markets and retaining key personnel, will impact the success of these acquisitions. If the Company is unable to properly and timely integrate the acquired businesses, there could be a material, adverse effect on the Company's business, financial condition, results of operations and cash flows.

DISRUPTION OF OPERATIONS OR INFRASTRUCTURE FAILURES: A significant portion of the Company's software development personnel, source code and computer equipment is located at operating facilities in the United States, Canada and Europe. The occurrence of a natural disaster or other unforeseen catastrophe at any of these facilities could cause interruptions in the Company's operations, services and product development activities. Additionally, if the Company experiences problems that impair its business infrastructure, such as a computer virus, telephone system failure or an intentional disruption of its information technology systems by a third party, these interruptions could have a material, adverse effect on the Company's business, financial condition, results of operations, cash flows and the ability to meet financial reporting timelines. Further, because the Company's sales are not generally linear during any quarterly period, the potential adverse effects resulting from any of the events described above or any other disruption of the Company's business could be accentuated if it occurs close to a quarter-end.

PERIODIC REORGANIZATION OF SALES FORCE: The Company relies heavily on its direct sales force. From time to time, the Company reorganizes and makes adjustments to its sales force in response to such factors as management changes, performance issues, market opportunities and other considerations. These changes may result in a temporary lack of sales production and may adversely impact revenue in future quarters. There can be no assurance that the Company will not restructure its sales force in future periods or that the transition issues associated with such a restructuring will not recur.

THIRD PARTY ROYALTY AGREEMENTS: The Company has agreements with third parties whereby it receives royalty revenues in return for the right of the third party to utilize the Company's technology or embed the Company's technology in the third party's products. To the extent that the Company is unable to maintain these third party relationships, or that the third party is unsuccessful in selling the embedded products, there could be a material, adverse impact on the Company's business, financial condition, results of operations and cash flows.

SALES FORECASTS: The Company makes many operational and strategic decisions based upon short- and long-term sales forecasts. The Company's sales personnel continually monitor the status of all proposals, including the estimated closing date and the dollar amount of the sale, in order to forecast quarterly sales. These forecasts are subject to significant estimation and are impacted by many external factors. For example, a slowdown in information technology spending or economic factors could cause purchasing decisions to be delayed. A variation in actual sales activity from that forecasted could cause the Company to plan or to budget incorrectly and, therefore, could adversely affect the Company's business, financial condition, results of operations and cash flows.

INCOME TAX ESTIMATES: The Company makes significant estimates in determining its worldwide income tax provision. These estimates involve complex tax regulations in a number of jurisdictions across the Company's global operations and are subject to many transactions and calculations where the ultimate tax outcome is uncertain. Although the Company believes that its estimates are reasonable, the final outcome of tax matters could be different than the estimates reflected in the historical income tax provision and related accruals. Such differences could have a material impact on income tax expense and net income in the period in which such determination is made.

REGULATORY COMPLIANCE: Like all other public companies, the Company is subject to the rules and regulations of the Securities and Exchange Commission ("SEC"), including those that require the Company to report on and receive a certification from its independent accounting firm regarding the Company's internal controls. Compliance with these requirements causes the Company to incur additional expenses and causes management to divert time from the day to day operation of the Company. While the Company anticipates being able to fully comply with these internal control requirements, if it is not able to comply with the Sarbanes-Oxley reporting or certification requirements relating to internal controls, the Company may be subject to sanction by the SEC or NASDAQ.

The Company's sales to the Government of the United States must comply with the regulations set forth in the Federal Acquisition Regulations. Failure to comply with these regulations could result in penalties being assessed against the Company or an order preventing the Company from making future sales to the United States Government. Further, the Company's international activities must comply with the export control laws of the United States, the Foreign Corrupt Practices Act and a variety of other laws and regulations of the United States of America and other countries in which the Company operates. Failure to comply with any of these laws and regulations could adversely affect the Company's business, financial results, results of operation and cash flows.

CONTINGENCIES: The Company is involved in various investigations, claims and legal proceedings from time to time that arise in the ordinary course of its business activities. These proceedings currently include customary audit activities by various taxing authorities. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably to the Company.

CHANGES IN EXISTING FINANCIAL ACCOUNTING STANDARDS OR TAXATION RULES: Changes in existing accounting or taxation rules or practices, new accounting pronouncements or taxation rules, or varying interpretations of current accounting pronouncements or taxation practice could have a significant adverse effect on the Company's results of operations or the manner in which the Company conducts its business. Further, such changes could potentially affect the Company's reporting of transactions completed before such changes are effective. For example, the Company is not currently required to record stock-based compensation charges to earnings in connection with stock option grants to its employees. However, the FASB issued SFAS 123R which will require the Company to record stock-based compensation charges to earnings for employee stock option grants commencing in the first quarter of fiscal 2006. Such charges will negatively impact the Company's earnings.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK: The Company is exposed to certain market risks, primarily foreign currency exchange rates, which arise from transactions entered into in the normal course of business. The Company seeks to minimize these risks primarily through its normal operating and financing activities.