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 June 30, 2004

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 ☐

The number of shares of the Registrant's Common Stock, par value $.01 per share, outstanding as of July 30, 2004 was 15,486,057 shares.

INDEX

		Page No.
PART I.	**UNAUDITED FINANCIAL INFORMATION**	
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets – June 30, 2004 and December 31, 2003	3
	Condensed Consolidated Statements of Income – Three and Six Months Ended June 30, 2004 and 2003	4
	Condensed Consolidated Statements of Cash Flows – Six Months Ended June 30, 2004 and 2003	5
	Notes to Condensed Consolidated Financial Statements	6-11
	Report of Independent Registered Public Accounting Firm	12
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	13-22
Item 3.	Quantitative and Qualitative Disclosures Regarding Market Risk	23
Item 4.	Controls and Procedures	23
PART II.	**OTHER INFORMATION**	
Item 1.	Legal Proceedings	24
Item 2.	Changes in Securities	24
Item 3.	Defaults Upon Senior Securities	24
Item 4.	Submission of Matters to a Vote of Security Holders	24
Item 5.	Other Information	25
Item 6.	Exhibits and Reports Filed on Form 8-K	26
	SIGNATURES	27
	EXHIBIT INDEX	28

ANSYS, DesignSpace, ANSYS DesignModeler, ANSYS DesignXplorer VT, ANSYS DesignXplorer, ANSYS ProFEA, ANSYS Emax, ANSYS Workbench, CFX, AI*Environment, CADOE S.A. and any and all ANSYS, Inc. product names are registered trademarks or trademarks of subsidiaries of ANSYS, Inc. located in the United States or other countries. All other product names mentioned are trademarks or registered trademarks of their respective manufacturers.

PART I – UNAUDITED FINANCIAL INFORMATION

Item 1. Financial Statements:

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

	June 30, 2004	Dec. 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	$ 89,267	$ 78,038
Short-term investments	20,104	4,976
Accounts receivable, less allowance for doubtful accounts of $2,070 and $2,110, respectively	16,652	20,028
Other current assets	17,459	16,206
Deferred income taxes	3,281	3,311
Total current assets	146,763	122,559
Property and equipment, net	6,159	5,801
Capitalized software costs, net	877	959
Goodwill	34,985	35,151
Other intangibles, net	13,019	14,876
Deferred tax asset	873	1,213
Total assets	$ 202,676	$ 180,559
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 719	$ 988
Accrued bonuses	3,438	4,439
Other accrued expenses and liabilities	9,922	10,184
Deferred revenue	41,760	37,874
Total current liabilities	55,839	53,485
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized	—	—
Common stock, $.01 par value; 50,000,000 shares authorized; 16,584,758 shares issued	166	166
Additional paid-in capital	47,675	44,535
Less treasury stock, at cost: 1,117,635 and 1,317,488 shares, respectively	(20,471)	(22,768)
Retained earnings	115,419	100,701
Accumulated other comprehensive income	4,048	4,440
Total stockholders' equity	146,837	127,074
Total liabilities and stockholders' equity	$ 202,676	$ 180,559

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		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Revenue:				
Software licenses	$ 16,353	$ 13,962	$ 32,677	$ 26,404
Maintenance and service	15,649	13,681	30,657	25,839
Total revenue	32,002	27,643	63,334	52,243
Cost of sales:				
Software licenses	1,179	1,468	2,516	2,647
Amortization of software and acquired technology	754	906	1,509	1,431
Maintenance and service	3,045	3,689	6,128	6,583
Total cost of sales	4,978	6,063	10,153	10,661
Gross profit	27,024	21,580	53,181	41,582
Operating expenses:				
Selling and marketing	6,032	6,096	12,086	11,608
Research and development	6,483	6,074	12,830	11,730
Amortization	285	275	572	498
General and administrative	3,546	3,132	7,045	5,776
Total operating expenses	16,346	15,577	32,533	29,612
Operating income	10,678	6,003	20,648	11,970
Other income	146	772	376	1,306
Income before income tax provision	10,824	6,775	21,024	13,276
Income tax provision	3,247	2,303	6,307	4,525
Net income	$ 7,577	$ 4,472	$ 14,717	$ 8,751
Earnings per share - basic:				
Basic earnings per share	$ 0.49	$ 0.30	$ 0.96	$ 0.59
Weighted average shares – basic	15,400	14,859	15,358	14,743
Earnings per share - diluted:				
Diluted earnings per share	$ 0.46	$ 0.29	$ 0.90	$ 0.56
Weighted average shares - diluted	16,483	15,904	16,431	15,679
Pro forma earnings per share (split adjusted) – basic [(1)]				
Basic earnings per share	$ 0.25	$ 0.15	$ 0.48	$ 0.30
Weighted average shares - basic	30,800	29,718	30,716	29,486
Pro forma earnings per share (split adjusted) – diluted [(1)]				
Diluted earnings per share	$ 0.23	$ 0.14	$ 0.45	$ 0.28
Weighted average shares – diluted	32,966	31,808	32,862	31,358

(1) Amounts represent basic and diluted earnings per share after considering a 2-for-1 stock split, which was announced August 5, 2004. See Footnote No. 10.

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)

	Six Months Ended	
	June 30, 2004	June 30, 2003
Cash flows from operating activities:		
Net income	$ 14,717	$ 8,751
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,748	3,337
Deferred income tax provision	346	37
Provision for bad debts	55	152
Loss on investment	—	50
Changes in operating assets and liabilities:		
Accounts receivable	3,168	4,650
Other current assets	(1,093)	1,862
Accounts payable, accrued expenses and liabilities	1,409	(2,277)
Deferred revenue	3,952	5,067
Net cash provided by operating activities	26,302	21,629
Cash flows from investing activities:		
Capital expenditures	(2,022)	(1,161)
Capitalization of internally developed software costs	(388)	(354)
Purchases of short-term investments	(20,103)	(15,045)
Maturities of short-term investments	5,000	15,000
Acquisition of CFX, net of cash acquired	—	(21,747)
Other acquisition payments	—	(588)
Purchase of long-term investment	—	(200)
Net cash used in investing activities	(17,513)	(24,095)
Cash flows from financing activities:		
Proceeds from issuance of common stock under Employee Stock Purchase Plan	216	187
Proceeds from exercise of stock options	2,269	4,159
Cash provided by financing activities	2,485	4,346
Effect of exchange rate changes on cash	(45)	(226)
Net increase in cash and cash equivalents	11,229	1,654
Cash and cash equivalents, beginning of period	78,038	46,198
Cash and cash equivalents, end of period	$ 89,267	$ 47,852
Supplemental disclosures of cash flow information:		
Cash paid during the period for income taxes	$ 3,328	$ 2,106

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

1. Summary of Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements have been prepared by ANSYS, Inc. (the "Company") 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, 2003. The condensed consolidated December 31, 2003 balance sheet presented is derived from the audited December 31, 2003 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 six months ended June 30, 2004 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 June 30, 2004 that exceeded the balance insured by the F.D.I.C. in the amount of approximately $51 million. A significant portion of the Company's remaining cash balance is also uninsured.

Stock-Based Compensation: The Company has elected to account for stock-based compensation arrangements 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		Six Months Ended	
(in thousands, except per share data)	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Net income, as reported	$ 7,577	$ 4,472	$ 14,717	$ 8,751
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	(670)	(767)	(1,394)	(1,518)
Pro forma net income	$ 6,907	$ 3,705	$ 13,323	$ 7,233
Earnings per share:				
Basic – as reported	$ 0.49	$ 0.30	$ 0.96	$ 0.59
Basic – pro forma	$ 0.45	$ 0.25	$ 0.87	$ 0.49
Diluted – as reported	$ 0.46	$ 0.29	$ 0.90	$ 0.56
Diluted – pro forma	$ 0.42	$ 0.23	$ 0.81	$ 0.46

Reclassifications: Certain reclassifications have been made to the 2003 financial statements to conform to the 2004 presentation.

2. Accumulated Other Comprehensive Income

As of June 30, 2004 and December 31, 2003, 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 six-month periods ended June 30, 2004 and 2003 was as follows:

	Three Months Ended		Six Months Ended	
(in thousands)	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Comprehensive Income	$ 7,098	$ 5,748	$ 14,325	$ 10,419

3. 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 $12.4 million and $13.0 million as of June 30, 2004 and December 31, 2003, respectively.

4. 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		Six Months Ended	
(in thousands, except per share data)	**June 30, 2004**	**June 30, 2003**	**June 30, 2004**	**June 30, 2003**
Net income	$ 7,577	$ 4,472	$14,717	$ 8,751
Weighted average shares outstanding – basic	15,400	14,859	15,358	14,743
Basic earnings per share	$ 0.49	$ 0.30	$ 0.96	$ 0.59
Effect of dilutive securities:				
Shares issuable upon exercise of dilutive outstanding stock options	1,083	1,045	1,073	936
Weighted average shares outstanding – diluted	16,483	15,904	16,431	15,679
Diluted earnings per share	$ 0.46	$ 0.29	$ 0.90	$ 0.56
Anti-dilutive shares/options	—	114	—	200

5. Acquisition of CFX

On February 26, 2003 the Company acquired 100% of the shares in certain entities and assets (hereinafter collectively referred to as “CFX”) for a purchase price of approximately $21.7 million. The CFX operating results are included in the Company’s financial statements for only the periods subsequent to the acquisition.

The CFX business was a carve-out entity from the acquiree with significant intercompany transactions and, as a result, proforma information on revenue, income before extraordinary items and the cumulative effect of accounting changes (including those on an interim basis), net income and earnings per share are indeterminable.

6. Goodwill and Intangible Assets

During the first quarter of 2004, the Company completed the annual impairment test for goodwill and intangibles with indefinite lives and determined that goodwill and the trademark had not been impaired as of January 1, 2004. No events occurred or circumstances changed during the six months-ended June 30, 2004 that required an interim goodwill impairment test.

As of June 30, 2004 and December 31, 2003, the Company’s intangible assets are classified as follows:

	June 30, 2004		December 31, 2003	
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Core technology	$15,752	$ (5,898)	$15,865	$ (4,715)
Non-compete agreements	2,460	(1,805)	2,481	(1,553)
Customer list	2,410	(1,524)	2,415	(1,218)
Total	$20,622	$ (9,227)	$20,761	$ (7,486)
Unamortized intangible assets:				
Trademark	$ 1,624		$ 1,601	

Amortization expense for the amortized intangible assets reflected above for the three months ended June 30, 2004 and June 30, 2003 was $887,000 and $955,000, respectively. Amortization expense for amortized intangible assets for the six months ended June 30, 2004 and June 30, 2003 was $1,791,000 and $1,576,000, respectively.

Amortization expense for the amortized intangible assets reflected above is expected to be approximately $3,552,000, $3,325,000, $2,466,000, $2,411,000 and $627,000 for the years ending December 31, 2004, 2005, 2006, 2007 and 2008, respectively.

The changes in goodwill during the six-month period ended June 30, 2004 are as follows:

(in thousands)	
Balance – January 1, 2004	$35,151
Currency translation	(166)
Balance – June 30, 2004	$34,985

7. Geographic Information

Revenue by geographic area for the three and six months ended June 30, 2004 and 2003 is as follows:

	Three Months Ended		Six Months Ended	
(in thousands)	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
United States	$10,412	$9,566	$20,199	$18,160
Canada	1,422	1,348	3,050	2,172
United Kingdom	4,902	4,154	9,445	7,926
Germany	4,574	3,532	9,466	6,104
Japan	4,171	3,618	8,935	7,893
Other European	3,631	2,732	6,634	5,449
Other International	2,890	2,693	5,605	4,539
Total revenue	$32,002	$27,643	$63,334	$52,243

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

(in thousands)	June 30, 2004	December 31, 2003
United States	$28,861	$ 28,675
Canada	6,621	7,307
United Kingdom	8,843	9,333
Germany	3,650	3,818
Japan	924	967
Other European	5,877	6,336
Other International	264	351
Total long-lived assets	$55,040	$ 56,787

8. Leases

In January 1996, the Company entered into a lease agreement with an unrelated third party for a new corporate office facility, which the Company occupied in February 1997. In May of 2004, the Company entered into the first amendment to this lease agreement, effective January 1, 2004. The lease was extended from an original period of ten years, with an option for five additional years to a period of 18 years from the inception date, with an option for five additional years. The future minimum lease payments are $1.2 million per annum from January 1, 2004 to December 31, 2008 and $1.4 million per annum from January 1, 2009 to December 31, 2014. The future minimum payments from January 1, 2015 through December 31, 2019 will be determined based on prevailing market rental rates at the time of the extension, if elected. The amended lease also provides for the lessor to reimburse the Company for up to $550,000 in building refurbishments completed through March 31, 2006.

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, there were no shares repurchased in the three-month period ended June 30, 2004. As of June 30, 2004, 1.1 million shares remain authorized for repurchase under the program.

10. Subsequent Event – Stock Split

On August 5, 2004, the Company announced that its Board of Directors approved a 2-for-1 stock split of the Company’s common shares. The stock split is in the form of a stock dividend and will be distributed on October 4, 2004 to holders of record at the close of business on September 3, 2004.

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 (the "Company") as of June 30, 2004 and the related condensed consolidated statements of income for the three-month and six-month periods ended June 30, 2004 and 2003, and of cash flows for the six-month periods ended June 30, 2004 and 2003. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with 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 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 standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of ANSYS, Inc. and subsidiaries as of December 31, 2003, 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 February 16, 2004, we expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph, which indicated that the Company changed its method of accounting for goodwill and other intangible assets in 2002 to conform to Statement of Financial Accounting Standards No. 142, *"Goodwill and Other Intangible Assets."* In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2003 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
August 5, 2004

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

Overview:

ANSYS's quarterly results for the three- and six-month periods ended June 30, 2004 reflect revenue growth of 16% and 21%, and diluted earnings per share growth of 59% and 61%, respectively. These results were impacted by various factors, including higher revenues from the Company's software products and services, a full six months of CFX operating results in the current six-month period as compared to approximately four months in the prior six-month period, foreign currency fluctuations, reduced headcount-related costs in the Company's services business and a lower effective tax rate.

ANSYS, Inc. (the "Company") 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, the Company employs approximately 550 people and focuses 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™, DesignSpace®, ICEM CFD Engineering, CFX® and CADOE® 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 distribution model. The following discussion should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and notes thereto for the three- and six-month periods ended June 30, 2004 and 2003, and with the Company's audited financial statements and notes thereto for the year ended December 31, 2003 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 intention to continue to maintain a mixed sales and distribution model.
- The Company's intentions related to significant investments in global sales and marketing, and research and development.
- The increase in cost of sales, sales and marketing, research and development, and general and administrative costs due to an expected rise in domestic health care costs and costs associated with the Sarbanes-Oxley Act of 2002.
- Increased exposure to volatility of foreign exchange rates and estimates of tax rates 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.

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 2003 Annual Report to Stockholders and in "Certain Factors Regarding Future Results" included herein as Exhibit 99.1 to this Form 10-Q.

Results of Operations

Three Months Ended June 30, 2004 Compared to Three Months Ended June 30, 2003

Revenue. The Company's total revenue increased 15.8% in the 2004 second quarter to $32.0 million from $27.6 million in the 2003 second quarter.

On average, for the second quarter of 2004, the U.S. dollar was approximately 7.5% weaker, when measured against the Company's primary foreign currencies, than for the second quarter of 2003. The weakening resulted in increased revenue and operating income during the 2004 second quarter, as compared with the corresponding 2003 second quarter, of approximately $808,000 and $361,000, respectively.

International and domestic revenues, as a percentage of total revenue, were 67.5% and 32.5%, respectively, in the quarter ended June 30, 2004 and 65.4% and 34.6%, respectively, in the quarter ended June 30, 2003.

Software license revenue increased $2.4 million or 17.1% in the 2004 second quarter to $16.4 million from $14.0 million in the 2003 quarter. This increase is a result of two primary factors. First, the Company had approximately $1.4 million of newly generated software license revenue during the second quarter of 2004 as compared to the second quarter of 2003. Of this amount, approximately $900,000 related to increased sales of non-CFX products and $500,000 related to increased sales of CFX products. Second, the Company experienced a $1.0 million reduction in the adverse impact on reported CFX license revenue related to the accounting for acquired deferred revenue discussed in further detail below.

Maintenance and service revenue increased 14.4% in the 2004 quarter to $15.6 million from $13.7 million in the 2003 quarter. This increase in revenue is associated with the increased volume of maintenance contracts with paid-up license sales in recent quarters.

In valuing deferred revenue for inclusion on the CFX opening balance sheet as of February 26, 2003, the Company complied with the fair value provisions of Emerging Issues Task Force ("EITF") Issue No. 01-3 "Accounting in a Business Combination for Deferred Revenue of an Acquiree." In accordance with EITF 01-3, acquired deferred software license revenue of approximately $4.8 million was recorded on the opening balance sheet. This amount was approximately $3.4 million lower than the historical carrying value. Although this purchase accounting requirement has no impact on the Company's business or cash flow, it adversely impacts the Company's reported generally accepted accounting principles ("GAAP") software license revenue post-acquisition. The adverse impact on reported revenue was approximately $70,000 and $192,000 for the three and six months ended June 30, 2004, and $1,117,000 and $1,571,000 for the three and six months ended June 30, 2003, respectively. The impact during the quarters ended September 30, 2003 and December 30, 2003 was approximately $900,000 and $500,000, respectively. The adverse impact on reported revenue is expected to be approximately $70,000 in each of the two quarters remaining in the year ending December 31, 2004.

Cost of Sales and Gross Profit. The Company's total cost of sales decreased to $5.0 million, or 15.6% of total revenue in the 2004 second quarter from $6.1 million, or 21.9% of total revenue, in the 2003 second quarter. This decrease related primarily to a $300,000 reduction in third-party royalties and an approximate $300,000 decrease in employment related costs.

As a result of the changes in revenue and cost of sales, the Company's gross profit increased 25.2% to $27.0 million in the 2004 quarter from $21.6 million in the 2003 quarter.

Selling and Marketing. Total selling and marketing expenses decreased from $6.1 million, or 22.1% of total revenue in the 2003 quarter, to $6.0 million, or 18.8% of total revenue in the 2004 quarter. The decrease resulted from a reduction in headcount and salary related costs of $300,000 and advertising and rental costs of $200,000, offset by an increase in costs related to the biennial ANSYS Users' Conference of approximately $300,000.

The Company anticipates that it will make significant new investments throughout the remainder of 2004 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 in the 2004 second quarter to $6.5 million, or 20.3% of total revenue, from $6.1 million, or 22.0% of total revenue, in the 2003 quarter. The increase resulted primarily from approximately $300,000 in additional costs related to incentive compensation.

The Company has traditionally invested significant resources in research and development activities and intends to continue to make significant investments in this area.

General and Administrative. General and administrative expenses increased from $3.1 million, or 11.3% of total revenue in the 2003 second quarter, to $3.5 million, or 11.1% of total revenue in the 2004 second quarter. This increase was primarily the result of a $300,000 increase in incentive compensation and a $200,000 increase in facility-related costs, as well as $100,000 of additional compliance costs associated with the Sarbanes-Oxley Act of 2002.

The Company maintains commercial insurance to protect against and manage the risks involved in conducting business. The cost to obtain insurance coverage for such risks has significantly increased due to the environment within the commercial insurance industry. When the Company renewed its U.S. contract for employee health insurance coverage in 2004, the new contract resulted in significantly higher health insurance costs than in prior years. Based on this contract and the general trend in domestic health care costs, these costs are expected to continue to significantly increase in future periods. Because these insurance costs relate to personnel, they are allocated to each functional area of the Company and will increase cost of sales, sales and marketing, research and development, and general and administrative expenses in future periods.

On July 30, 2002 the Sarbanes-Oxley Act (the "Act") was signed into law. The Act contains far-reaching corporate governance reforms and new disclosure requirements for public companies. Certain of the Act's provisions became effective immediately, while other provisions will be implemented through December 31, 2004. Costs to comply with the provisions of the Act, including legal, accounting and consulting fees, will result in higher general and administrative expenses in future periods.

Other Income. Other income decreased by $626,000 from $772,000 during the quarter ended June 30, 2003 to $146,000 for the quarter ended June 30, 2004.

During the quarter ended June 30, 2004, the Company had a net foreign exchange loss of $209,000 as compared with a gain of $654,000 for the quarter ended June 30, 2003. The majority of the net foreign exchange loss from the quarter ended June 30, 2004 resulted from the weakening of the U.S. Dollar versus the British Pound and the Indian Rupee.

Because the CFX acquisition consisted primarily of non-U.S. locations, the Company, for the foreseeable future, will have increased exposure to volatility of foreign exchange rates. The Company does not use any futures or derivative contracts to manage foreign exchange risk. 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.

Interest and dividend income, on cash and cash equivalents and short-term investments, was $311,000 for the quarter ended June 30, 2004, compared to $155,000 for the quarter ended June 30, 2003. This increase is a result of an increased level of funds invested in 2004 as compared with 2003.

Income Tax Provision. The Company's effective rates of taxation were 30.0% in the second quarter of 2004 and 34.0% in the second quarter of 2003. 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 expects that the effective tax rate will be in the range of 30% - 31% for the year ending December 31, 2004.

The Internal Revenue Service has examined the Company's federal income tax returns for all years through 2000. The IRS is currently examining the Company's federal income tax returns for the year 2001.

In November 2000, the United States enacted the Foreign Sales Corporation ("FSC") Repeal and Extraterritorial Income Exclusion Act (the "ETI Act") in response to a challenge from the World Trade Organization ("WTO") that the existing tax benefits provided by foreign sales corporations were prohibited tax subsidies. The ETI Act generally repealed the foreign sales corporation and implemented an extraterritorial income ("ETI") tax benefit. Upon introduction of the ETI tax benefit, the European Union ("EU") stated that it did not believe the ETI Act provisions bring U.S. tax law into WTO-compliance and asked the WTO to rule on the matter. On August 30, 2002, the WTO ruled that the EU may impose up to $4 billion per year in retaliatory duties against U.S. exports.

In March of 2004, the EU decided to initially impose a duty of 5% on 1,608 U.S. products. The duty will rise automatically by 1% point each month until it reaches a ceiling of 17% in March 2005. At that point, the EU will make a determination on its next course of action if the United States still has not complied with the WTO ruling. As of June 30, 2004, ANSYS, Inc.'s products are not included on the list of those sanctioned by the EU.

During the second quarter of 2004, the U.S. House of Representatives and the U.S. Senate each passed a different version of FSC/ETI replacement legislation – the American Jobs Creation Act of 2004 and the Jumpstart Our Business Strength (JOBS) Act, respectively. Both bills retain FSC grandfather rules and ETI benefits for transactions in the ordinary course of business under binding contracts with unrelated persons in effect on January 13, 2002 under the House bill and September 17, 2003 under the Senate bill. The future tax benefits associated with the pending legislation are summarized as follows:

	American Jobs Creation Act	Jumpstart Our Business Strength Act
2004	No Effect	80% of Base[1] applicable after enactment
2005	80% of otherwise-applicable benefits	80% of Base[1]
2006	60% of otherwise-applicable benefits	60% of Base[1]

[1] The "Base" is the average of 2000, 2001 and 2002 FSC/ETI benefits.

A Joint Conference Committee is reconciling both bills into a single piece of legislation for each House of Congress to vote upon.

In fiscal year 2003, export benefits reduced the Company's effective tax rate by approximately 6.3%. The above-referenced legislation and any other prospective changes regarding tax benefits associated with the Company's export sales or other federal and state tax planning vehicles may adversely impact the Company's effective tax rate and decrease its net income in future periods.

The U.S. Research and Experimentation Tax Credit (the “R&D credit”) expired on June 30, 2004. If the tax credit is not extended, or if the ultimate benefit derived by the Company upon extension is reduced, the Company’s effective tax rate will increase and its net income will decrease in future periods. In 2003, the Company received approximately $500,000 in tax savings related to the R&D credit.

Net Income. The Company’s net income in the 2004 quarter was $7.6 million as compared to $4.5 million in the 2003 quarter. Diluted earnings per share increased to $.46 in the 2004 quarter as compared to $.29 in the 2003 quarter as a result of the increase in net income. The weighted average shares used in computing diluted earnings per share were 16.5 million in the 2004 quarter and 15.9 million in the 2003 quarter.

Six Months Ended June 30, 2004 Compared to Six Months Ended June 30, 2003

Revenue. The Company's total revenue increased 21.2% in the six months ended June 30, 2004 to $63.3 million as compared with $52.2 million for the six months ended June 30, 2003. The 2003 year-to-date post-acquisition CFX revenue was approximately $6.8 million, as compared with the 2004 year-to-date CFX-related revenue of $13.6 million.

On average, for the six-month period of 2004, the U.S. dollar was approximately 9.7% weaker, when measured against the Company's primary foreign currencies, than for the six months ended June 30, 2003. The weakening resulted in increased revenue and operating income during the 2004 period, as compared with the corresponding 2003 period, of approximately $1.7 million and $855,000, respectively.

International and domestic revenues, as a percentage of total revenue, were 68.1% and 31.9%, respectively, in the six months ended June 30, 2004 and 65.2% and 34.8%, respectively, in the six months ended June 30, 2003.

Software license revenue increased $6.3 million or 23.8% in the first six months of 2004 to $32.7 million from $26.4 million in the first six months of 2003. Approximately $3.5 million of the increase relates to higher revenue from CFX products, a portion of which relates to a full six months of CFX revenue in 2004 as compared to four months in 2003 and the remaining portion is a result of a $1.4 million reduction in the adverse impact on reported CFX license revenue related to the accounting for acquired deferred revenue which is further discussed below. Also contributing to the increase was approximately $1.4 million in newly generated software license revenue from the Company's non-CFX products.

Maintenance and service revenue increased 18.6% in the first six months of 2004 to $30.7 million from $25.8 million in the 2003 period. This change was primarily the result of an increase of $3.4 million in maintenance revenue related to the ANSYS mechanical products and the contracts sold in association with paid-up license sales in recent quarters. Also contributing to the increase was an additional $1.0 million in CFX-related maintenance revenue and of $900,000 in CFX-related service revenue.

As previously mentioned above, in accordance with EITF 01-3, acquired deferred software license revenue of approximately $4.8 million was recorded on the opening balance sheet. This amount was approximately $3.4 million lower than the historical carrying value. The adverse impact on reported revenue under GAAP was approximately $192,000 and $1,570,000 for the six months ended June 30, 2004 and 2003, respectively.

Cost of Sales and Gross Profit. The Company's total cost of sales decreased to $10.2 million, or 16.0% of total revenue, in the 2004 six-month period as compared to $10.7 million, or 20.4% of total revenue, for the 2003 six-month period. The decrease in the 2004 six-month period as compared to the 2003 period was primarily related to a reduction of $700,000 in salary and employment related costs, a $400,000 decline in costs associated with technical and other consulting support and a $200,000 decrease in third party royalties. These changes were partially offset by an additional $1.1 million increase in costs associated with CFX due to a full six months of activity in the current year as compared to only four months of activity in the prior year.

As a result of the changes in revenue and cost of sales, the Company's gross profit increased 27.9% to $53.2 million in the six months ended June 30, 2004 as compared to $41.6 million in the corresponding 2003 period.

Selling and Marketing. Total selling and marketing expenses increased by $500,000 from $11.6 million, or 22.2% of total revenue for the six months ended June 30, 2003, to $12.1 million, or 19.1% of total revenue in the same period of 2004. The increase resulted primarily from approximately $700,000 in additional costs related to CFX, mainly the result of the inclusion of a full six months of CFX operational activity in 2004, compared to only four months in 2003, $400,000 from the biennial ANSYS Users' Conference, offset by a $300,000 decrease in salary and headcount related costs and a $200,000 decrease in third-party commissions.

Research and Development. Research and development expenses increased in the six months ended June 30, 2004 to $12.8 million, or 20.3% of total revenue, from $11.7 million, or 22.5% of total revenue, in the 2003 corresponding period. The increase resulted primarily from approximately $850,000 in additional costs related to CFX, mainly the result of the inclusion of a full six months of CFX operational activity in 2004, as well as an increase in overall employee compensation of $150,000.

Amortization. Amortization expense increased to $572,000 in the six-month period ended June 30, 2004 from $498,000 in the same period during the prior year. The increase relates to a full six months of amortization expense associated with certain intangible assets acquired in the CFX acquisition in 2004 as compared to only four months in 2003.

General and Administrative. General and administrative expenses increased from $5.8 million, or 11.1% of total revenue in the 2003 first six months, to $7.0 million or 11.1% of total revenue in the six-month period of 2004. The 2004 period includes increased costs of approximately $500,000 related to a full versus partial period of CFX expenses, approximately $500,000 related to increased facilities costs and $200,000 in higher employee compensation.

Other Income. Other income decreased by $930,000 from $1.3 million during the six months ended June 30, 2003 to $376,000 for the six-month period ended June 30, 2004. During the first six months of 2003, the Company had foreign currency translation gains of approximately $1.0 million, primarily a result of the weakening of the U.S. Dollar versus the British Pound. During the first six months of 2004, the Company had foreign currency translation losses of approximately $200,000. Investment income was approximately $200,000 higher during the six months ended June 30, 2004 as compared with the comparable 2003 period. Larger cash balances invested, in addition to higher interest rates, caused the increase in interest income.

Income Tax Provision. The Company's effective rates of taxation were 30.0% and 34.1% for the six months ended June 30, 2004 and 2003, respectively. 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 expects that the effective tax rate will be in the range of 30% — 31% for the year ending December 31, 2004. As previously mentioned, further legislative actions may adversely impact the Company's effective tax rate and decrease its net income in future periods.

Net Income. The Company's net income for the six months ended June 30, 2004 was $14.7 million as compared to $8.8 million in the 2003 six-month period. Diluted earnings per share increased to $.90 in the 2004 period as compared to $.56 in the 2003 period as a result of the increase in net income. The weighted average shares used in computing diluted earnings per share were 16.4 million in the 2004 period and 15.7 million in the 2003 period.

Liquidity and Capital Resources

As of June 30, 2004, the Company had cash, cash equivalents and short-term investments totaling $109.4 million and working capital of $90.9 million, as compared to cash, cash equivalents and short-term investments of $83.0 million and working capital of $69.1 million at December 31, 2003. 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 $26.3 million and $21.6 million during the six months ended June 30, 2004 and 2003, respectively. The $4.7 million increase in the Company's cash flow from operations in the 2004 six-month period as compared to the comparable 2003 period was primarily the result of $6.0 million in increased earnings partially offset by net increases in other working capital.

The Company's investing activities used net cash of $17.5 million and $24.1 million for the six months ended June 30, 2004 and 2003, respectively. In 2004, the Company purchased approximately $15.1 million more in short-term investments than such maturing investments. During the corresponding period of 2003, the Company purchased only short-term investments to replace maturing securities. Additionally, during the 2003 period, the Company had a cash outlay of $21.7 million for the acquisition of CFX. The Company currently plans additional capital spending of approximately $1.5 to $2.0 million throughout the remainder of 2004; however, the level of spending will be dependent upon various factors, including growth of the business and general economic conditions.

Financing activities provided cash of $2.5 million in the six months ended June 30, 2004 as compared with cash provided of $4.3 million during the six months ended June 30, 2003. The proceeds from the exercise of stock options were $1.9 million lower in the six months ended June 30, 2004 as compared with the corresponding 2003 period.

The Company believes that existing cash and cash equivalent balances of $89.3 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 2004. The Company's future cash requirements may be obtained 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 does not have any special purpose entities or off-balance sheet financing arrangements.

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

In May of 2004, the Company entered into the first amendment to its corporate headquarters lease agreement, with an effective date of January 1, 2004. This amendment caused a significant change to the corporate office lease contractual obligations as of January 1, 2004 which were previously reported in the Company's Form 10-K. Such changes are summarized below:

		Payments Due by Period			
(in thousands)	**Total**	**Within 1 Year**	**2-3 Years**	**4-5 Years**	**After 5 Years**
Prior to Amendment	$ 4,062	$ 1,354	$ 2,708	$ —	$ —
After Amendment	14,779	1,241	2,481	2,481	8,576

There were no other material changes to the Company's significant contractual obligations during the three and six months ended June 30, 2004.

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.

No material change has occurred in the Company's market risk subsequent to December 31, 2003.

Item 4. 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.

In 2002, the Company created 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 Services, 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.

From time to time, the Company 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. There was no change in the Company's internal control over financial reporting that occurred during the quarter or the six-month period ended June 30, 2004 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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. **Changes in Securities**

None.

Item 3. **Defaults Upon Senior Securities**

None.

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

At the Annual Meeting of Stockholders of the Company held on May 6, 2004, four proposals were considered and voted upon.

First, the stockholders of the Company elected Roger J. Heinen Jr. and Jacqueline C. Morby as Class II Directors of the Company to hold office until the 2007 Annual Meeting of Stockholders and until such Directors' successors are duly elected and qualified. The votes were as follows:

	Votes For	Votes Withheld
Roger J. Heinen Jr.	14,229,890	500,121
Jacqueline C. Morby	14,020,935	709,076

Second, the stockholders approved an amendment to the Company's Amended and Restated 1996 Stock Option and Grant Plan. This amendment (1) permits the Company to grant options to purchase up to 25,000 shares to new independent directors, or such other amount as may be determined by the Board of Directors and (2) amends other provisions of the Option Plan to ensure that, once the Option Plan is approved by the Company's stockholders, it is not deemed a formula plan that would require stockholder approval of individual grants under recent rules changes adopted by Nasdaq. The number of shares reserved for issuance under the Option Plan was not changed by the amendment. The votes were as follows:

Votes For	Votes Withheld	Abstain
7,732,990	5,641,934	20,521

Third, the stockholders approved an amendment to the Company's Employee Stock Purchase Plan to increase the number of shares of the Company's common stock available for offerings thereunder by 190,000 shares, from 210,000 shares to 400,000 shares. The votes were as follows:

Votes For	Votes Withheld	Abstain
12,140,910	1,238,241	16,294

Fourth, the stockholders ratified the selection of Deloitte and Touche LLP as the Company's independent public accountants. The votes were as follows:

Votes For	Votes Withheld	Abstain
13,852,996	873,546	3,469

Item 5. Other Information

None.

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

(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

(b) Reports on Form 8-K.

The Company furnished a Current Report on Form 8-K to the Securities and Exchange Commission on May 4, 2004 containing the earnings release announcement of its financial results for the first quarter ended March 31, 2004.

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: August 6, 2004

By: /s/ JAMES E. CASHMAN, III

James E. Cashman, III
President and Chief Executive Officer

Date: August 6, 2004

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 herewith.
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 10.2

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") is entered into as of the 1st day of January, 2004 (the "Effective Date"), by and between SOUTHPOINTE PARK CORP., a Massachusetts corporation with an address of c/o Boston Capital Institutional Advisors LLC. One Boston Place, Suite 2100, Boston, Massachusetts 02108-4406, Attention: Karl W. Weller (the "LESSOR") and ANSYS, INC., a Delaware corporation, with a notice address of 275 Technology Drive, Canonsburg, Pennsylvania, 15367 Attention: Maria Shields (the "LESSEE").

Recitals

A. Pursuant to that certain Master Lease and Purchase Option Agreement dated as of September 12, 1997 between Samual T. Byrne, Trustee of Southpointe Park Realty Trust under Declaration of Trust dated as of August 1, 1997 ("Southpointe Trust"), and LESSOR, as amended by First Amendment to Master Lease and Purchase Option Agreement dated as of January 30, 1998 between Southpointe Trust and LESSOR and Second Amendment to Master Lease dated of even date herewith (the "Master Lease"), LESSOR has leased the real property located and known as 275 Technology Drive, Canonsburg, Pennsylvania (the "Land") and the building thereon (the "Building") and other improvements constructed thereon (the Land, the Building and the other improvements are hereinafter collectively referred to as, the "Property") from the Property Owner (as hereinafter defined);

B. Pursuant to that certain Trust and Servicing Agreement dated as of February 27, 1998 by and among Crescent Capital (Jersey) Ltd. (the "Depositor"), Massachusetts Mutual Life Insurance Company ("MassMutual"), Calusa N.V. ("Calusa"), Boston Capital Ownership Corp. ("BCOC"), Boston Capital Institutional Advisors LLC ("BCIA") and State Street Bank and Trust Company ("Trustee"), as amended by First Amendment to Trust and Servicing Agreement dated as of March 13, 2002 by and among Depositor, Crescent, MassMutual, Calusa, BCOC, BCIA and the Trustee (the "Trust Agreement"), the Depositor, as the holder of the beneficial interest under the Master Lease, contributed the Property to the Trust created by the Trust Agreement with the result that the Trustee is the record owner of the Property (the "Property Owner") and the holder of the landlord's interest under the Master Lease;

C. Reference is made to that certain Lease dated as of January 2, 1996 and entered into between National Build to Suit Washington County, L.L.C., an Illinois limited liability company (the "Original Lessor"), as lessor, and LESSEE, as lessee, with respect to the Building (the "Lease");

D. Property Owner is the successor-in-interest to the Original Lessor, LESSEE is the current holder of the lessee's interest under the Lease, and pursuant to the Master Lease, LESSOR is the current holder of the lessor's interest under the Lease; and

E. LESSOR and LESSEE desire to amend the Lease as more particularly set forth below.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, LESSOR and LESSEE hereby agree as follows:

Agreements

1. Capitalized Terms. Each capitalized term appearing but not defined herein shall have the meaning, if any, ascribed to such term in the Lease.
2. Recitals. The recitals above set forth are true and complete and are incorporated herein by reference.
3. Amendments. As of the Effective Date, the Lease is hereby amended as follows:
   a. Lessor. In the first paragraph of the Lease, the words "National Build to Suit Washington County, L.L.C., an Illinois limited liability company" are hereby deleted and replaced with the words "Southpointe Park Corp., a Massachusetts corporation."
   b. Base Rent. In Article V of the Lease, the following language is hereby added to the end of the list of Years and Base Rents:

      "Notwithstanding the foregoing to the contrary, from and after January 1, 2004, Base Rent for the PREMISES shall be as follows:

Rental Period	Annual Base Rent	Monthly Payment
From January 1, 2004 to December 31, 2008	$ 1,240,528.00	$ 103,377.33
From January 1, 2009 to December 31, 2014	$ 1,429,304.00	$ 119,108.67

      Further, the phrase "Rent shall be payable to Alter Asset Management, Inc., 1980 Springer Drive, Lombard, Illinois 60148" in the last sentence of the second (2nd) paragraph in Article V of the Lease, is hereby deleted in its entirety and replaced with the phrase "All payments of rent (whether Base Rent or Additional Rent) shall be sent to LESSOR at c/o Boston Capital Institutional Advisors, P.O. Box 11282, Boston, Massachusetts 02211, or at such other place as LESSOR may from time to time designate by written notice."
   c. Term. In Section B of Article I of the Lease, the words "fifteen (15)" are hereby deleted and replaced with the words "approximately eighteen (18)," and the phrase ", and expiring at 11:59 p.m. on December 31, 2014" is hereby added to the end of Section B of Article I.
   d. Operating Costs. In Section C of Article IV of the Lease, the word "LESSOR" in the first sentence thereof is hereby deleted and replaced with the word "LESSEE." Further, the words "property management fees

not to exceed 3% of gross rents" in the first sentence thereof, and the last sentence thereof are hereby deleted in their entirety.

Additionally, the following language is hereby added to the end of Section C of Article IV of the Lease:

"Notwithstanding the foregoing, LESSEE hereby acknowledges and agrees that if LESSOR exercises its rights to take over the management obligations with respect to the PREMISES as set forth in Section A, Section E and Section F of Article X of the Lease the word "LESSEE" in the first sentence of this Section C of Article IV will be deemed automatically deleted and replaced with the word "LESSOR" without any further action by the parties or amendment to this Lease."

e. Tax Exemption Application. The last two (2) paragraphs in Article V of the Lease (Tax Exemption Application) are hereby deleted in their entirety.

f. Taxes. Section A of Article VI of the Lease is hereby amended to read in its entirety as follows:

"A. Throughout the Term, LESSEE shall pay, as Additional Rent, the Taxes attributable to the PREMISES directly to the applicable taxing authority imposing such Taxes, within thirty (30) days of LESSEE's receipt of an invoice or request for payment relating thereto, but in no event shall LESSEE make such payment later than ten (10) days prior to the due date for the payment of such Taxes without the imposition of any penalty or interest. Simultaneously with the payment of such Taxes to the applicable taxing authority, LESSEE shall provide LESSOR with evidence of such payment, together with any and all invoices and bills relating thereto. Should LESSEE fail to make such timely payment of the Taxes as set forth herein, LESSEE shall pay to LESSOR forthwith upon demand, all applicable sums, penalties and interest relating to such overdue payments, together with interest thereon per annum at a rate equal to the greater of eighteen percent (18%) or the maximum lawful rate."

g. Operating Costs. Section B of Article VI of the Lease is hereby amended to read in its entirety as follows:

"B. Throughout the Term (provided LESSOR has not exercised its right to take over the management obligations with respect to the PREMISES as set forth in Section A, Section E and Section F of Article X of the Lease), LESSEE shall arrange of all of the management, maintenance, operation and repair services relating to the Premises as more particularly set forth in Section C of Article IV hereof, and pay the Operating Costs relating to such services directly to the provider thereof. Simultaneously with the payments for such Operating Costs to the

applicable providers thereof, LESSEE shall provide LESSOR with evidence of such payment, together with any and all invoices and bills relating thereto. Should LESSEE fail to make such timely payment of the Operating Costs as set forth herein, LESSEE shall pay to LESSOR forthwith upon demand, all applicable sums, penalties and interest relating to such overdue payments, together with interest thereon per annum at a rate equal to the greater of eighteen percent (18%) or the maximum lawful rate. Should Lessor exercise its right to take over the management obligations with respect to the PREMISES as set forth in Section A, Section E and Section F of Article X of the Lease, however, the first paragraph of Article VII of the Lease shall automatically apply without any further action by the parties or amendment to this Lease and LESSOR shall be solely responsible for the payment of Operating Costs in accordance therewith.

Notwithstanding the foregoing, LESSEE shall pay to LESSOR, within ten (10) days of LESSEE's receipt of an invoice therefor, any and all costs attributable to LESSOR's maintenance of insurance for the Premises as more particularly set forth in Article XXIV hereof, which LESSOR will invoice LESSEE for on an annual basis. Should LESSEE fail to make such timely payment within ten (10) days of LESSEE's receipt of an invoice therefor, LESSEE shall pay to LESSOR forthwith upon demand, all applicable sums evidenced by such invoice, together with interest thereon per annum at a rate equal to the greater of eighteen percent (18%) or the maximum lawful rate."

h. Additional Rent Adjustment Payment. Article VII of the Lease is hereby amended by adding the words "Subject to the provisions of the second paragraph of this Article VII," at the beginning of the first sentence thereof. Further, the following language is hereby added as the second paragraph of Article VII of the Lease:

"Notwithstanding the foregoing, the parties hereby acknowledge and agree that the provisions of the first paragraph of this Article VII shall only be deemed to apply if LESSOR has exercised its right to take over the management obligations with respect to the PREMISES as set forth in Section A, Section E and Section F of Article X of the Lease, in which case such provisions shall be deemed to automatically govern LESSEE's payment obligations with respect to the payment of Operating Costs without any further action by the parties or amendment to this Lease."

i. Maintenance, Repairs and Services. In Section A of Article X of the Lease, the word "LESSOR" in the first and second sentences thereof, is hereby deleted and replaced with the word "LESSEE." In Section F of Article X of the Lease, the word "LESSOR" is hereby deleted and replaced with the word "LESSEE," and the phrases "as directed by

Lessee" and "subject to scheduling by LESSOR" are hereby deleted therefrom.

The following language is hereby added to the end of the Section A and Section F of Article X of the Lease:

"Notwithstanding the foregoing, should LESSOR, in LESSOR's reasonable discretion, be dissatisfied with the LESSEE's performance of the above obligations, LESSOR may, upon thirty (30) days prior notice to LESSEE (or immediately in the case of an emergency), take over the responsibility to perform such obligations at LESSEE's sole cost and expense."

j. Management. Section E of Article X of the Lease is hereby amended to read in its entirety as follows:

"LESSOR and LESSEE hereby acknowledge and agree that the PREMISES are currently being managed by Burns & Scalo, and that the management of the PREMISES by Burns & Scalo will terminate as of May 31, 2004. Commencing on June 1, 2004, LESSEE shall be solely and exclusively responsible for the management of the PREMISES, at LESSEE's sole cost and expense, which LESSEE may undertake by hiring a third party management company (a "New Manager") to manage the PREMISES, subject to LESSOR's prior written approval (which shall not be unreasonably withheld); provided, however, that should LESSEE choose not to hire a New Manager, LESSEE shall nevertheless be responsible for managing the PREMISES at LESSEE's sole cost and expense. Notwithstanding the foregoing, if at any time after June 1, 2004, LESSOR is reasonably dissatisfied with the management of the PREMISES, LESSOR may give notice to LESSEE of the cause of such dissatisfaction and if such management deficiencies are not corrected to LESSOR's reasonable satisfaction within ninety (90) days of LESSOR's giving of such notice, LESSOR may (i) require LESSEE to terminate the New Manager and hire a replacement manager for the PREMISES, subject to LESSOR's prior written approval (which shall not be unreasonably withheld), (ii) require LESSEE to hire a replacement manager of the PREMISES in the event that there is no New Manager, which replacement manager shall be subject to LESSOR's prior written approval (which shall not be unreasonably withheld), or (iii) take over the management of the PREMISES again in accordance with the terms of the Lease. Any management arrangement that LESSEE establishes with respect to the management of the PREMISES, whether through the hiring of a New Manager or otherwise, shall be terminable by either party to such arrangement upon thirty (30) days prior notice."

k. Notice. Section B of Article XX of the Lease is hereby amended to read in its entirety as follows:

"All notices or other communications required hereunder shall be in writing and shall be deemed duly given if delivered in person (with receipt therefor), if sent by reputable overnight delivery or courier service (e.g., Federal Express) providing for receipted delivery, or if sent by certified or registered mail, return receipt requested, postage prepaid, to the following address: (a) if to LESSOR at One Boston Place, Boston, Massachusetts 02108-4406, Attention: Karl W. Weller, Managing Director, with a copy to Michael F. Burke, Esq., Nutter, McClennen & Fish, LLP, World Trade Center West, 155 Seaport Boulevard, Boston, Massachusetts 02210-2604; and (b) if to LESSEE, at the PREMISES. Receipt of notice or other communication shall be conclusively established by either (i) return of a return receipt indicating that the notice has been delivered; or (ii) return of the letter containing the notice with an indication from the courier or postal service that the addressee has refused to accept delivery of the notice. Either party may change its address for the giving of notices by notice to the other party given in accordance with this Article XX(B)."

l. Termination Option. Article XXII of the Lease (Option to Terminate) is hereby deleted in its entirety.

m. Extension Option. Article XXIII of the Lease (Right to Extend) is hereby deleted in its entirety and the following inserted in place thereof: Provided Lessee shall not be in default at the time of the exercise of such option or at the commencement of an extension period, Lessee shall have an option to extend the Term of this Lease for one five (5) year period as set forth below. Lessee shall exercise the option, if at all, by written notice to Lessor not less than nine (9) months prior to the expiration of the then current Term of this Lease. Within 30 days of Lessor's receipt of Lessee's extension notice, Lessor shall inform Lessee in writing of the Base Rent amount for the extension term. The Base Rent amount quoted in Lessor's notice shall be the prevailing market rental rate for comparable space in the greater Pittsburgh suburban office market as of the commencement date of the extension term as determined in Lessor's sole judgment. Lessee shall then have a period of thirty (30) days following its receipt of Lessor's Base Rental rate notice to notify Lessor in writing (the "Final Notice") of Lessee's election to extend this Lease at the Base Rental rates quoted by Lessor. If Lessor provides a Final Notice, the Term of this Lease shall be extended for the extension term upon all of the covenants, agreements, terms and provisions set forth in this Lease, except (i) that the Base Rent for the extension term shall be the amounts set forth in the Lessor's Base Rental rate notice, (ii) that Lessee shall have no further extension rights unless hereafter agreed to in writing by Lessor, and (iii) that Lessor shall have no obligation to provide any Lessor's Contribution, to conduct any work, or to provide any other concessions in connection with such extension term. During any extension term, Lessee shall continue to pay Operating Costs, Taxes and other amounts in accordance with the provisions of the Lease.

n. Acquisition Contingency. Article XXV of the Lease (Acquisition Contingency) is hereby deleted in its entirety.

o. Right of First Refusal. Article XXVI of the Lease (Sale By LESSOR and Right of First Refusal) is hereby deleted in its entirety.

4. Miscellaneous. LESSEE hereby acknowledges that (i) LESSOR has no undischarged obligations under the Lease to perform any work or improvements to the PREMISES or to provide any tenant improvement allowance under the Lease (except as hereinafter set forth); (ii) there are no offsets or defenses that LESSEE has against the full enforcement of the Lease by LESSOR; (iii) neither LESSOR nor LESSEE is in any respect in default under the Lease; and (iv) LESSEE has not assigned, transferred or hypothecated the Lease or any interest therein or subleased all or any portion of the PERMISES.

5. Brokers. LESSEE and LESSOR hereby represent and warrant to each other that neither has dealt with any real estate broker or agent in connection with the procurement of this Amendment except Grubb & Ellis, whose commission shall be paid by LESSOR upon the completion and full execution of this Amendment, and not otherwise. LESSEE shall indemnify and hold LESSOR harmless from any costs, expense or liability (including costs of suit and reasonable attorneys' fees) for any compensation, commission or fees claimed by any real estate broker or agent other than the aforementioned broker in connection with the procurement of this Amendment because of any act or statement by LESSEE. LESSOR shall indemnify and hold LESSEE harmless from any costs, expense or liability (including costs of suit and reasonable attorneys' fees) for any compensation, commission or fees claimed by any real estate broker or agent other than the aforementioned broker in connection with the procurement of this Amendment because of any act or statement by LESSOR.

6. Effective Date. The parties agree that this Amendment shall be effective from and after the Effective Date and not to any period of time prior thereto. To the extent this Amendment contains language which purports to amend the Lease with respect to periods of time prior to the Effective Date, such language is for clarification purposes only and shall not be deemed to change the obligations of the parties with respect thereto. In no event shall this Amendment be construed to impose any liability on LESSOR for any period of time preceding its ownership of the Property.

7. Option to Extend. Lessee acknowledges and agrees that Lessee has one outstanding option to extend the Term of the Lease for the period from January 1, 2015 through December 31, 2019 as set forth in Section XXIII of the Lease, as amended by this Amendment.

8. Leasehold Improvement Allowance. LESSOR shall reimburse LESSEE for the costs incurred by the LESSEE with respect to any refurbishment of the Premises that LESSEE undertakes (the "Refurbishment"), which Refurbishment shall be

conducted in accordance with the terms of the Lease, up to a amount of Five Hundred Fifty Thousand and No/100 Dollars ($550,000.00) (the "LESSOR'S Contribution"), subject to the provisions hereof. To the extent that the Refurbishment exceeds the LESSOR's Contribution, LESSEE shall be entirely responsible for such excess. The LESSOR's Contribution shall be payable by LESSOR to LESSEE (or, at LESSOR's election, directly to LESSEE's general contractor or subcontractors) in installments in accordance with the provisions hereof as the Refurbishment progresses; provided, however, that no single installment shall be for the less than Fifty Thousand and No/100 Dollars ($50,000.00). Prior to payment of any such installment, LESSEE shall deliver to LESSOR a written request, to be submitted no more frequently than once every thirty (30) days, for such disbursement, which request shall be accompanied by: (i) invoices for the Refurbishment covered by any previous requisition; (ii) copies of partial lien waivers or final lien waivers (in the case of a final installment); and (iii) a certificate signed by the architect (if any) and an officer of the LESSEE certifying that the Refurbishment represented by the aforementioned invoices has been completed substantially in accordance with the plans (if any) that were required to be previously approved by LESSOR in accordance with the Lease in connection with the Refurbishment, and that the remaining portion of the LESSOR's Contribution is sufficient to pay in full for the completion of the Refurbishment. If at any time the amount of the LESSOR's Contribution remaining is insufficient to pay for the remaining amount of the Refurbishment, the LESSEE shall pay from its own funds all further sums necessary to enable LESSEE and LESSEE's architect (if any) to again make the certification required under subsection (iii) above.

Any portion of the LESSOR's Contribution which has not been applied on or before March 31, 2006, shall be deemed forfeited by LESSEE and LESSOR shall have no further obligation with respect thereto.

9. Acknowledgment. LESSEE hereby acknowledges and agrees that (i) LESSOR has no obligations whatsoever to LESSEE, under the Lease or otherwise, with respect to any other real property that is not owned by LESSOR, and (ii) LESSEE's obligations under the Lease are not contingent upon, or affected by, any agreements that LESSEE may have with respect to any real property not owned by LESSOR.

10. Ratification of Lease Provisions. Except as otherwise expressly amended, modified and provided for in this Amendment, LESSEE hereby ratifies all of the provisions, covenants and conditions of the Lease, and such provisions, covenants and conditions shall be deemed to be incorporated herein and made a part hereof and shall continue in full force and effect.

11. Entire Amendment. This Amendment contains all the agreements of the parties with respect to the subject matter hereof and supersedes all prior dealings between the parties with respect to such subject matter.

12. Authority. LESSOR and LESSEE each warrant to the other that the person or persons executing this Amendment on its behalf has or have authority to do so and that such execution has fully obligated and bound such party to all terms and provisions of this Amendment.

13. Binding Amendment. This Amendment shall be binding upon, and shall inure to the benefit of the parties hereto, and their respective successors and assigns.

14. Governing Law. This Amendment shall be governed by the law of the state in which the Property is located.

15. Severability. If any clause or provision of this Amendment is or should ever be held to be illegal, invalid or unenforceable under any present or future law applicable to the terms hereof, then and in that event, it is the intention of the parties hereto that the remainder of this Amendment shall not be affected thereby, and that in lieu of each such clause or provision of this Amendment that is illegal, invalid or unenforceable, such clause or provision shall be judicially construed and interpreted to be as similar in substance and content to such illegal, invalid or unenforceable clause or provision, as the context thereof would reasonably suggest, so as to thereafter be legal, valid and enforceable.

16. No Reservation. Submission of this Amendment for examination or signature is without prejudice and does not constitute a reservation, option or offer, and this Amendment shall not be effective until execution and delivery by all parties.

17. Counterparts. This Amendment may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

18. Subordinate to Master Lease. The Lease, as amended hereby, is subject and subordinate to the Master Lease, and Lessee acknowledges that it is obligated to attorn to the Property Owner as provided in Section 7.1 of the Master Lease.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment under seal as of the date and year first above written.

LESSOR:

SOUTHPOINTE PARK CORP., a Massachusetts corporation

By: \s\ Gregory L. DeWitt

Name: Gregory L. DeWitt
Title: Assistant Clerk

LESSEE:

ANSYS, Inc., a Delaware corporation

By: \s\ James E. Cashman III

Name: James E. Cashman III
Title: President & CEO

JOINDER TO AMENDMENT

The Property Owner hereby joins in the execution of the Amendment for the purpose of approving and consenting to the terms and conditions of the Amendment.

Executed as of the 1st day of January, 2004.

U.S. BANK NATIONAL ASSOCIATION, A NATIONAL BANKING ASSOCIATION, AS SUCCESSOR TO THE TRUST BUSINESS OF STATE STREET BANK AND TRUST COMPANY AS TRUSTEE UNDER A CERTAIN TRUST AND SERVICING AGREEMENT DATED AS OF FEBRUARY 27, 1998, AS AMENDED BY FIRST AMENDMENT TO TRUST AND SERVICING AGREEMENT DATED AS OF MARCH 13, 2002, BY AND AMONG CRESCENT CAPITAL (JERSEY) LTD., MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, CALUSA N.V., BOSTON CAPITAL OWNERSHIP CORP., BOSTON CAPITAL INSTITUTIONAL ADVISORS, AND STATE STREET BANK AND TRUST COMPANY

By: BOSTON CAPITAL INSTITUTIONAL ADVISORS LLC, AS ATTORNEY IN FACT AND AS SERVICER AND NOT INDIVIDUALLY

By: \s\

Name:
Title: Managing Director

EXHIBIT 15

August 6, 2004

ANSYS, Inc.
275 Technology Drive
Canonsburg, PA 15317

We have made a review, in accordance with standards established by the Public Company Accounting Oversight Board (United States), of the unaudited interim financial information of ANSYS, Inc. and subsidiaries as of June 30, 2004 and for the three and six month periods ended June 30, 2004 and 2003, as indicated in our report dated August 5, 2004; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, is incorporated by reference in Registration Statement Nos. 333-110728, 333-69506 and 333-08613 on Form 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)) 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;
    b) 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
    c) 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: August 6, 2004

/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)) 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;
   - b) 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
   - c) 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: August 6, 2004

/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 June 30, 2004 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

August 6, 2004

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 June 30, 2004 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

August 6, 2004

EXHIBIT 99.1

Important Factors Regarding Future Results

Information provided by the Company or its spokespersons, including information contained in this Quarterly Report on Form 10-Q, 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; reduction in demand for the Company's products; changes in operating expenses; changes in the mix of software license and maintenance and service revenue; personnel changes; and general economic conditions. A substantial portion of the Company's operating expenses 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, including automotive, aerospace and power generation, have recently experienced economic declines which have adversely affected the Company's business. A continuation of this general economic decline 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.

The Severe Acute Respiratory Syndrome (SARS) outbreak adversely impacted the Company's operations in certain parts of Asia, particularly in China during 2003. To the extent this outbreak, or similar occurrences, become more widespread, it could affect the Company's business in other geographic areas, resulting in an adverse impact on the Company's financial condition, results of operations and cash flows. In addition, terrorist attacks and other increased global hostilities have 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 has recently developed and introduced many 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 their existing customer base, offer consulting services and provide the first line of technical support. 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 three senior executives, 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 significant portion 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, political and economic instability, trade restrictions, changes in tariffs and taxes, difficulties in staffing and managing international operations, longer accounts receivable payment cycles and the burdens of complying with a wide variety of foreign laws and regulations. Effective patent, copyright and trade secret protection may not be available in every foreign country in which the Company sells its products. The Company's business, financial condition, results of operations and cash flows could be materially adversely affected by any of these risks.

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

In November 2000, the United States enacted the Foreign Sales Corporation ("FSC") Repeal and Extraterritorial Income Exclusion Act (the "ETI Act") in response to a challenge from the World Trade Organization ("WTO") that the existing tax benefits provided by foreign sales corporations were prohibited tax subsidies. The ETI Act generally repealed the foreign sales corporation and implemented an extraterritorial income ("ETI") tax benefit. Upon introduction of the ETI tax benefit, the European Union ("EU") stated that it did not believe the ETI Act provisions bring U.S. tax law into WTO-compliance and asked the WTO to rule on the matter. On August 30, 2002, the WTO ruled that the EU may impose up to $4 billion per year in retaliatory duties against U.S. exports.

In March of 2004, the EU decided to initially impose a duty of 5% on 1,608 U.S. products. The duty will rise automatically by 1% point each month until it reaches a ceiling of 17% in March 2005. At that point, the EU will make a determination on its next course of action if the United States still has not complied with the WTO ruling. As of June 30, 2004, ANSYS Inc.'s products are not included on the list of those sanctioned by the EU.

During the second quarter of 2004, the U.S. House of Representatives and the U.S. Senate each passed a different version of FSC/ETI replacement legislation – the American Jobs Creation Act of 2004 and the Jumpstart Our Business Strength (JOBS) Act, respectively. Both bills retain FSC grandfather rules and ETI benefits for transactions in the ordinary course of business under binding contracts with unrelated persons in effect on January 13, 2002 under the House bill and September 17, 2003 under the Senate bill. The future tax benefits associated with the pending legislation are summarized as follows:

	American Jobs Creation Act	**Jumpstart Our Business Strength Act**
2004	No Effect	80% of Base[1] applicable after enactment
2005	80% of otherwise-applicable benefits	80% of Base[1]
2006	60% of otherwise-applicable benefits	60% of Base[1]

[1] The "Base" is the average of 2000, 2001 and 2002 FSC/ETI benefits.

A Joint Conference Committee is reconciling both bills into a single piece of legislation for each House of Congress to vote upon.

In fiscal year 2003, export benefits reduced the Company's effective tax rate by approximately 6.3%. The above-referenced legislation and any other prospective changes regarding tax benefits associated with the Company's export sales or other federal and state tax planning vehicles may adversely impact 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 AT DEVELOPMENT FACILITIES: 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. These interruptions could have a material, adverse effect on the Company's business, financial condition, results of operations and cash flows.

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 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.

The U.S. Research and Experimentation Tax Credit (the “R&D credit”) expired on June 30, 2004. If the tax credit is not extended, or if the ultimate benefit derived by the Company upon extension is reduced, the Company’s effective tax rate will increase and its net income will decrease in future periods. In 2003, the Company received approximately $500,000 in tax savings related to the R&D credit.

CONTINGENCIES: The Company is subject to various investigations, claims and legal proceedings from time to time that arise in the ordinary course of its business activities. 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.

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.