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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2014

OR

o **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)	**(I.R.S. 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 check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No o

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Exchange Act Rule 12b-2). (Check one):

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o

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

Yes o No x

The number of shares of the Registrant's Common Stock, par value $.01 per share, outstanding as of July 31, 2014 was 92,015,710 shares.

ANSYS, INC. AND SUBSIDIARIES

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PART I – UNAUDITED FINANCIAL INFORMATION

Item 1. Financial Statements:

ANSYS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 782,915**	$ 742,486
Short-term investments	**644**	500
Accounts receivable, less allowance for doubtful accounts of $5,500 and $5,700, respectively	**88,544**	97,845
Other receivables and current assets	**168,221**	200,734
Deferred income taxes	**24,333**	26,031
Total current assets	**1,064,657**	1,067,596
Property and equipment, net	**62,487**	60,538
Construction in progress - leased facility	**29,563**	18,136
Goodwill	**1,317,189**	1,255,704
Other intangible assets, net	**298,205**	291,390
Other long-term assets	**5,703**	10,586
Deferred income taxes	**21,392**	18,432
Total assets	**$ 2,799,196**	$ 2,722,382
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of capital lease obligations	**$ 20**	$ —
Accounts payable	**4,551**	7,939
Accrued bonuses and commissions	**27,704**	43,992
Accrued income taxes	**5,737**	9,333
Deferred income taxes	**376**	49
Other accrued expenses and liabilities	**74,279**	69,343
Deferred revenue	**334,370**	309,775
Total current liabilities	**447,037**	440,431
Long-term liabilities:		
Capital lease obligations, less current portion	**12**	—
Non-cash obligation for construction in progress - leased facility	**29,563**	18,136
Deferred income taxes	**48,506**	66,899
Other long-term liabilities	**54,306**	60,670
Total long-term liabilities	**132,387**	145,705
Commitments and contingencies		
ANSYS Inc. stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; zero shares issued or outstanding	**—**	—
Common stock, $.01 par value; 300,000,000 shares authorized; 93,236,023 shares issued	**932**	932
Additional paid-in capital	**916,988**	926,031
Retained earnings	**1,404,396**	1,284,818
Treasury stock, at cost: 1,340,389 and 917,937 shares, respectively	**(103,314)**	(72,891)
Accumulated other comprehensive income (loss)	**814**	(2,644)
Total ANSYS, Inc. stockholders' equity	**2,219,816**	2,136,246
Noncontrolling interest	**(44)**	—
Total stockholders' equity	**2,219,772**	2,136,246
Total liabilities and stockholders' equity	**$ 2,799,196**	$ 2,722,382

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

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

(in thousands, except per share data)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Revenue:				
Software licenses	**$ 140,489**	$ 133,117	**$ 266,918**	$ 251,992
Maintenance and service	**91,886**	81,733	**180,728**	160,590
Total revenue	**232,375**	214,850	**447,646**	412,582
Cost of sales:				
Software licenses	**7,364**	6,769	**14,508**	13,734
Amortization	**9,406**	9,984	**18,721**	19,858
Maintenance and service	**21,908**	19,927	**43,194**	39,322
Total cost of sales	**38,678**	36,680	**76,423**	72,914
Gross profit	**193,697**	178,170	**371,223**	339,668
Operating expenses:				
Selling, general and administrative	**62,280**	55,262	**115,830**	105,275
Research and development	**42,098**	38,670	**82,218**	74,677
Amortization	**5,787**	5,813	**10,581**	11,742
Total operating expenses	**110,165**	99,745	**208,629**	191,694
Operating income	**83,532**	78,425	**162,594**	147,974
Interest expense	**(181)**	(370)	**(429)**	(741)
Interest income	**710**	743	**1,551**	1,475
Other expense, net	**(179)**	(173)	**(377)**	(494)
Income before income tax provision	**83,882**	78,625	**163,339**	148,214
Income tax provision	**20,846**	22,680	**43,761**	41,246
Net income	**$ 63,036**	$ 55,945	**$ 119,578**	$ 106,968
Earnings per share – basic:				
Basic earnings per share	**$ 0.68**	$ 0.60	**$ 1.29**	$ 1.15
Weighted average shares – basic	**92,314**	92,860	**92,398**	92,884
Earnings per share – diluted:				
Diluted earnings per share	**$ 0.67**	$ 0.59	**$ 1.26**	$ 1.12
Weighted average shares – diluted	**94,338**	95,040	**94,644**	95,103

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

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

	Three Months Ended		Six Months Ended	
(in thousands)	**June 30, 2014**	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**
Net income	**$ 63,036**	$ 55,945	**$ 119,578**	$ 106,968
Other comprehensive income (loss):				
Foreign currency translation adjustments	**2,527**	(5,377)	**3,458**	(14,302)
Comprehensive income	**$ 65,563**	$ 50,568	**$ 123,036**	$ 92,666

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

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

(in thousands)	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Cash flows from operating activities:		
Net income	**$ 119,578**	$ 106,968
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**39,872**	41,385
Deferred income tax benefit	**(5,969)**	(7,358)
Provision for bad debts	**930**	658
Stock-based compensation expense	**17,630**	17,661
Excess tax benefits from stock-based compensation	**(5,845)**	(6,728)
Other	**242**	47
Changes in operating assets and liabilities:		
Accounts receivable	**11,340**	10,676
Other receivables and current assets	**33,542**	9,034
Other long-term assets	**(106)**	195
Accounts payable, accrued expenses and current liabilities	**(17,714)**	(19,146)
Accrued income taxes	**1,742**	4,984
Deferred revenue	**22,727**	35,200
Other long-term liabilities	**(6,497)**	(10,994)
Net cash provided by operating activities	**211,472**	182,582
Cash flows from investing activities:		
Acquisitions, net of cash acquired	**(102,517)**	(4,224)
Capital expenditures	**(11,923)**	(8,680)
Purchases of short-term investments	**(186)**	(121)
Maturities of short-term investments	**58**	73
Net cash used in investing activities	**(114,568)**	(12,952)
Cash flows from financing activities:		
Principal payments on long-term debt	**—**	(26,575)
Principal payments on capital leases	**(81)**	—
Purchase of treasury stock	**(72,096)**	(73,457)
Restricted stock withholding taxes paid in lieu of issued shares	**(5,108)**	(4,269)
Contingent consideration payments	**(1,418)**	—
Proceeds from issuance of common stock under Employee Stock Purchase Plan	**1,611**	1,274
Proceeds from exercise of stock options	**12,549**	16,903
Excess tax benefits from stock-based compensation	**5,845**	6,728
Net cash used in financing activities	**(58,698)**	(79,396)
Effect of exchange rate fluctuations on cash and cash equivalents	**2,223**	(7,534)
Net increase in cash and cash equivalents	**40,429**	82,700
Cash and cash equivalents, beginning of period	**742,486**	576,703
Cash and cash equivalents, end of period	**$ 782,915**	$ 659,403
Supplemental disclosures of cash flow information:		
Income taxes paid	**$ 63,338**	$ 40,737
Interest paid	**$ 430**	$ 711
Construction in progress - leased facility	**$ 11,427**	$ 6,258

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

ANSYS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014
(Unaudited)

1. Organization

ANSYS, Inc. (hereafter the "Company" or "ANSYS") develops and globally markets engineering simulation software and technologies widely used by engineers, designers, researchers and students across a broad spectrum of industries and academia, including aerospace, automotive, manufacturing, electronics, biomedical, energy and defense.

As defined by the accounting guidance, the Company operates as three segments. However, the Company determined that its three operating segments are sufficiently similar and should be aggregated under the criteria provided in the related accounting guidance.

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

2. Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by ANSYS in accordance with accounting principles generally accepted in the United States for interim financial information for commercial and industrial companies and the instructions to the Quarterly Report on 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 for complete financial statements. The accompanying condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements (and notes thereto) included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013. The condensed consolidated December 31, 2013 balance sheet presented is derived from the audited December 31, 2013 balance sheet included in the most recent Annual Report on 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 and six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for any future period.

The noncontrolling interest position of an acquired subsidiary is reported as a separate component of consolidated equity from the equity attributable to ANSYS stockholders as of June 30, 2014. The noncontrolling interest in the Company's net income was not significant to the consolidated results for the period presented and therefore has been included as a component of other expense, net in the condensed consolidated statements of income.

Cash and Cash Equivalents

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

	June 30, 2014		December 31, 2013	
(in thousands, except percentages)	**Amount**	**% of Total**	**Amount**	**% of Total**
Cash accounts	**$ 442,110**	**56.5**	$ 439,348	59.2
Money market mutual funds	**340,805**	**43.5**	303,138	40.8
Total	**$ 782,915**		$ 742,486	

The Company held 100% and 99% of its money market mutual fund balances in various funds of a single issuer as of June 30, 2014 and December 31, 2013, respectively.

3. Acquisitions

SpaceClaim Corporation

On April 30, 2014, the Company completed the acquisition of SpaceClaim Corporation ("SpaceClaim"), a leading provider of 3-D modeling technology. Under the terms of the agreement, ANSYS acquired SpaceClaim for a purchase price of $84.9 million, which was paid almost entirely in cash, plus retention vehicles and an adjustment for working capital.

SpaceClaim's software provides customers with a powerful and intuitive 3-D direct modeling solution to author new concepts and then leverage the power of simulation to rapidly iterate on these designs to drive innovation. The broad appeal of the SpaceClaim technology can help the Company deliver simulation tools to any engineer in any industry. The complementary combination is expected to accelerate development of new and innovative products to the marketplace while lowering design and engineering costs for customers.

The operating results of SpaceClaim have been included in the Company's consolidated financial statements from April 30, 2014, the date of acquisition. The operating results of the acquired business were not material to the Company's consolidated results of operations during the period from April 30, 2014 to June 30, 2014.

The assets and liabilities of SpaceClaim have been recorded based upon management's estimates of their fair market values as of the acquisition date. The following tables summarize the fair value of consideration transferred and the preliminary fair values of identified assets acquired and liabilities assumed at the acquisition date:

Fair Value of Consideration Transferred:

(in thousands)		
Cash	$	84,843
ANSYS replacement stock options		68
Total consideration transferred at fair value	**$**	**84,911**

Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed:

(in thousands)		
Cash	$	723
Accounts receivable and other tangible assets		1,857
Developed technology (10-year life)		15,800
Customer relationships (6-year life)		9,400
Trade name (6-year life)		1,300
Contract backlog (6-year life)		550
Non-compete agreement (2-year life)		300
Net deferred tax assets		4,137
Accounts payable and other liabilities		(1,925)
Deferred revenue		(460)
Total identifiable net assets	**$**	**31,682**
Goodwill	**$**	**53,229**

The goodwill, which is not tax-deductible, is attributed to intangible assets that do not qualify for separate recognition, including the assembled workforce of the acquired business and the synergies expected to arise as a result of the acquisition of SpaceClaim.

The fair values of the assets acquired and liabilities assumed are based on preliminary calculations and the estimates and assumptions for these items are subject to change as additional information about what was known and knowable at the acquisition date is obtained during the measurement period (up to one year from the acquisition date).

Pro forma results of operations have not been presented as the effects of the SpaceClaim business combination were not material to the Company's consolidated results of operations.

In valuing deferred revenue on the SpaceClaim balance sheet as of the acquisition date, the Company applied the fair value provisions applicable to the accounting for business combinations. Acquired deferred revenue with a historical carrying value of $3.3 million was ascribed a fair value of $0.5 million on the opening balance sheet. As a result, the Company's post-acquisition revenue will be less than the sum of what would have otherwise been reported by ANSYS and SpaceClaim absent the acquisition. The impact on reported revenue for the quarter ended June 30, 2014 was $0.7 million. The expected impact on reported revenue is $0.9 million and $2.2 million for the quarter ending September 30, 2014 and for the year ending December 31, 2014, respectively.

Reaction Design

On January 3, 2014, the Company completed the acquisition of Reaction Design, a leading developer of chemistry simulation software. Under the terms of the agreement, ANSYS acquired Reaction Design for a purchase price of $19.1 million in cash. Reaction Design's solutions enable transportation manufacturers and energy companies to rapidly achieve their clean technology goals by automating the analysis of chemical processes via computer simulation and modeling solutions.

The operating results of Reaction Design have been included in the Company's condensed consolidated financial statements since the date of acquisition, January 3, 2014. The total consideration transferred was allocated to the assets and liabilities of Reaction Design based on management's estimates of the fair values of the assets acquired and the liabilities assumed. The allocation included $7.0 million to identifiable intangible assets, including core technology, customer lists and trade names, to be amortized over periods between two and eleven years, and $8.2 million to goodwill, which is not tax deductible. The fair values of the assets acquired and liabilities assumed are based on preliminary calculations and the estimates and assumptions for these items are subject to change as additional information about what was known and knowable at the acquisition date is obtained and assessed during the measurement period (up to one year from the acquisition date). During the period since the Reaction Design acquisition date, the Company decreased the fair values of identifiable finite-lived intangible assets from $9.2 million to $7.0 million and increased the fair values of net deferred tax assets from $2.3 million to $3.0 million, with the offset recorded to goodwill for $0.9 million and noncontrolling interest for $0.6 million. These adjustments were based on refinements to assumptions used in the preliminary valuation of intangible assets and information about what was known and knowable as of the acquisition date in the calculation of the net deferred tax assets. The operating results of Reaction Design are not material to the condensed consolidated financial statements.

In valuing deferred revenue on the Reaction Design balance sheet as of the acquisition date, the Company applied the fair value provisions applicable to the accounting for business combinations. Acquired deferred revenue with a historical carrying value of $2.3 million was ascribed no fair value on the opening balance sheet. As a result, the Company's post-acquisition revenue will be less than the sum of what would have otherwise been reported by ANSYS and Reaction Design absent the acquisition. The impact on reported revenue for the three and six months ended June 30, 2014 was $0.5 million and $1.4 million, respectively. The expected impact on reported revenue is $0.4 million and $2.0 million for the quarter ending September 30, 2014 and for the year ending December 31, 2014, respectively.

EVEN - Evolutionary Engineering AG

On April 2, 2013, the Company acquired EVEN - Evolutionary Engineering AG ("EVEN"), a leading provider of composite analysis and optimization technology. Under the terms of the agreement, ANSYS acquired EVEN for a purchase price of $8.1 million, which consisted of $4.5 million in cash and an estimated $3.6 million of contingent consideration based on EVEN's achievement of certain technical milestones during the three years following the acquisition date. The Company made its first contingent payment totaling $1.6 million in March 2014.

The total consideration transferred was allocated to the assets and liabilities of EVEN based on management's estimates of the fair values of the assets acquired and the liabilities assumed. The allocation included $2.6 million to identifiable intangible assets, including customer lists and core technology, to be amortized over a period of five years, and $5.9 million to goodwill, which is not tax deductible. The fair values of the assets acquired and liabilities assumed are based on management's estimates of their fair values as of the acquisition date.

4. Other Receivables and Current Assets

The Company's other receivables and current assets comprise the following balances:

(in thousands)	June 30, 2014	December 31, 2013
Receivables related to unrecognized revenue	**$ 115,136**	$ 140,051
Income taxes receivable, including overpayments and refunds	**32,212**	42,357
Prepaid expenses and other current assets	**20,873**	18,326
Total other receivables and current assets	**$ 168,221**	$ 200,734

Receivables for unrecognized revenue represent the current portion of annual lease licenses and software maintenance that has not yet been recognized as revenue.

5. Earnings Per Share

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

The details of basic and diluted EPS are as follows:

	Three Months Ended		Six Months Ended	
(in thousands, except per share data)	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net income	**$ 63,036**	$ 55,945	**$ 119,578**	$ 106,968
Weighted average shares outstanding – basic	**92,314**	92,860	**92,398**	92,884
Dilutive effect of stock plans	**2,024**	2,180	**2,246**	2,219
Weighted average shares outstanding – diluted	**94,338**	95,040	**94,644**	95,103
Basic earnings per share	**$ 0.68**	$ 0.60	**$ 1.29**	$ 1.15
Diluted earnings per share	**$ 0.67**	$ 0.59	**$ 1.26**	$ 1.12
Anti-dilutive options	**1,191**	1,170	**1,198**	1,144

6. Goodwill and Intangible Assets

The Company’s intangible assets and estimated useful lives are classified as follows:

	June 30, 2014		December 31, 2013	
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Developed software and core technologies (3 – 11 years)	**$ 323,886**	**$ (216,021)**	$ 300,493	$ (203,236)
Customer lists and contract backlog (3 – 15 years)	**249,215**	**(131,132)**	237,173	(119,368)
Trade names (2 – 10 years)	**114,888**	**(57,074)**	102,651	(50,990)
Non-compete agreement (2 years)	**300**	**(14)**	—	—
Total	**$ 688,289**	**$ (404,241)**	$ 640,317	$ (373,594)
Unamortized intangible assets:				
Trade names	**$ 14,157**		$ 24,667	

Amortization expense for the intangible assets reflected above was $15.2 million and $15.8 million for the three months ended June 30, 2014 and 2013, respectively. Amortization expense for the intangible assets reflected above was $29.3 million and $31.6 million for the six months ended June 30, 2014 and 2013, respectively.

As of June 30, 2014, estimated future amortization expense for the intangible assets reflected above is as follows:

(in thousands)		
Remainder of 2014	$	31,642
2015		57,715
2016		48,330
2017		44,803
2018		31,162
2019		17,372
Thereafter		53,024
Total intangible assets subject to amortization		284,048
Indefinite-lived trade names		14,157
Other intangible assets, net	**$**	**298,205**

The changes in goodwill during the six months ended June 30, 2014 and 2013 were as follows:

(in thousands)		**2014**		**2013**
Beginning balance – January 1	**$**	**1,255,704**	$	1,251,247
Acquisitions		**61,432**		5,959
Currency translation and other		**53**		(3,235)
Ending balance – June 30	**$**	**1,317,189**	$	1,253,971

During the first quarter of 2014, the Company completed the annual impairment test for goodwill and indefinite-lived intangible assets and determined that these assets had not been impaired as of the test date, January 1, 2014. No events or circumstances changed during the six months ended June 30, 2014 that would indicate that the fair values of the Company's reporting units or indefinite-lived intangible assets are below their carrying amounts.

7. Fair Value Measurement

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

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

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

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

		Fair Value Measurements at Reporting Date Using:		
(in thousands)	June 30, 2014	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash equivalents	**$ 340,805**	**$ 340,805**	**$ —**	**$ —**
Short-term investments	**$ 644**	**$ —**	**$ 644**	**$ —**
Liabilities				
Contingent consideration	**$ (6,062)**	**$ —**	**$ —**	**$ (6,062)**
Deferred compensation	**$ (711)**	**$ —**	**$ —**	**$ (711)**

		Fair Value Measurements at Reporting Date Using:		
(in thousands)	December 31, 2013	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash equivalents	$ 303,138	$ 303,138	$ —	$ —
Short-term investments	$ 500	$ —	$ 500	$ —
Liabilities				
Contingent consideration	$ (7,389)	$ —	$ —	$ (7,389)
Deferred compensation	$ (704)	$ —	$ —	$ (704)

The cash equivalents in the preceding tables represent money market mutual funds.

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

The contingent consideration in the tables above represents potential future payments related to the EVEN and Apache Design, Inc. ("Apache") acquisitions in accordance with the respective agreements. The deferred compensation in the tables above is attributable to a retention agreement for a key member of Apache management, and was accounted for outside of that business combination. The net present value calculations for the contingent consideration and deferred compensation include significant unobservable inputs in the assumption that all remaining payments will be made, and therefore the liabilities were classified as Level 3 in the fair value hierarchy.

The following tables present the changes in the Company's Level 3 liabilities that are measured at fair value on a recurring basis during the three and six months ended June 30, 2014 and 2013:

	Fair Value Measurement Using Significant Unobservable Inputs	
(in thousands)	Contingent Consideration	Deferred Compensation
Balance as of January 1, 2014	$ 7,389	$ 704
Contingent payment	(1,578)	—
Interest expense and foreign exchange activity included in earnings	164	3
Balance as of March 31, 2014	$ 5,975	$ 707
Interest expense and foreign exchange activity included in earnings	87	4
Balance as of June 30, 2014	$ 6,062	$ 711

	Fair Value Measurement Using Significant Unobservable Inputs	
(in thousands)	Contingent Consideration	Deferred Compensation
Balance as of January 1, 2013	$ 6,436	$ 1,394
Interest expense included in earnings	31	6
Balance as of March 31, 2013	$ 6,467	$ 1,400
EVEN contingent consideration	3,597	—
Interest expense and foreign exchange activity included in earnings	134	7
Balance as of June 30, 2013	$ 10,198	$ 1,407

The carrying values of cash, accounts receivable, accounts payable, accrued expenses, other accrued liabilities and short-term obligations approximate their fair values because of their short-term nature.

8. Geographic Information

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

	Three Months Ended		Six Months Ended	
(in thousands)	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
United States	$ 78,399	$ 74,603	$ 151,779	$ 141,671
Japan	27,790	27,088	56,720	55,703
Germany	24,340	22,425	49,502	45,013
Canada	3,319	3,629	6,489	6,833
Other European	54,811	49,477	105,156	94,237
Other international	43,716	37,628	78,000	69,125
Total revenue	$ 232,375	$ 214,850	$ 447,646	$ 412,582

Property and equipment by geographic area is as follows:

(in thousands)	June 30, 2014	December 31, 2013
United States	**$ 46,042**	$ 45,116
India	**3,337**	3,226
Germany	**2,920**	2,328
United Kingdom	**2,657**	3,016
France	**2,286**	2,275
Japan	**1,434**	1,383
Canada	**825**	618
Other European	**1,425**	1,476
Other international	**1,561**	1,100
Total property and equipment	**$ 62,487**	$ 60,538

9. Stock-based Compensation

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

	Three Months Ended		Six Months Ended	
(in thousands, except per share data)	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Cost of sales:				
Software licenses	**$ 498**	$ 345	**$ 799**	$ 688
Maintenance and service	**547**	588	**1,038**	1,172
Operating expenses:				
Selling, general and administrative	**4,769**	4,167	**8,246**	8,363
Research and development	**4,351**	3,774	**7,547**	7,438
Stock-based compensation expense before taxes	**10,165**	8,874	**17,630**	17,661
Related income tax benefits	**(2,804)**	(2,471)	**(4,860)**	(5,867)
Stock-based compensation expense, net of taxes	**$ 7,361**	$ 6,403	**$ 12,770**	$ 11,794
Net impact on earnings per share				
Basic earnings per share	**$ (0.08)**	$ (0.07)	**$ (0.14)**	$ (0.13)
Diluted earnings per share	**$ (0.08)**	$ (0.07)	**$ (0.13)**	$ (0.12)

10. Stock Repurchase Program

In February 2014, ANSYS announced that its Board of Directors approved an increase to its authorized stock repurchase program. Under the Company’s stock repurchase program, the Company repurchased 970,200 shares during the six months ended June 30, 2014 at an average price per share of $74.31, for a total cost of $72.1 million. During the six months ended June 30, 2013, the Company repurchased 988,000 shares at an average price per share of $74.35, for a total cost of $73.5 million. As of June 30, 2014, approximately 2.0 million shares remained authorized for repurchase under the program.

11. Contingencies and Commitments

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

An Indian subsidiary of the Company received a formal inquiry after a service tax audit. The service tax issues raised in the Company’s notice are very similar to the case, *M/s Microsoft Corporation (I) (P) Ltd. Vs Commissions of Service Tax*, currently being appealed to the Delhi Customs, Excise and Service Tax Appellate Tribunal (CESTAT). If the ruling is in favor of Microsoft, the Company expects a similar outcome for its audit case. If the ruling is unfavorable in the case of Microsoft, the Company could incur tax charges and related liabilities, including those related to the service tax audit case, of approximately $6 million. Of the two judicial members assigned to the Microsoft appeal, one member has ruled in favor of Microsoft and one has ruled in favor of the Commission. A third deciding judge will be appointed for a final decision. The Company can provide no assurances as to the outcome of the Microsoft appeal or to the impact of the Microsoft appeal on the Company’s audit case. The Company is uncertain as to when the service tax audit will be completed.

The Company sells software licenses and services to its customers under proprietary software license agreements. Each license agreement contains the relevant terms of the contractual arrangement with the customer, and generally includes certain provisions for indemnifying the customer against losses, expenses and liabilities from damages that are incurred by or awarded against the customer in the event the Company’s software or services are found to infringe upon a patent, copyright or other proprietary right of a third party. To date, the Company has not had to reimburse any of its customers for any losses related to these indemnification provisions and no material claims asserted under these indemnification provisions are outstanding as of June 30, 2014. For several reasons, including the lack of prior material indemnification claims, the Company cannot determine the maximum amount of potential future payments, if any, related to such indemnification provisions.

12. Sale-Leaseback Arrangement

On September 14, 2012, the Company entered into a lease agreement for 186,000 square feet of rentable space to be located in a to-be-built office facility in Canonsburg, Pennsylvania, which will serve as the Company's new headquarters. The lease was effective as of September 14, 2012, but because the leased premises are under construction, the Company will not be obligated to pay rent until the later of (i) three months following the date that the leased premises are delivered to ANSYS, which delivery, subject to certain limited exceptions, shall occur no later than October 1, 2014, or (ii) January 1, 2015. The term of the lease is 183 months, beginning on the date the Company takes possession of the facility. The lease agreement terms provide that the Company is responsible for paying the cost of certain tenant improvements that exceed an allowance to be paid by the landlord. There is no cap to the Company's obligation in excess of the landlord allowance, and the improvements do not meet the definition of "normal tenant improvements" as defined in the accounting guidance. As a result, the Company is considered the owner of the building during the construction period and the lease is subject to sale-leaseback treatment.

As of June 30, 2014, the Company has recorded a $29.6 million construction-in-progress asset and a corresponding liability for construction debt funded by the lessor on its condensed consolidated balance sheet. Upon completion and delivery of the building, the Company will determine whether the lease meets the criteria for capital treatment under the accounting guidance, or whether it has continuing involvement in the lease. If it is determined the lease fails to meet the capitalization criteria, and the Company does not have continuing involvement in the lease, the construction-in-progress asset and liability will be removed from the condensed consolidated balance sheet. The sale-leaseback treatment of the lease during the construction period does not have any impact on the Company's results of operations or cash flows.

13. New Accounting Guidance

Revenue from contracts with customers: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09). ASU 2014-09 supersedes most current revenue recognition guidance, including industry-specific guidance. Previous guidance requires an entity to recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectibility is reasonably assured. Under the new guidance, an entity is required to evaluate revenue recognition by identifying a contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognizing revenue when (or as) the entity satisfies a performance obligation. This guidance will be effective for periods after December 15, 2016. Entities have the option of using a full retrospective, cumulative effect or modified approach to adopt the guidance. This update could impact the timing and amounts of revenue recognized. The Company is currently evaluating the effect that implementation of this update will have on its financial results upon adoption.

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, 2014, and the related condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended June 30, 2014 and 2013, and of cash flows for the six-month periods ended June 30, 2014, and 2013. These interim financial statements are the responsibility of the Company’s management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of ANSYS, Inc. and subsidiaries as of December 31, 2013, and the related consolidated statements of income, comprehensive income, stockholders’ equity, and cash flows for the year then ended (not presented herein); and in our report dated February 27, 2014, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2013 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, 2014

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

Overview:

ANSYS, Inc.'s results for the three months ended June 30, 2014 reflect growth in revenue of 8.2%, operating income of 6.5% and diluted earnings per share of 13.6% as compared to the three months ended June 30, 2013. The Company's results for the six months ended June 30, 2014 reflect growth in revenue of 8.5%, operating income of 9.9% and diluted earnings per share of 12.5% as compared to the six months ended June 30, 2013. The Company experienced higher revenue in 2014 from growth in both license and maintenance revenue. The increase in revenue was partially offset by increased operating expenses, including higher salaries and incentive compensation.

The Company's non-GAAP results for the three months ended June 30, 2014 reflect increases in revenue of 8.2%, operating income of 6.2% and diluted earnings per share of 11.7% as compared to the three months ended June 30, 2013. The Company's non-GAAP results for the six months ended June 30, 2014 reflect increases in revenue of 8.3%, operating income of 6.2% and diluted earnings per share of 9.5% as compared to the six months ended June 30, 2013. The non-GAAP results exclude the income statement effects of acquisition accounting adjustments to deferred revenue, stock-based compensation, acquisition-related amortization of intangible assets and transaction costs related to business combinations. For further disclosure regarding non-GAAP results, see the section titled "Non-GAAP Results" immediately preceding the section titled "Liquidity and Capital Resources".

The Company's financial position includes $783.6 million in cash and short-term investments, and working capital of $617.6 million as of June 30, 2014.

Under the Company's stock repurchase program, the Company repurchased 970,200 shares during the six months ended June 30, 2014 at an average price per share of $74.31, for a total cost of $72.1 million.

On April 30, 2014, the Company completed the acquisition of SpaceClaim, a leading provider of 3-D modeling technology. Under the terms of the agreement, ANSYS acquired SpaceClaim for a purchase price of $84.9 million, which was paid almost entirely in cash, plus retention vehicles and an adjustment for working capital. The operating results of SpaceClaim are included in the Company's consolidated financial statements from the date of acquisition.

On January 3, 2014, the Company completed the acquisition of Reaction Design, a leading developer of chemistry simulation software. Under the terms of the agreement, ANSYS acquired Reaction Design for a purchase price of $19.1 million in cash. Reaction Design's solutions enable transportation manufacturers and energy companies to rapidly achieve their clean technology goals by automating the analysis of chemical processes via computer simulation and modeling solutions. The operating results of Reaction Design are included in the Company's consolidated financial statements from the date of acquisition.

ANSYS develops and globally markets engineering simulation software and services widely used by engineers, designers, researchers and students across a broad spectrum of industries and academia, including aerospace, automotive, manufacturing, electronics, biomedical, energy and defense. Headquartered south of Pittsburgh, Pennsylvania, the Company and its subsidiaries employed approximately 2,690 people as of June 30, 2014 and focus on the development of open and flexible solutions that enable users to analyze designs directly on the desktop, providing a common platform for fast, efficient and cost-conscious product development, from design concept to final-stage testing and validation. The Company distributes its suite of simulation technologies through a global network of independent channel partners and direct sales offices in strategic, global locations. It is the Company's intention to continue to maintain this hybrid sales and distribution model.

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

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

Geographic Trends:

In North America, the Company experienced relative strength in the aerospace and defense markets, as well as in the automotive market. Comprehensive system simulation will be paramount to automotive companies handling the increasing complexity through upfront discovery and elimination of potential failure modes early in the product development process. While the Company continued to experience a cautious spending sentiment in the customer base stemming from concerns about their own revenue growth, North America revenue grew 5% and 7% for the three and six months ended June 30, 2014, respectively. The sales pipelines are continuing to build as a result of ongoing customer engagement activities in North America, including user group meetings that took place across North America during the quarter.

Europe, which continued to be the geography with the most challenging economic environment, delivered revenue growth of 5% and 6% in constant currency for the three and six months ended June 30, 2014, respectively. The volatility, geopolitical issues and ongoing developments in sanctions related to Russia and the surrounding territories, combined with a cautious customer spending environment and weaker than planned channel performance, continued to have an adverse impact on new business growth during the quarter. However, renewal rates throughout Europe continued to be strong. From an industry perspective, the Company experienced growth in the industrial equipment; automotive; and metals, chemical and process industries. The strong push into autonomous vehicles, coupled with the Company's strengths in radar simulation, helps in the growing segment of long-range radar for driverless cars. The metals, chemical and process industries continued to grow due to the demand for energy efficiency and modernization.

The Company's General International Area ("GIA"), which includes all geographies except North America and Europe, continued to demonstrate measurable progress with constant currency revenue growth of 12% for both the three and six months ended June 30, 2014. Japan, Korea and Taiwan continued to be relatively strong, and the sales pipelines continue to grow. China recovered in the second quarter, after posting lower growth in the first quarter, despite a continuation of lower spending from state-owned enterprises. India was adversely affected by government spending softness and showed relative weakness, along with Brazil, during both the second quarter and the first six months of 2014. From an industry perspective, the Company experienced growth in electronics; and metals, chemical and process industries. As consumer demand bounces back, consumer electronics companies are investing in research and development with a clear focus on smart products. During the quarter, the Company continued to make progress on internal improvement initiatives and focused on customer engagement and pipeline building activities throughout the region.

The following discussion should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and notes thereto for the three and six months ended June 30, 2014, and with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2013 filed on the Annual Report on Form 10-K with the Securities and Exchange Commission. The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to fair value of stock awards, bad debts, contract revenue, valuation of goodwill, valuation of intangible assets, contingent consideration, deferred compensation, income taxes, uncertain tax positions, tax valuation reserves, useful lives for depreciation and amortization, and contingencies and litigation. The Company bases its estimates on historical experience, market experience, estimated future cash flows and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, but not limited to, the following statements, as well as statements that contain such words as "anticipates," "intends," "believes," "plans" and other similar expressions:

- The Company's expectations regarding the accelerated development and delivery of new and innovative products to the marketplace while lowering design and engineering costs for customers as a result of the SpaceClaim and Reaction Design acquisitions.
- The Company's estimates regarding the expected impact on reported revenue related to the acquisition accounting treatment of deferred revenue.
- The Company's estimation that it is probable that all remaining payments will be made for deferred compensation related to the Apache acquisition and contingent consideration related to both the Apache and EVEN acquisitions.
- The Company's assessment of the ultimate liabilities arising from various investigations, claims and legal proceedings.
- The Company's expectations regarding the outcome of its service tax audit case.

- The Company’s intentions regarding its hybrid sales and distribution model.
- The Company’s statement regarding the strength of the features, functionality and integrated multiphysics capabilities of its software products.
- The Company's belief that its overall performance is best measured by fiscal year results rather than by quarterly results.
- The Company’s expectation that it will continue to make targeted investments in its global sales and marketing organization and its global business infrastructure to enhance major account sales activities and to support its worldwide sales distribution and marketing strategies, and the business in general.
- The Company’s intentions related to investments in research and development, particularly as it relates to expanding the capabilities of its flagship products and other products within its broad portfolio of simulation software, evolution of its ANSYS® Workbench™ platform, HPC capabilities, immersive user interface, robust design and ongoing integration.
- The Company's intention to repatriate previously taxed earnings and to reinvest all other earnings of its non-U.S. subsidiaries.
- The Company’s 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 intentions related to investments in complementary companies, products, services and technologies.
- The Company’s statement regarding increased exposure to volatility of foreign exchange rates.

Forward-looking statements should not be unduly relied upon because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company’s control. The Company’s actual results could differ materially from those set forth in forward-looking statements. Certain factors, among others, that might cause such a difference include risks and uncertainties disclosed in the Company’s most recent Annual Report on Form 10-K, Part I, Item 1A. Information regarding new risk factors or material changes to these risk factors have been included within Part II, Item 1A of this Quarterly Report on Form 10-Q.

Results of Operations

Three Months Ended June 30, 2014 Compared to Three Months Ended June 30, 2013

Revenue:

	Three Months Ended June 30,		Change	
(in thousands, except percentages)	2014	2013	Amount	%
Revenue:				
Lease licenses	**$ 78,708**	$ 73,370	$ 5,338	7.3
Perpetual licenses	**61,781**	59,747	2,034	3.4
Software licenses	**140,489**	133,117	7,372	5.5
Maintenance	**86,196**	76,058	10,138	13.3
Service	**5,690**	5,675	15	0.3
Maintenance and service	**91,886**	81,733	10,153	12.4
Total revenue	**$ 232,375**	$ 214,850	$ 17,525	8.2

The Company’s revenue in the quarter ended June 30, 2014 increased 8.2% as compared to the quarter ended June 30, 2013. The growth was partially influenced by the Company’s continued investment in its global sales, support and marketing organizations. Revenue from lease licenses increased 7.3% as compared to the quarter ended June 30, 2013 due primarily to growth in lease license revenue of Apache and electronics products. Perpetual license revenue, which is derived primarily from new sales during the quarter, increased 3.4% as compared to the prior-year quarter. Annual maintenance contracts that were sold with new perpetual licenses, along with maintenance contracts sold with new perpetual licenses in previous quarters, contributed to maintenance revenue growth of 13.3%.

With respect to revenue, on average for the quarter ended June 30, 2014, the U.S. Dollar was approximately 2.3% weaker, when measured against the Company’s primary foreign currencies, than for the quarter ended June 30, 2013. The net overall weakening resulted in increased revenue of $2.7 million during the quarter ended June 30, 2014, as compared with the same quarter of 2013. The impact on revenue was primarily driven by $3.1 million of favorable impact due to a strengthening Euro, partially offset by $1.6 million of adverse impact due to a weakening Japanese Yen. The net overall weakening of the U.S. Dollar also resulted in increased operating income of approximately $1.3 million during the quarter ended June 30, 2014, as compared with the same quarter of 2013.

A substantial portion of the Company’s license and maintenance revenue is derived from annual lease and maintenance contracts. These contracts are generally renewed on an annual basis and typically have a high rate of customer renewal. In addition to the recurring revenue base associated with these contracts, a majority of customers purchasing new perpetual licenses also purchase related annual maintenance contracts. As a result of the significant recurring revenue base, the Company’s license and maintenance revenue growth rate in any period does not necessarily correlate to the growth rate of new license and maintenance contracts sold during that period. To the extent the rate of customer renewal for lease and maintenance contracts is high, incremental lease contracts, and maintenance contracts sold with new perpetual licenses, will result in license and maintenance revenue growth. Conversely, if the rate of renewal for these contracts is adversely affected by economic or other factors, the Company’s license and maintenance growth will be adversely affected over the term that the revenue for those contracts would have otherwise been recognized.

International and domestic revenues, as a percentage of total revenue, were 66.3% and 33.7%, respectively, during the quarter ended June 30, 2014, and 65.3% and 34.7%, respectively, during the quarter ended June 30, 2013. The Company derived 24.5% and 24.8% of its total revenue through the indirect sales channel for the quarters ended June 30, 2014 and 2013, respectively.

In valuing deferred revenue on the balance sheets of the Company's recent acquisitions as of their respective acquisition dates, the Company applied the fair value provisions applicable to the accounting for business combinations, resulting in a reduction of deferred revenue as compared to its historical carrying amount. As a result, the Company's post-acquisition revenue will be less than the sum of what would have otherwise been reported by ANSYS and its subsidiaries absent the acquisitions. The impacts on reported revenue were $1.6 million and $1.4 million for the quarters ended June 30, 2014 and 2013, respectively. The expected impact on reported revenue is $1.7 million and $5.6 million for the quarter ending September 30, 2014 and for the year ending December 31, 2014, respectively.

Deferred Revenue and Backlog:

Deferred revenue consists of billings made or payments received in advance of revenue recognition from lease license and maintenance agreements. The deferred revenue on the Company's condensed consolidated balance sheets does not represent the total value of annual or multi-year, noncancellable lease license and maintenance agreements. The Company's backlog represents installment billings for periods beyond the current quarterly billing cycle and customer orders received but not processed. The Company's deferred revenue and backlog as of June 30, 2014 and December 31, 2013 consist of the following:

	Balance at June 30, 2014		
(in thousands)	**Total**	**Current**	**Long-Term**
Deferred revenue	**$ 344,883**	**$ 334,370**	**$ 10,513**
Backlog	**95,421**	**37,895**	**57,526**
Total	**$ 440,304**	**$ 372,265**	**$ 68,039**

	Balance at December 31, 2013		
(in thousands)	**Total**	**Current**	**Long-Term**
Deferred revenue	$ 317,730	$ 309,775	$ 7,955
Backlog	91,786	33,446	58,340
Total	$ 409,516	$ 343,221	$ 66,295

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

Cost of Sales and Gross Profit:

	Three Months Ended June 30,					
	2014		2013		Change	
(in thousands, except percentages)	**Amount**	**% of Revenue**	**Amount**	**% of Revenue**	**Amount**	**%**
Cost of sales:						
Software licenses	**$ 7,364**	**3.2**	$ 6,769	3.2	$ 595	8.8
Amortization	**9,406**	**4.0**	9,984	4.6	(578)	(5.8)
Maintenance and service	**21,908**	**9.4**	19,927	9.3	1,981	9.9
Total cost of sales	**38,678**	**16.6**	36,680	17.1	1,998	5.4
Gross profit	**$ 193,697**	**83.4**	$ 178,170	82.9	$ 15,527	8.7

Software Licenses: The increase in cost of software licenses was primarily due to the following:

- SpaceClaim-related cost of software licenses of $0.2 million for the period from the acquisition date (April 30, 2014) through June 30, 2014.
- Increased salaries of $0.2 million.
- Increased stock-based compensation expense of $0.2 million.

Amortization: The decrease in amortization expense was primarily due to a net decrease in amortization of acquired technology.

Maintenance and Service: The increase in maintenance and service costs was primarily due to increased salaries and incentive compensation of $1.5 million and increased third-party technical support of $0.2 million.

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

Operating Expenses:

	Three Months Ended June 30,				Change	
	2014		2013			
(in thousands, except percentages)	Amount	% of Revenue	Amount	% of Revenue	Amount	%
Operating expenses:						
Selling, general and administrative	**$ 62,280**	**26.8**	$ 55,262	25.7	$ 7,018	12.7
Research and development	**42,098**	**18.1**	38,670	18.0	3,428	8.9
Amortization	**5,787**	**2.5**	5,813	2.7	(26)	(0.4)
Total operating expenses	**$ 110,165**	**47.4**	$ 99,745	46.4	$ 10,420	10.4

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

- Increased salaries and other headcount-related costs, including incentive compensation of $2.3 million.
- SpaceClaim-related selling, general and administrative expenses of $1.2 million for the period from the acquisition date (April 30, 2014) through June 30, 2014.
- Reaction Design-related selling, general and administrative expenses of $0.6 million.
- Increased stock-based compensation expense of $0.6 million.

The Company anticipates that it will continue to make targeted investments in its global sales and marketing organization and its global business infrastructure to enhance sales and services activities and to support its worldwide sales distribution and marketing strategies, and the business in general.

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

- Increased salaries of $1.6 million.
- Reaction Design-related research and development expenses of $0.6 million.
- SpaceClaim-related research and development expenses of $0.6 million for the period from the acquisition date (April 30, 2014) through June 30, 2014.
- Increased stock-based compensation expense of $0.6 million.

The Company has traditionally invested significant resources in research and development activities and intends to continue to make investments in this area, particularly as it relates to expanding the ease of use and capabilities of its flagship products and other products within its broad portfolio of simulation software, evolution of its ANSYS® Workbench™ platform, expanding its HPC capabilities, immersive user interface, robust design and ongoing integration of acquired technology.

Interest Expense: The Company's interest expense consists of the following:

(in thousands)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013
Discounted obligations	**$ 162**	$ 226
Term loan	**—**	69
Amortization of debt financing costs	**—**	53
Other	**19**	22
Total interest expense	**$ 181**	$ 370

Other Expense, net: The Company's other expense consists of the following:

(in thousands)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013
Foreign currency losses, net	**$ (215)**	$ (186)
Noncontrolling interest in loss	**38**	—
Other	**(2)**	13
Total other expense, net	**$ (179)**	$ (173)

Income Tax Provision: The Company recorded income tax expense of $20.8 million and had income before income taxes of $83.9 million for the quarter ended June 30, 2014. During the quarter ended June 30, 2013, the Company recorded income tax expense of $22.7 million and had income before income taxes of $78.6 million. The effective tax rates were 24.9% and 28.8% for the second quarters of 2014 and 2013, respectively.

When compared to the federal and state combined statutory rate, these rates were favorably impacted by lower statutory tax rates in many of the Company's foreign jurisdictions, the domestic manufacturing deduction and legal entity restructuring activities. In the second quarter of 2014, the rate was favorably impacted by $2.5 million in tax benefits associated with the repatriation of funds in connection with international restructuring activities. The rate was also favorably impacted by the reversal of reserves for uncertain tax positions in various jurisdictions. The availability of the U.S. research and development credit expired at the end of the 2013 tax year. It is uncertain whether the U.S. Congress will reinstate this credit, or, if reinstated, the amount of the credit that might be available for 2014 or future periods.

Net Income: The Company's net income in the second quarter of 2014 was $63.0 million as compared to net income of $55.9 million in the second quarter of 2013. Diluted earnings per share was $0.67 in the second quarter of 2014 and $0.59 in the second quarter of 2013. The weighted average shares used in computing diluted earnings per share were 94.3 million and 95.0 million in the second quarters of 2014 and 2013, respectively.

Six Months Ended June 30, 2014 Compared to Six Months Ended June 30, 2013

Revenue:

(in thousands, except percentages)	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	Change Amount	Change %
Revenue:				
Lease licenses	**$ 157,520**	$ 146,281	$ 11,239	7.7
Perpetual licenses	**109,398**	105,711	3,687	3.5
Software licenses	**266,918**	251,992	14,926	5.9
Maintenance	**169,229**	149,702	19,527	13.0
Service	**11,499**	10,888	611	5.6
Maintenance and service	**180,728**	160,590	20,138	12.5
Total revenue	**$ 447,646**	$ 412,582	$ 35,064	8.5

The Company’s revenue in the six months ended June 30, 2014 increased 8.5% as compared to the six months ended June 30, 2013. The growth was partially influenced by the Company’s continued investment in its global sales, support and marketing organizations. Revenue from lease licenses increased 7.7% as compared to the six months ended June 30, 2013, due primarily to growth in lease license revenue of Apache and electronics products. Perpetual license revenue, which is derived primarily from new sales, increased 3.5% as compared to the six months ended June 30, 2013. Annual maintenance contracts that were sold with new perpetual licenses, along with maintenance contracts sold with new perpetual licenses in previous quarters, contributed to maintenance revenue growth of 13.0%.

With respect to revenue, on average for the six months ended June 30, 2014, the U.S. Dollar was approximately 0.7% weaker, when measured against the Company’s primary foreign currencies, than for the six months ended June 30, 2013. The net overall weakening resulted in increased revenue of $1.7 million during the six months ended June 30, 2014, as compared to the six months ended June 30, 2013. The impact on revenue was primarily driven by $5.5 million of favorable impact due to a strengthening Euro, partially offset by $4.9 million of adverse impact due to a weakening Japanese Yen. The net overall weakening of the U.S. Dollar also resulted in increased operating income of approximately $0.4 million during the six months ended June 30, 2014, as compared to the six months ended June 30, 2013.

International and domestic revenues, as a percentage of total revenue, were 66.1% and 33.9%, respectively, during the six months ended June 30, 2014, and 65.7% and 34.3%, respectively, during the six months ended June 30, 2013. The Company derived 24.0% and 24.8% of its total revenue through the indirect sales channel for the six months ended June 30, 2014 and 2013, respectively.

In valuing deferred revenue on the balance sheets of the Company's recent business combinations as of their respective acquisition dates, the Company applied the fair value provisions applicable to the accounting for business combinations, resulting in a reduction of deferred revenue as compared to its historical carrying amount. As a result, the Company's post-acquisition revenue will be less than the sum of what would have otherwise been reported by ANSYS and its subsidiaries absent the acquisitions. The impacts on reported revenue were $2.8 million and $3.2 million for the six-month periods ended June 30, 2014 and 2013, respectively.

Cost of Sales and Gross Profit:

	Six Months Ended June 30,					
	2014		2013		Change	
(in thousands, except percentages)	Amount	% of Revenue	Amount	% of Revenue	Amount	%
Cost of sales:						
Software licenses	**$ 14,508**	**3.2**	$ 13,734	3.3	$ 774	5.6
Amortization	**18,721**	**4.2**	19,858	4.8	(1,137)	(5.7)
Maintenance and service	**43,194**	**9.6**	39,322	9.5	3,872	9.8
Total cost of sales	**76,423**	**17.1**	72,914	17.7	3,509	4.8
Gross profit	**$ 371,223**	**82.9**	$ 339,668	82.3	$ 31,555	9.3

Amortization: The decrease in amortization expense was primarily due to a net decrease in amortization of acquired technology, partially offset by a net increase in trade name amortization.

Maintenance and Service: The increase in maintenance and service costs was primarily due to increased salaries and incentive compensation of $2.7 million. In addition, there was an increase in third-party technical support costs of $0.5 million.

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

Operating Expenses:

	Six Months Ended June 30,								
	2014			2013			Change		
(in thousands, except percentages)		Amount	% of Revenue		Amount	% of Revenue		Amount	%
Operating expenses:									
Selling, general and administrative	$	**115,830**	**25.9**	$	105,275	25.5	$	10,555	10.0
Research and development		**82,218**	**18.4**		74,677	18.1		7,541	10.1
Amortization		**10,581**	**2.4**		11,742	2.8		(1,161)	(9.9)
Total operating expenses	$	**208,629**	**46.6**	$	191,694	46.5	$	16,935	8.8

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

- Increased salaries and other headcount-related costs, including incentive compensation of $4.6 million.
- Reaction Design-related selling, general and administrative expenses of $1.2 million for the period from the acquisition date (January 3, 2014) through June 30, 2014.
- SpaceClaim-related selling, general and administrative expenses of $1.2 million for the period from the acquisition date (April 30, 2014) through June 30, 2014.
- Increased third-party commissions of $0.8 million.
- Increased professional fees of $0.8 million.

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

- Increased salaries and incentive compensation of $4.2 million.
- Reaction Design-related research and development expenses of $1.1 million for the period from the acquisition date (January 3, 2014) through June 30, 2014.
- SpaceClaim-related research and development expenses of $0.6 million for the period from the acquisition date (April 30, 2014) through June 30, 2014.
- EVEN-related research and development expenses of $0.6 million, primarily as a result of six months of EVEN activity in the current year as compared to three months of activity in the prior year.

Amortization: The decrease in amortization expense was primarily due to a net decrease in amortization of contract backlog, partially offset by a net increase in amortization of customer lists.

Interest Expense: The Company’s interest expense consists of the following:

	Six Months Ended	
(in thousands)	June 30, 2014	June 30, 2013
Discounted obligations	**$ 358**	$ 348
Term loan	**—**	208
Amortization of debt financing costs	**—**	145
Other	**71**	40
Total interest expense	**$ 429**	$ 741

Other Expense, net: The Company's other expense consists of the following:

	Six Months Ended	
(in thousands)	June 30, 2014	June 30, 2013
Foreign currency losses, net	**$ (388)**	$ (509)
Noncontrolling interest in loss	**48**	—
Other	**(37)**	15
Total other expense, net	**$ (377)**	$ (494)

Income Tax Provision: The Company recorded income tax expense of $43.8 million and had income before income taxes of $163.3 million for the six months ended June 30, 2014. During the six months ended June 30, 2013, the Company recorded income tax expense of $41.2 million and had income before income taxes of $148.2 million. The effective tax rates were 26.8% and 27.8% for the six months ended June 30, 2014 and 2013, respectively. In the first six months of 2014, the rate was favorably impacted by $3.2 million in tax benefits associated with the repatriation of funds in connection with international restructuring activities. In the first six months of 2013, the rate was favorably impacted by approximately $2.3 million related to the reinstatement of the U.S. research and development credit for 2012 activity.

Net Income: The Company’s net income for the six months ended June 30, 2014 was $119.6 million as compared to net income of $107.0 million for the six months ended June 30, 2013. Diluted earnings per share was $1.26 for the six months ended June 30, 2014 and $1.12 for the six months ended June 30, 2013. The weighted average shares used in computing diluted earnings per share were 94.6 million and 95.1 million for the six months ended June 30, 2014 and 2013, respectively.

Non-GAAP Results

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

	Three Months Ended					
	June 30, 2014			June 30, 2013		
(in thousands, except percentages and per share data)	**As Reported**	**Adjustments**	**Non-GAAP Results**	**As Reported**	**Adjustments**	**Non-GAAP Results**
Total revenue	**$ 232,375**	**$ 1,555 (1)**	**$ 233,930**	$ 214,850	$ 1,377 (4)	$ 216,227
Operating income	**83,532**	**27,535 (2)**	**111,067**	78,425	26,173 (5)	104,598
Operating profit margin	**35.9%**		**47.5%**	36.5%		48.4%
Net income	**$ 63,036**	**$ 18,509 (3)**	**$ 81,545**	$ 55,945	$ 17,408 (6)	$ 73,353
Earnings per share – diluted:						
Diluted earnings per share	**$ 0.67**		**$ 0.86**	$ 0.59		$ 0.77
Weighted average shares – diluted	**94,338**		**94,338**	95,040		95,040

(1) Amount represents the revenue not reported during the period as a result of the acquisition accounting adjustment associated with accounting for deferred revenue in business combinations.

(2) Amount represents $15.2 million of amortization expense associated with intangible assets acquired in business combinations, $10.2 million of stock-based compensation expense, the $1.6 million adjustment to revenue as reflected in (1) above and $0.6 million of acquisition-related transaction expenses.

(3) Amount represents the impact of the adjustments to operating income referred to in (2) above, adjusted for the related income tax impact of $9.0 million.

(4) Amount represents the revenue not reported during the period as a result of the acquisition accounting adjustment associated with accounting for deferred revenue in business combinations.

(5) Amount represents $15.8 million of amortization expense associated with intangible assets acquired in business combinations, $8.9 million of stock-based compensation expense, the $1.4 million adjustment to revenue as reflected in (4) above and $0.1 million of acquisition-related transaction expenses.

(6) Amount represents the impact of the adjustments to operating income referred to in (5) above, adjusted for the related income tax impact of $8.8 million.

(in thousands, except percentages and per share data)	Six Months Ended													
	June 30, 2014							June 30, 2013						
	As Reported		Adjustments			Non-GAAP Results		As Reported		Adjustments			Non-GAAP Results	
Total revenue	$	**447,646**	$	**2,779**	(1)	$	**450,425**	$	412,582	$	3,165	(4)	$	415,747
Operating income		**162,594**		**50,636**	(2)		**213,230**		147,974		52,729	(5)		200,703
Operating profit margin		**36.3%**					**47.3%**		35.9%					48.3%
Net income	$	**119,578**	$	**33,887**	(3)	$	**153,465**	$	106,968	$	34,137	(6)	$	141,105
Earnings per share – diluted:														
Diluted earnings per share	$	**1.26**				$	**1.62**	$	1.12				$	1.48
Weighted average shares – diluted		**94,644**					**94,644**		95,103					95,103

(1) Amount represents the revenue not reported during the period as a result of the acquisition accounting adjustment associated with accounting for deferred revenue in business combinations.

(2) Amount represents $29.3 million of amortization expense associated with intangible assets acquired in business combinations, $17.6 million of stock-based compensation expense, the $2.8 million adjustment to revenue as reflected in (1) above and $0.9 million of acquisition-related transaction expenses.

(3) Amount represents the impact of the adjustments to operating income referred to in (2) above, adjusted for the related income tax impact of $16.7 million.

(4) Amount represents the revenue not reported during the period as a result of the acquisition accounting adjustment associated with accounting for deferred revenue in business combinations.

(5) Amount represents $31.6 million of amortization expense associated with intangible assets acquired in business combinations, $17.7 million of stock-based compensation expense, the $3.2 million adjustment to revenue as reflected in (4) above and $0.3 million of acquisition-related transaction expenses.

(6) Amount represents the impact of the adjustments to operating income referred to in (5) above, adjusted for the related income tax impact of $18.6 million.

Non-GAAP Measures

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

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

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

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

Amortization of intangibles from acquisitions and its related tax impact. The Company incurs amortization of intangibles, included in its GAAP presentation of amortization expense, related to various acquisitions it has made in recent years. Management excludes these expenses and their related tax impact for the purpose of calculating non-GAAP operating income, non-GAAP operating profit margin, non-GAAP net income and non-GAAP diluted earnings per share when it evaluates the continuing operational performance of the Company because these costs are fixed at the time of an acquisition, are then amortized over a period of several years after the acquisition and generally cannot be changed or influenced by management after the acquisition. Accordingly, management does not consider these expenses for purposes of evaluating the performance of the Company during the applicable time period after the acquisition, and it excludes such expenses when making decisions to allocate resources. The Company believes that these non-GAAP financial measures are useful to investors because they allow investors to (a) evaluate the effectiveness of the methodology and information used by management in its financial and operational decision-making, and (b) compare past reports of financial results of the Company as the Company has historically reported these non-GAAP financial measures.

Stock-based compensation expense and its related tax impact. The Company incurs expense related to stock-based compensation included in its GAAP presentation of cost of software licenses; cost of maintenance and service; research and development expense and selling, general and administrative expense. Although stock-based compensation is an expense of the Company and viewed as a form of compensation, management excludes these expenses for the purpose of calculating non-GAAP operating income, non-GAAP operating profit margin, non-GAAP net income and non-GAAP diluted earnings per share when it evaluates the continuing operational performance of the Company. Specifically, the Company excludes stock-based compensation during its annual budgeting process and its quarterly and annual assessments of the Company’s and management’s performance. The annual budgeting process is the primary mechanism whereby the Company allocates resources to various initiatives and operational requirements. Additionally, the annual review by the board of directors during which it compares the Company's historical business model and profitability to the planned business model and profitability for the forthcoming year excludes the impact of stock-based compensation. In evaluating the performance of senior management and department managers, charges related to stock-based compensation are excluded from expenditure and profitability results. In fact, the Company records stock-based compensation expense into a stand-alone cost center for which no single operational manager is responsible or accountable. In this way, management is able to review, on a period-to-period basis, each manager’s performance and assess financial discipline over operational expenditures without the effect of stock-based compensation. The Company believes that these non-GAAP financial measures are useful to investors because they allow investors to (a) evaluate the Company's operating results and the effectiveness of the methodology used by management to review the Company's operating results, and (b) review historical comparability in the Company's financial reporting as well as comparability with competitors' operating results.

Transaction costs related to business combinations. The Company incurs expenses for professional services rendered in connection with business combinations, which are included in its GAAP presentation of selling, general and administrative expense. These expenses are generally not tax deductible. Management excludes these acquisition-related transaction expenses for the purpose of calculating non-GAAP operating income, non-GAAP operating profit margin, non-GAAP net income and non-GAAP diluted earnings per share when it evaluates the continuing operational performance of the Company, as it generally would not have otherwise incurred these expenses in the periods presented as a part of its continuing operations. The Company believes that these non-GAAP financial measures are useful to investors because they allow investors to (a) evaluate the Company's operating results and the effectiveness of the methodology used by management to review the Company's operating results, and (b) review historical comparability in the Company's financial reporting as well as comparability with competitors' operating results.

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

The Company has provided a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures as listed below:

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

Liquidity and Capital Resources

(in thousands)	June 30, 2014	December 31, 2013	Change
Cash, cash equivalents and short-term investments	**$ 783,559**	$ 742,986	$ 40,573
Working capital	**$ 617,620**	$ 627,165	$ (9,545)

Cash, Cash Equivalents and Short-term Investments

Cash and cash equivalents consist primarily of highly liquid investments such as money market mutual funds and deposits held at major banks. Short-term investments consist primarily of deposits held by certain foreign subsidiaries of the Company with original maturities of three months to one year. The following table presents the Company's foreign and domestic holdings of cash, cash equivalents and short-term investments as of June 30, 2014 and December 31, 2013:

(in thousands)	June 30, 2014	% of Total	December 31, 2013	% of Total
Cash, cash equivalents and short-term investments held domestically	**$ 539,472**	**68.8%**	$ 530,680	71.4%
Cash, cash equivalents and short-term investments held by foreign subsidiaries	**244,087**	**31.2%**	212,306	28.6%
Total	**$ 783,559**		$ 742,986	

If the foreign balances were repatriated to the U.S., they would be subject to domestic tax, resulting in a tax obligation in the period of repatriation. In general, it is the practice and intention of the Company to repatriate previously taxed earnings and to reinvest all other earnings of its non-U.S. subsidiaries. The amount of cash, cash equivalents and short-term investments held by foreign subsidiaries is subject to translation adjustments caused by changes in foreign currency exchange rates as of the end of each respective reporting period, the offset to which is recorded in accumulated other comprehensive income on the Company’s condensed consolidated balance sheet.

Cash Flows from Operating Activities

	Six Months Ended June 30,		
(in thousands)	2014	2013	Change
Net cash provided by operating activities	**$ 211,472**	$ 182,582	$ 28,890

Cash flows from operations increased during the current fiscal year due to increased net cash flows from operating assets and liabilities of $15.1 million and increased net income (net of non-cash operating adjustments) of $13.8 million.

Cash Flows from Investing Activities

	Six Months Ended June 30,		
(in thousands)	2014	2013	Change
Net cash used in investing activities	**$ (114,568)**	$ (12,952)	$ (101,616)

Cash used in investing activities increased during the current fiscal year due primarily to an increase in acquisition-related cash outlays of $98.3 million related to the acquisitions of SpaceClaim and Reaction Design as discussed below. The Company currently plans capital spending of $35 million to $45 million for the 2014 fiscal year as compared to $28.8 million in 2013. The planned increase is attributable to costs associated with the Company's new Canonsburg, Pennsylvania headquarters facility expected to be completed in late 2014. The Company has occupied its current headquarters facility since 1997. The level of spending will be dependent upon various factors, including growth of the business and general economic conditions.

Cash Flows from Financing Activities

	Six Months Ended June 30,		
(in thousands)	2014	2013	Change
Net cash used in financing activities	**$ (58,698)**	$ (79,396)	$ 20,698

The change in cash activity related to financing activities was due primarily to the Company having no long-term debt payments in 2014. During the first quarter of 2013, the Company made its scheduled $26.6 million principal payment on its term loan. The Company paid its outstanding loan balance at maturity on July 31, 2013. Partially offsetting the change related to debt payments were decreased proceeds from the exercise of stock options of $4.4 million in the six months ended June 30, 2014 as compared to the six months ended June 30, 2013.

On April 30, 2014, the Company completed its acquisition of SpaceClaim, a leading provider of 3-D modeling technology. Under the terms of the agreement, ANSYS acquired SpaceClaim for a purchase price of $84.9 million, which was paid almost entirely in cash, plus retention vehicles and an adjustment for working capital. The operating results of SpaceClaim have been included in the Company's condensed consolidated financial statements since the date of acquisition.

In February 2014, the Company received a $26.8 million refund related to its 2009 and 2010 federal income tax returns. The Joint Committee on Taxation reviewed these returns in 2013 and took no exception.

On January 3, 2014, the Company completed the acquisition of Reaction Design, a leading developer of chemistry simulation software. Under the terms of the agreement, ANSYS acquired Reaction Design for a purchase price of $19.1 million in cash. The operating results of Reaction Design have been included in the Company's condensed consolidated financial statements since the date of acquisition.

The Company believes that existing cash and cash equivalent balances of $782.9 million, together with cash generated from operations, will be sufficient to meet the Company’s working capital and capital expenditure requirements through the next twelve months. The Company’s cash requirements in the future may also be financed through additional equity or debt financings. There can be no assurance that such financings can be obtained on favorable terms, if at all.

Under the Company’s stock repurchase program, the Company repurchased 970,200 shares during the six months ended June 30, 2014 at an average price per share of $74.31, for a total cost of $72.1 million. During the six months ended June 30, 2013, the Company repurchased 988,000 shares at an average price per share of $74.35, for a total cost of $73.5 million. As of June 30, 2014, 2.0 million shares remain authorized for repurchase under the Company's stock repurchase program.

The Company continues to generate positive cash flows from operating activities and believes that the best use of its excess cash is to invest in the business, to repurchase stock in order to offset dilution and to return capital to stockholders in excess of its requirements with the goal of increasing stockholder value. Additionally, the Company has in the past, and expects in the future, to acquire or make investments in complementary companies, products, services and technologies. Any future acquisitions may be funded by available cash and investments, cash generated from operations, credit facilities, or from the issuance of additional securities.

Off-Balance-Sheet Arrangements

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

Contractual Obligations

There were no material changes to the Company’s significant contractual obligations during the six months ended June 30, 2014 as compared to those previously reported in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” within the Company’s most recent Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

During the first quarter of 2014, the Company completed the annual impairment test for goodwill and indefinite-lived intangible assets and determined that these assets had not been impaired as of the test date, January 1, 2014. No events or circumstances changed during the six months ended June 30, 2014 that would indicate that the fair values of the Company's reporting units or indefinite-lived intangible assets are below their carrying amounts.

No significant changes have occurred to the Company’s critical accounting policies and estimates as previously reported within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s most recent Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Income Rate Risk. Changes in the overall level of interest rates affect the interest income that is generated from the Company's cash and short-term investments. For each of the three months ended June 30, 2014 and 2013, total interest income was $0.7 million. For the six months ended June 30, 2014 and 2013, total interest income was $1.6 million and $1.5 million, respectively. Cash and cash equivalents consist primarily of highly liquid investments such as money market mutual funds and deposits held at major banks.

Foreign Currency Transaction Risk. As the Company continues to expand its business 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 will affect the Company's financial position, results of operations and cash flows. The Company is most impacted by movements in and among the Euro, Japanese Yen, British Pound, Korean Won, Indian Rupee and the U.S. Dollar.

With respect to revenue, on average for the quarter ended June 30, 2014, the U.S. Dollar was approximately 2.3% weaker, when measured against the Company's primary foreign currencies, than for the quarter ended June 30, 2013. The net overall weakening resulted in increased revenue of $2.7 million during the quarter ended June 30, 2014, as compared with the same quarter of 2013. The impact on revenue was primarily driven by $3.1 million of favorable impact due to a strengthening Euro, partially offset by $1.6 million of adverse impact due to a weakening Japanese Yen. The net overall weakening of the U.S. Dollar also resulted in increased operating income of approximately $1.3 million during the quarter ended June 30, 2014, as compared with the same quarter of 2013.

With respect to revenue, on average for the six months ended June 30, 2014, the U.S. Dollar was approximately 0.7% weaker, when measured against the Company's primary foreign currencies, than for the six months ended June 30, 2013. The net overall weakening resulted in increased revenue of $1.7 million during the six months ended June 30, 2014, as compared to the six months ended June 30, 2013. The impact on revenue was primarily driven by $5.5 million of favorable impact due to a strengthening Euro, partially offset by $4.9 million of adverse impact due to a weakening Japanese Yen. The net overall weakening of the U.S. Dollar also resulted in increased operating income of approximately $0.4 million during the six months ended June 30, 2014, as compared to the six months ended June 30, 2013.

The Company has foreign currency denominated liabilities. In order to provide a natural hedge to mitigate the foreign currency exchange risk, the Company will purchase foreign currencies and hold these currencies in cash until the liabilities are settled.

The most significant currency impacts on revenue and operating income were primarily attributable to U.S. Dollar exchange rate changes against the British Pound, Euro and Japanese Yen as reflected in the charts below:

	Period End Exchange Rates		
As of	**GBP/USD**	**EUR/USD**	**USD/JPY**
June 30, 2013	1.521	1.301	99.108
December 31, 2013	1.656	1.375	105.263
June 30, 2014	**1.711**	**1.369**	**101.317**

	Average Exchange Rates		
Three Months Ended	**GBP/USD**	**EUR/USD**	**USD/JPY**
March 31, 2013	1.550	1.320	92.335
June 30, 2013	1.536	1.307	98.615
September 30, 2013	1.552	1.326	98.864
December 31, 2013	1.620	1.361	100.445
March 31, 2014	1.655	1.370	102.753
June 30, 2014	**1.684**	**1.371**	**102.137**

No other material change has occurred in the Company's market risk subsequent to December 31, 2013.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. As required by Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Company has evaluated, with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, the effectiveness of the design and operation 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, as defined in Rule 13a-15(e) of the Exchange Act.

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

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

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

From time to time, the Company reviews the disclosure controls and procedures and may make changes to enhance their effectiveness and to ensure that the Company’s systems evolve with its business.

Changes in Internal Control. The Company is in the process of extending its internal controls to its acquisition of SpaceClaim. Otherwise, there were no changes in the Company’s internal control over financial reporting that occurred during the three months ended June 30, 2014 that materially affected, or were 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 investigations, claims and legal proceedings that arise in the ordinary course of business, including alleged infringement of intellectual property rights, commercial disputes, labor and employment matters, tax audits and other matters. In the opinion of the Company, the resolution of pending matters is not expected to have a material, adverse effect on the Company's consolidated results of operations, cash flows or financial position. However, each of these matters is subject to various uncertainties and it is possible that an unfavorable resolution of one or more of these proceedings could in the future materially affect the Company's results of operations, cash flows or financial position.

Item 1A. Risk Factors

The Company cautions investors that its performance (and, therefore, any forward-looking statement) is subject to risks and uncertainties. Various important factors may cause the Company's future results to differ materially from those projected in any forward-looking statement. These factors were disclosed in, but are not limited to, the items within the Company's most recent Annual Report on Form 10-K, Part I, Item 1A. Any material changes which occurred regarding the Company's risk factors subsequent to December 31, 2013 are discussed below.

On April 30, 2014, the Company completed the acquisition of SpaceClaim. Under the terms of the agreement, ANSYS acquired SpaceClaim for a purchase price of $84.9 million, which was paid almost entirely in cash, plus retention vehicles and an adjustment for working capital. On January 3, 2014, the Company completed the acquisition of Reaction Design. Under the terms of the agreement, ANSYS acquired Reaction Design for a purchase price of $19.1 million in cash. The acquisitions are expected to accelerate development of new and innovative products to the marketplace while lowering design and engineering costs for customers. As a result of these acquisitions, the Company has been or may be exposed to the following additional risks:

Challenges of the Acquisitions

The Company will need to meet significant challenges to realize the expected benefits and synergies of the acquisitions. These challenges include:

- integrating the management teams, strategies, cultures and operations of the companies;
- retaining and assimilating the key personnel of each company;
- integrating sales and business development operations;
- retaining existing customers of each company;
- developing new products and services that utilize the technologies and resources of the companies;
- creating uniform standards, controls, procedures, policies and information systems;
- realizing the anticipated cost savings in the combined company; and
- combining the businesses of the Company, SpaceClaim and Reaction Design in a manner that does not materially disrupt SpaceClaim's or Reaction Design's existing customer relationships nor otherwise result in decreased revenues and that allows the Company to capitalize on SpaceClaim's and Reaction Design's growth opportunities.

The accomplishment of these post-acquisition objectives will involve considerable risks, including:

- the loss of key employees that are critical to the successful integration and future operations of the companies;
- the potential disruption of each company's ongoing business and distraction of their respective management teams;
- the difficulty of incorporating acquired technology and rights into the Company's products and services;
- unanticipated expenses related to technology integration;
- potential disruptions in each company's operations, loss of existing customers, loss of key information, expertise or know-how, and unanticipated additional recruitment and training costs;
- possible inconsistencies in standards, controls, procedures and policies that could adversely affect the Company's ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the acquisitions; and
- potential unknown liabilities associated with the acquisitions.

If the Company does not succeed in addressing these challenges or any other problems encountered in connection with the acquisitions, its operating results and financial condition could be adversely affected.

Market Price of the Company's Common Stock

The market price of the Company's common stock may decline as a result of the acquisitions for a number of reasons, including:

- the integration of SpaceClaim and Reaction Design by the Company may be unsuccessful;
- the Company may not achieve the perceived benefits of the acquisitions as rapidly as, or to the extent, anticipated by financial or industry analysts; and
- the effect of the acquisitions on the Company's financial results may not be consistent with the expectations of financial or industry analysts.

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

(c) Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under Plans or Programs
April 1 - April 30, 2014	—	—	—	3,000,000[(1)]
May 1 - May 31, 2014	813,900	$ 74.36	813,900	2,186,100
June 1 - June 30, 2014	156,300	$ 74.06	156,300	2,029,800
Total	970,200	$ 74.31	970,200	2,029,800

(1) The Company initially announced its stock repurchase program in February 2000, and subsequently announced various amendments to the program. In February 2014, the Company's Board of Directors approved the repurchase of up to a total of 3,000,000 shares under the program, which does not have an expiration date.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits.

Exhibit No.	Exhibit
15	Independent Registered Public Accountant’s 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.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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 5, 2014	By:	/s/ *James E. Cashman III*
			James E. Cashman III
			President and Chief Executive Officer
Date:	August 5, 2014	By:	/s/ *Maria T. Shields*
			Maria T. Shields
			Chief Financial Officer

EXHIBIT 15

August 5, 2014

ANSYS, Inc.
275 Technology Drive
Canonsburg, PA 15317

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of ANSYS, Inc. and subsidiaries for the periods ended June 30, 2014, and 2013, as indicated in our report dated August 5, 2014; 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, 2014, is incorporated by reference in Registration Statement Nos. 333-08613, 333-69506, 333-110728, 333-137274, 333-152765, 333-174670, 333-177030, and 333-196393 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 report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of ANSYS as of, and for, the periods presented in this report;

4. ANSYS’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for ANSYS and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to ANSYS, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of ANSYS’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in ANSYS’s internal control over financial reporting that occurred during ANSYS’s most recent fiscal quarter (ANSYS’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, ANSYS’s internal control over financial reporting; and

5. ANSYS’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to ANSYS’s auditors and the audit committee of ANSYS’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect ANSYS’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 5, 2014	/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 report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of ANSYS as of, and for, the periods presented in this report;
4. ANSYS’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for ANSYS and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to ANSYS, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of ANSYS’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in ANSYS’s internal control over financial reporting that occurred during ANSYS’s most recent fiscal quarter (ANSYS’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, ANSYS’s internal control over financial reporting; and
5. ANSYS’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to ANSYS’s auditors and the audit committee of ANSYS’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect ANSYS’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 5, 2014

/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, 2014 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 5, 2014

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, 2014 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 5, 2014