

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

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

For The Quarterly Period Ended July 31, 2004

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

For the transition period from _____ to _____

Commission file number 000-27874

ANSOFT CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	72-1001909
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification no.)

225 West Station Square, Suite 200 Pittsburgh, Pennsylvania	15219-1119
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (412) 261-3200

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

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

The number of shares of the registrant's Common Stock outstanding as of the close of business on August 30, 2004 was 12,891,061.

ANSOFT CORPORATION AND SUBSIDIARIES
FORM 10-Q
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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ANSOFT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	July 31, 2004 ----- (unaudited)	April 30, 2004 -----
Assets		
Current assets		
Cash and cash equivalents	\$ 7,248	\$ 15,218
Accounts receivable	6,417	10,179
Deferred income taxes	360	343
Prepaid expenses and other assets	1,668	675
	-----	-----
Total current assets	15,693	26,415
Equipment and furniture	3,426	3,598
Marketable securities	22,764	25,502
Other assets	381	383
Deferred taxes - non current	5,141	5,158
Goodwill	1,239	1,239
Intangible assets	4,932	5,341
	-----	-----
Total assets	\$ 53,576 =====	\$ 67,636 =====
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,995	\$ 4,015
Deferred revenue	13,017	11,935
	-----	-----
Total current liabilities	15,012	15,950
Line of credit	-	10,000
	-----	-----
Total liabilities	15,012	25,950
Stockholders' equity		
Preferred stock	-	-
Common stock	130	129
Additional paid-in capital	59,080	58,562
Treasury stock	(11,765)	(9,090)
Accumulated other comprehensive (income) loss, net	(306)	691
Accumulated deficit	(8,575)	(8,606)
	-----	-----
Total stockholders' equity	38,564	41,686
Total liabilities and stockholders' equity	\$ 53,576 =====	\$ 67,636 =====

See accompanying notes to the consolidated financial statements.

ANSOFT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(unaudited)

	Three months ended July 31,	
	2004	2003
	-----	-----
Revenues		
License	\$ 6,169	\$ 5,341
Service and other	6,509	5,310
	-----	-----
Total revenue	12,678	10,651
Cost of revenue		
License	97	142
Service and other	304	248
	-----	-----
Total cost of revenue	401	390
	-----	-----
Gross profit	12,277	10,261
Costs and expenses		
Sales and marketing	7,497	6,320
Research and development	3,978	3,823
General and administrative	1,064	1,111
Amortization	409	857
	-----	-----
Total costs and expenses	12,948	12,111
	-----	-----
Loss from operations	(671)	(1,850)
Net realized gain on sale of securities	759	--
Other income (expense), net	(48)	261
	-----	-----
Income (loss) before income taxes	40	(1,589)
Income tax expense (benefit)	10	(397)
	-----	-----
Net income (loss)	\$ 30	\$ (1,192)
	=====	=====
Basic net income (loss) per share	\$ 0.00	\$ (0.10)
	=====	=====
Diluted net income (loss) per share	\$ 0.00	\$ (0.10)
	=====	=====
Weighted average shares used in calculation		
Basic	11,664	11,672
	=====	=====
Diluted	13,314	11,672
	=====	=====

See accompanying notes to the consolidated financial statements.

ANSOFT CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)
 (unaudited)

	Three months ended July 31,	
	2004	2003
	-----	-----
Cash flows from operating activities		
Net Income (loss)	\$ 30	\$(1,192)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	362	381
Amortization	409	891
Deferred taxes	--	(397)
Net realized gain on sale of securities	(759)	--
Non cash charge on marketable securities	--	--
Changes in assets and liabilities		
Accounts receivable	3,762	4,826
Prepaid expenses and other assets	(992)	(415)
Other long-term assets and liabilities, net	4	11
Accounts payable and accrued expenses	(2,021)	(1,091)
Deferred revenue	1,082	(1,236)
	-----	-----
Net cash provided by operating activities	1,877	1,778
	-----	-----
Cash flows from investing activities		
Purchases of equipment and furniture	(190)	(423)
Proceeds from the sale of marketable securities	13,075	2,426
Purchase of marketable securities	(10,510)	(4,609)
	-----	-----
Net cash provided by (used in) investing activities	2,375	(2,606)
	-----	-----
Cash flows from financing activities		
Repayment of Line of credit	(10,000)	--
Purchase of treasury stock	(2,675)	(417)
Proceeds from the issuance of common stock, net	519	243
	-----	-----
Net cash used in financing activities	(12,156)	(174)
	-----	-----
Net decrease in cash and cash equivalents	(7,904)	(1,002)
Effect of exchange rate changes	(66)	(5)
Cash and cash equivalents at beginning of period	15,218	7,173
	-----	-----
Cash and cash equivalents at end of period	\$ 7,248	\$ 6,166
	=====	=====
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 230	\$ 51
	=====	=====
Cash paid for income taxes	\$ 283	\$ --
	=====	=====

See accompanying notes to the consolidated financial statements.

ANSOFT CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (unaudited)

(1) Basis of Presentation

The unaudited consolidated financial statements include the accounts of Ansoft and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of financial position and results of operations have been made. Operating results for interim periods are not necessarily indicative of results which may be expected for a full year. The information included in this Form 10-Q should be read in conjunction with the April 30, 2004 consolidated financial statements and notes thereto included in Ansoft's annual report on Form 10-K filed with the Securities and Exchange Commission.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying consolidated financial statements are based on management's evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements. Actual results may differ from those estimates.

(2) Comprehensive income (loss)

"Comprehensive income (loss)" includes foreign currency translation gains and losses and other unrealized gains and losses. A summary of comprehensive income (loss) follows:

	Three Months Ended July 31, (in thousands, except per share amounts)	
	2004	2003
	-----	-----
Net income (loss)	\$ 30	\$(1,192)
Unrealized loss on marketable securities	(172)	(29)
Reclassification adjustment	(759)	--
Foreign currency translation adjustments	(66)	(5)
	-----	-----
Comprehensive loss	\$(967)	\$(1,226)
	=====	=====

(3) Net income per share

Basic net income per share is calculated using the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of common shares and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of the incremental common shares issuable upon the exercise of employee stock options, and are computed using the treasury stock method. Potentially dilutive common shares are excluded from the calculation if their effect is antidilutive.

(4) Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with the Financial Accounting Standards Board's ("FASB") SFAS No. 123 "Accounting for Stock-Based Compensation." This statement permits a company to choose either a fair value based method of accounting for its stock-based compensation arrangements or to comply with the Accounting Principles Board ("APB") Opinion No. 25 intrinsic value based method, adding pro forma disclosures of net income and earnings per share computed as if the fair value based method had been applied in the financial statements. The Company has adopted SFAS No. 123 by retaining the APB Opinion No. 25 method of accounting for stock-based compensation with pro forma disclosures of net income and earnings per share.

The Company's pro forma information follows:

	Three Months Ended July 31, (in thousands, except per share amounts)	
	2004	2003
	-----	-----
Net Income (loss), as reported	\$ 30	\$(1,192)
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of tax		(584) (800)

Pro forma net loss		\$ (554) \$(1,992)
		=====
Pro forma net loss per basic and diluted common share		\$(0.05) \$ (0.17)
		=====

Because the Company anticipates making additional grants and options vest over several years, the effects on pro forma disclosures of applying SFAS No. 123 are not likely to be representative of the effects on pro forma disclosures of future years.

(5) Line of Credit

On the July 31, 2004, the Company paid the outstanding balance of \$10 million on its available \$20 million secured line of credit from a domestic financial institution. The Company subsequently terminated the line of credit agreement.

(6) Commitments and Contingencies

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, expense and liabilities from damages that may be 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 July 31, 2004. For several reasons, including the lack of prior indemnification claims, the Company cannot determine the maximum amount of potential future payments, if any, related to such indemnification provisions. There can be no assurance that potential future payments will not have a material adverse effect on the Company's business, financial position, results of operations or cash flows.

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

OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain forward-looking statements that involve substantial risks and uncertainties. When used in this Form 10-Q, the words "anticipate," "plan," "believe," "estimate," "expect" and similar expressions as they relate to Ansoft or its management are intended to identify such forward-looking statements. Ansoft's actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences include those discussed in this Form 10-Q and in the "Risk Factors" section included in Ansoft's report on Form 10-K for the fiscal year ended April 30, 2004.

Overview

Ansoft Corporation ("Ansoft" or the "Company") is a developer of electronic design automation ("EDA") software used in high technology products and industries. Ansoft's software is used by electrical engineers in the design of state of the art technology products, such as cellular phones, internet networking, satellite communications systems, computer chips and circuit boards, and electronic sensors and motors. Engineers use our software to maximize product performance, eliminate physical prototypes, and reduce time-to-market.

Results of Operations

	Three months ended July 31,		
	2004	2003	Percentage Change
	-----	-----	-----
Revenue	12,678	10,651	19.0%
Cost of Revenue	401	390	2.8%
	-----	-----	
Gross profit	12,277	10,261	19.6%
	-----	-----	
Sales and Marketing	7,497	6,320	18.6%
Research and Development	3,978	3,823	4.1%
General and Administrative	1,064	1,111	(4.2%)
Amortization	409	857	(52.3%)
	-----	-----	
Total Operating Expenses	12,948	12,111	6.9%
	-----	-----	
Loss from operations	(671)	(1,850)	63.7%
Net realized gain on sale of securities	759	--	100.0%
Other income, (expense), net	(48)	261	(118.4%)
	-----	-----	
Income (loss) before income taxes	40	(1,589)	102.5%
Income tax expense (benefit)	10	(397)	102.5%
	-----	-----	
Net income (loss)	30	(1,192)	102.5%
	=====	=====	

Comparison of the Three Months Ended July 31, 2004 and 2003

Revenue. Total revenue in the three-month period ended July 31, 2004 increased 19% to \$12.7 million. License revenue during the three-month period ended July 31, 2004 increased 15.5% to \$6.2 million from \$5.3 million during the comparable period in the prior fiscal year. The increase is attributed to an improving economy, particularly an improvement in the technology sectors resulting in an increased demand for our software products worldwide. Service and other revenue in the three-month period ended July 31, 2004 increased 22.6% due to the continued growth of the installed base of customers under annual maintenance agreements. Ansoft expects total revenue in fiscal 2005 to increase between 10% and 15% as compared to fiscal 2004.

International revenue accounted for 60% and 62% of the Company's total product revenue in the three-month periods ended July 31, 2004 and 2003, respectively. The Company's future international sales may be subject to additional risks associated with international operations, including currency exchange fluctuations, tariff regulations and requirements for export, which licenses may on occasion be delayed or difficult to obtain.

Cost of Revenue. Cost of revenue consists primarily of software materials, personnel and other expenses related to providing maintenance and post-contract customer support and amortization of acquired technology. Our cost of revenue increased 2.8% to \$401,000 from \$390,000 during the comparable period in the prior fiscal year. This increase was attributed to an increase in annual maintenance agreements from the previous fiscal year. Ansoft expects cost of revenue to represent 3% of total revenue in fiscal 2005.

Sales and Marketing Expenses. Sales and marketing expenses consist of salaries, commissions paid to internal sales and marketing personnel, promotional costs and related operating expenses. Sales and marketing expenses in the three-month period ended July 31, 2004 increased 18.6% to \$7.5 million due to the increased sales volume. Sales and marketing expenses represented 59% of total revenue in

the three-month periods ended July 31, 2004 and 2003. Ansoft expects that sales and marketing expenses will be approximately \$7.0 - \$7.5 million next quarter and increase 7% - 10% for the full fiscal 2005 year, as compared to fiscal 2004, due to the expected increase in sales.

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Research and development expenses. Research and development expenses include all costs associated with the development of new products and enhancements to existing products. Total research and development expenses for the three-month period ended July 31, 2004 increased 4.1% to \$4.0 million, as compared to \$3.8 million for the same period in the previous fiscal year. Total research and development increased primarily due to the additional personnel to meet software development requirements. Research and development expenses represented 31% and 36% of total revenue in the three-month periods ended July 31, 2004 and 2003, respectively. Ansoft expects to invest between \$17 million and \$17.5 million in research and development expenses for the full 2005 fiscal year.

General and administrative expenses. General and administrative expenses for the three-month period ended July 31, 2004 was \$1.1 million, comparable to the same period in the previous fiscal year. General and administrative expenses represented 8% and 10% of total revenue in the three-month periods ended July 31, 2004 and 2003, respectively. Ansoft expects general and administrative expenses for the full 2005 fiscal year to be between \$4.7 million and \$4.9 million.

Amortization expense. Amortization expense for the three-month period ended July 31, 2004 was \$409,000, compared to \$857,000 for the same period in the previous fiscal year. The decrease is due to various intangible assets being fully amortized in the prior fiscal year. Ansoft expects amortization expense for the full 2005 fiscal year to be \$1.5 million.

Net realized gain on sale of securities. Net realized gain for the three-month period ended July 31, 2004 was \$759,000 compared to \$0 for the same period in the previous fiscal year.

Other income (expense), net. Other income (expense) for the three-month period ended July 31, 2004 was \$(48,000), a decrease from the \$261,000 reported for the same period in the previous fiscal year. The decrease is due to sale of securities and lower interest rates in the current period.

Income taxes. In the three-month period ended July 31, 2004, the Company recorded a tax expense of \$10,000. Ansoft expects to be profitable for the full 2005 fiscal year resulting in an expected overall tax expense position for the full fiscal year.

Liquidity and Capital Resources

As of July 31, 2004, Ansoft had \$7.2 million in cash and cash equivalents and working capital of \$681,000. Net cash provided by operating activities in the three-month periods ended July 31, 2004 and 2003 was \$1.9 million and \$1.8 million, respectively.

Net cash provided by (used in) investing activities in the three-month periods ended July 31, 2004 and 2003 was \$2.3 million and \$(2.6) million, respectively. Capital expenditures were \$190,000 and \$423,000 in the three-month periods ended July 31, 2004 and 2003, respectively. Proceeds from the sale of marketable securities were \$13.1 million and \$2.4 million in the three-month periods ended July 31, 2004 and 2003. Purchases of marketable securities were \$10.5 million and \$4.6 million in the three-month periods ended July 31, 2004 and 2003, respectively.

Net cash used in financing activities was \$12.2 million and \$174,000 in the three-month periods ended July 31, 2004 and 2003, respectively. Proceeds from the issuance of common stock were \$519,000 and \$243,000 in the three-month periods ended July 31, 2004 and 2003, respectively. Funds used for the purchase of treasury stock were \$2.7 million and \$417,000 in the three-month periods ended July 31, 2004 and 2003, respectively.

Ansoft had available a \$20.0 million secured line of credit from a domestic financial institution at an interest rate equal to LIBOR plus an applicable

margin rate. As of July 31, 2004, the outstanding balance of \$10 million was paid and the line of credit was closed. Ansoft believes that the available operating funds will be sufficient to meet its anticipated cash needs for working capital and capital expenditures for at least the foreseeable future. Thereafter, if cash generated from operations is insufficient to satisfy the Company's liquidity requirements, Ansoft may seek additional funds through equity or debt financing. There can be no assurance that additional financing will be available or that, if available, such financing will be on terms favorable to Ansoft.

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A summary of Ansoft's significant contractual obligations and commitments as of July 31, 2004 is as follows (in thousands):

		Debt	Operating Leases
Fiscal	2005	-	1,151
	2006	-	1,367
	2007	-	806
	2008	-	663
	2009	-	398

For fiscal year 2005, the balance of 1,151 represents the remaining payments due as of July 31, 2004.

Critical Accounting Policies

Ansoft's critical accounting policies are as follows:

- Revenue Recognition
- Valuation of Accounts Receivable
- Impairment of Long-Lived Assets
- Impairment of Marketable Securities Available for Sale
- Deferred Tax Asset Valuation Allowance

Revenue Recognition

Revenue consists of fees for licenses of software products and service and other revenue. Ansoft recognizes revenue in accordance with SOP 97-2, "Software Revenue Recognition," and related interpretations. Accordingly, revenue is recognized when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the vendor's fee is fixed or determinable, and collectibility is probable.

License revenue - Ansoft licenses its software on a perpetual basis with no right to return or exchange the licensed software. License revenue is recognized based on the residual method.

Postcontract customer support ("PCS") for an initial three month period is bundled with the perpetual licensing fee. Revenue related to the three-month PCS is deferred and recognized ratably over the three-month term. Ansoft's vendor-specific objective evidence of fair value, or VSOE, for the three-month PCS is based upon the pricing for comparable transactions when the element is sold separately. Ansoft's VSOE for the three-month PCS is based upon one fourth of the customer's annual maintenance contract renewal rates.

Service and other revenue - consists primarily of PCS revenue. Ansoft offers customers one-year maintenance contracts generally at 15% of the list price of the respective software products. Ansoft recognizes all maintenance revenue ratably over the respective maintenance period. Customers typically renew maintenance agreements annually.

Revenue from customer training, support and other services is recognized as the service is performed.

Valuation of Accounts Receivable

Management reviews accounts receivable to determine which are doubtful of

collection. In making the determination of the appropriate allowance for doubtful accounts, management considers Ansoft's history of write-offs, relationships with its customers, and the overall credit worthiness of its customers. The allowance for doubtful accounts as of July 31, 2004 and 2003 was \$903,000 and \$878,000 respectively. The increase in allowance from the prior fiscal year was primarily due to the overall business environment of our customers. No particular customer was a cause of the changes in allowances. We had no significant changes in our collection policies or payment terms

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Impairment of Long-Lived Assets

The Company reviews assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. A determination of impairment is made based on estimates of future cash flows. If such assets are considered to be impaired the amount of the impairment is based on the excess of the carrying value over the fair value of the assets.

Goodwill and purchased intangibles with indefinite lives are reviewed annually for impairment. A determination of impairment is based on the estimated fair value of the reporting entity.

Impairment of Marketable Securities Available for Sale

An impairment charge is recorded if a decline in the market value of any available for sale security below cost is deemed to be other than temporary. The impairment is charged to earnings and a new cost basis for the security is established.

Deferred Tax Asset Valuation Allowance

Deferred tax assets are recognized for deductible temporary differences, net operating loss carryforwards, and credit carryforwards if it is more likely than not that the tax benefits will be realized. The company considers projected future taxable income and tax planning strategies in making this assessment. To the extent a deferred tax asset cannot be recognized under the preceding criteria, a valuation allowance is established.

The judgments used in applying the above policies are based on management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates. See also the "Risk Factors" under "Item 1. Business."

Additional Risk Factors that may affect Future Results

Our Future Operating Results Are Uncertain.

Ansoft has incurred net losses in three of the past five fiscal years. There can be no assurance that Ansoft's revenue and net income will grow or be sustained in future periods or that Ansoft will be profitable in any future period. Future operating results will depend on many factors, including the degree and the rate of growth of the markets in which Ansoft competes and the accompanying demand for Ansoft's products, the level of product and price competition, the ability of Ansoft to develop and market new products and to control costs, the ability of Ansoft to expand its direct sales force and the ability of Ansoft to attract and retain key personnel.

Our Quarterly Operating Results Are Difficult To Predict.

We are unable to accurately forecast our future revenues primarily because of the emerging nature of the market in which we compete. Our revenues and operating results generally depend on the size, timing and structure of significant licenses. These factors have historically been, and are likely to continue to be, difficult to forecast. In addition, our current and future expense levels are based largely on our operating plans and estimates of future revenues and are, to an extent, fixed. We may be unable to adjust spending sufficiently or quickly enough to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenues in relation to our planned expenditures would seriously harm our business, financial condition and results of operations. Such shortfalls in our revenue or operating results from levels expected by public market analysts and investors could seriously harm the trading price of our common stock. Additionally, we may not learn of such revenue shortfalls, earnings shortfalls or other failure to meet market expectations until late in a fiscal quarter, which could result in an even more immediate and serious harm to the trading price of our common stock. Our quarterly operating results have varied, and it is anticipated that our quarterly operating results will vary, substantially from period to period depending on various factors, many of which are outside our control. Due to the foregoing factors, we cannot predict with any significant degree of certainty our quarterly revenue and operating results. Further, we believe that period-to-period comparisons of our operating results are not necessarily a meaningful indication of future performance.

Our Stock Price Is Extremely Volatile.

The trading price of our common stock has fluctuated significantly in the past, and the trading price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in price in response to such factors as:

- Actual or anticipated fluctuations in our operating results;
- Announcements of technological innovations and new products by us or our competitors;
- New contractual relationships with strategic partners by us or our competitors;
- Proposed acquisitions by us or our competitors; and
- Financial results that fail to meet public market analyst expectations of performance.

In addition, the stock market in general, The Nasdaq National Market and the market for technology companies in particular has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. These broad market and industry factors may seriously harm the market price of our common stock in future periods.

Businesses Or Assets We Acquire May Not Perform As Projected.

We have acquired or merged with a number of technologies, assets and companies in recent years, including the Agilent Technologies' HFSS product line within the past three years. As part of our efforts to increase revenue and expand our product and services offerings we may acquire additional companies in the future. In addition to direct costs, acquisitions pose a number of risks, including potential dilution of earnings per share, delays and other problems of integrating the acquired products and employees into our business, the failure to realize expected synergies or cost savings, the failure of acquired products to achieve projected sales, the drain on management time for acquisition-related activities, possible adverse effects on customer buying patterns due to uncertainties resulting from an acquisition, and assumption of unknown

liabilities. The foregoing factors could seriously harm our business, financial condition and results of operations.

We May Lose Competitive Advantages If Our Proprietary Rights Are Inadequately Protected.

Ansoft's success depends, in part, upon its proprietary technology. We rely on a combination of trade secrets, copyrights, trademarks and contractual commitments to protect our proprietary rights in our software products. We generally enter into confidentiality or license agreements with our employees, distributors and customers, and limit access to and distribution of our software, documentation and other proprietary information. Despite these precautions, a third party may still copy or otherwise obtain and use our products or technology without authorization, or develop similar technology independently. In addition, effective patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries. It is possible that we may fail to adequately protect our proprietary rights. This would seriously harm Ansoft's business, operating results and financial condition.

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We May Be Unable To Attract And Retain The Key Management And Technical Personnel That We Need To Succeed.

Ansoft's future operating results depend in large part upon the continued services of its key technical and management personnel. Ansoft does not have employment contracts with any executive officer. Ansoft's future success will also depend in large part on its ability to continue to attract and retain highly skilled technical, marketing and management personnel. The competition for such personnel, as well as for qualified EDA engineers, is intense. If Ansoft is unable to attract, hire and retain qualified personnel in the future, the development of new products and the management of Ansoft's increasingly complex business would be impaired. This could seriously harm Ansoft's business, operating results and financial condition.

We Depend On International Sales for a Significant Percentage Of Our Revenue.

International revenue, principally from Asian customers, accounted for approximately 57% and 56% of our total revenue in the years ended April 30, 2004 and 2003, respectively. We expect that international license and service revenue will continue to account for a significant portion of our total revenue for the foreseeable future. Our international business activities are subject to a variety of potential risks, including:

- The impact of recessionary environments in foreign economies;
- Longer receivables collection periods and greater difficulty in accounts receivable collection;
- Difficulties in staffing and managing foreign operations;
- Political and economic instability;
- Unexpected changes in regulatory requirements;
- Reduced protection of intellectual property rights in some countries; and
- Tariffs and other trade barriers.

Currency exchange fluctuations in countries in which we license our products could also seriously harm our business, financial condition and results of operations. In addition, the laws of certain countries do not protect our products and intellectual property rights to the same extent, as do the laws of the United States. Moreover, it is possible that we may fail to sustain or increase revenue derived from international licensing and service or that the foregoing factors will seriously harm our future international license and service revenue, and, consequently, seriously harm our business, financial condition and results of operations.

We Need To Successfully Manage Our Expanding Operations.

Revenues have grown from \$8.7 million in fiscal 1996 to \$54.7 million in fiscal year 2004, and the number of employees has grown from 69 in April 1996 to 276 as of April 30, 2004. Ansoft's ability to manage growth effectively will require it to continue to improve its operational and financial systems, hire and train new employees and add additional space, both domestically and internationally. Ansoft may not be successful in addressing such risks, and the failure to do so would seriously harm Ansoft's business, financial condition and results of operations.

We Depend On The Growth Of The Communications, Semiconductor And Electronics Industries.

Ansoft is dependent upon the communications and semiconductor industry and, more generally, the electronics industry. These industries are characterized by rapid

technological change, short product life cycles, fluctuations in manufacturing capacity and pricing and gross margin pressures. Segments of these industries have from time to time experienced significant economic downturns characterized by decreased product demand, production over-capacity, price erosion, work slowdowns and layoffs. Any significant downturn could be especially severe on Ansoft. During such downturns, the number of new integrated circuit design projects often decreases. Because acquisitions of new licenses from Ansoft are largely dependent upon the commencement of new design projects, any slowdown in these industries could seriously harm Ansoft's business, financial condition and results of operations.

We Are Controlled By Our Principal Stockholders And Management Which May Limit Your Ability To Influence Stockholder Matters.

Our executive officers, directors and principal stockholders own approximately 43% of the outstanding shares of Ansoft common stock. As a result, they have the ability to effectively control us and direct our affairs, including the election of directors and approval of significant corporate transactions. This concentration of ownership also may have the effect of delaying, deferring or preventing a change in control of our company and may make some transactions more difficult or impossible without the support of these stockholders. The interests of these stockholders may conflict with those of other stockholders.

Anti-Takeover Provisions in Ansoft's Certificate Of Incorporation, Bylaws, And Under Delaware Law Could Prevent An Acquisition.

We have adopted a number of provisions that could have anti-takeover effects. The Board of Directors has the authority to issue up to 1,000,000 shares of Preferred Stock without any further vote or action by Ansoft's stockholders. This and other provisions of Ansoft's Certificate of Incorporation, Bylaws and Delaware Law may have the effect of deterring hostile takeovers or delaying or preventing changes in control or management, including transactions in which the stockholders of Ansoft might otherwise receive a premium for their shares over then current market prices.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

There have been no material changes in reported market risks faced by the Company since April 30, 2004.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial and Chief Accounting Officer, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q, and, based on their evaluation, the Chief Executive Officer and Chief Financial and Chief Accounting Officer concluded that these disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

The following table sets forth, the purchases of Treasury Stock for the quarter ended July 31, 2004:

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 the plans or programs
-----	-----	-----	-----	-----
May 1, 2004 - May 31, 2004	78,200	\$13.50	1,556,971	443,029
June 1, 2004 - June 30, 2004	23,350	\$14.87	1,580,321	419,679
July 1, 2004 - July 31, 2004	88,200	\$14.42	1,668,521	331,479
Total	189,750	\$14.10	-	-

PART II OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

- 31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, and Section 302 of the Sarbanes Oxley Act of 2002
- 31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, and 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

(b) Reports on Form 8-K:

On May 27, 2004, Registrant filed a current report on Form 8-K to provide under Item 9 and Item 12 the Registrant's press release in connection with its results of operation and fiscal condition for Registrant's fiscal year ended April 30, 2004.

SIGNATURES

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

Date: September 14, 2004

ANSOFT CORPORATION

By: /s/ Nicholas Csendes

Nicholas Csendes
President and Chief Executive Officer

By: /s/ Thomas A.N. Miller

Thomas A.N. Miller
Chief Financial Officer

EXHIBIT 31.1

CERTIFICATIONS

I, Nicholas Csendes, certify that:

1. I have reviewed this report on Form 10-Q of Ansoft Corporation, the registrant;
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 the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant 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 the registrant, 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) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal control of financial reporting which are reasonably likely to adversely affect the registrant'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 the registrant's internal control over financial reporting.

Date: September 14, 2004

By: /s/ Nicholas Csendes

Nicholas Csendes
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Thomas A.N.Miller, certify that:

1. I have reviewed this report on Form 10-Q of Ansoft Corporation, the registrant;
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 the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant 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 the registrant, 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) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal control of financial reporting which are reasonably likely to adversely affect the registrant'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 the registrant's internal control over financial reporting.

Date: September 14, 2004

By: /s/ Thomas A.N. Miller

Thomas A.N. Miller
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 Ansoft Corporation (the "Company") on Form 10-Q for the quarter ended July 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nicholas Csendes, 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; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Nicholas Csendes

Nicholas Csendes
President and Chief Executive Officer

A signed original of this written statement required by Section 906 of the Sarbanes Oxley Act of 2002, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within this electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished in accordance with Securities and Exchange Commission Release Nos. 34-47551 and 34-47986 and shall not be considered "filed" as part of this 10-Q.

This certification is made solely for purposes of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

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 Ansoft Corporation (the "Company") on Form 10-Q for the quarter ended July 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas A.N. Miller, 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; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Thomas A.N. Miller

Thomas A.N. Miller
Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes Oxley Act of 2002, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within this electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished in accordance with Securities and Exchange Commission Release Nos. 34-47551 and 34-47986 and shall not be considered "filed" as part of this 10-Q.

This certification is made solely for purposes of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.