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

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

For The Quarterly Period Ended July 31, 2005

o 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 (I.R.S. Employer
incorporation or organization) 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 July 31, 2005 was 11,803,812.

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Table of ContentsPART I FINANCIAL INFORMATION Item 1. Financial Statements ANSOFT CORPORATION AND
SUBSIDIARIES CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts) (unaudited)

| | July 31, 2005 | April 30, 2005 |
|--|------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 8,143 | \$ 11,910 |
| Accounts receivable, net | 9,149 | 17,388 |
| Deferred income taxes | 229 | 229 |
| Prepaid expenses and other assets | 1,849 | 1,148 |
| Total current assets | 19,370 | 30,675 |
| Equipment and furniture, net | 3,030 | 2,811 |
| Marketable securities | 31,113 | 28,496 |
| Other assets | 136 | 146 |
| Deferred income taxes | 6,177 | 6,177 |
| Goodwill | 1,239 | 1,239 |
| Other intangible assets, net | 3,518 | 3,877 |
| Total assets | \$ 64,583 | \$ 73,421 |
| Liabilities and stockholders' equity | | |
| Current liabilities | | |
| Accounts payable | \$ 1,055 | \$ 231 |
| Accrued payroll | 681 | 2,290 |
| Accrued income taxes | 747 | 415 |
| Other accrued expenses | 1,592 | 2,661 |
| Current portion of deferred revenue | 16,066 | 17,500 |
| Total current liabilities | 20,141 | 23,097 |
| Long-term portion of deferred revenue | 1,025 | 1,039 |
| Total liabilities | 21,166 | 24,136 |
| Stockholders' equity | | |
| Preferred stock , par value \$0.01 per share; 1,000 shares authorized, no shares outstanding | -- | -- |
| Common stock , par value \$0.01 per share; 25,000 shares authorized; issued 13,932 and 13,901 shares, respectively and outstanding 11,804 and 12,083, respectively | 141 | 140 |
| Additional paid-in capital | 70,804 | 70,410 |
| Treasury stock, 2,128 and 1,818 shares, respectively | (28,873) | (21,762) |
| Accumulated other comprehensive loss, net | (659) | (338) |
| Retained earnings | 2,004 | 835 |
| Total stockholders' equity | 43,417 | 49,285 |
| Total liabilities and stockholders' equity | \$ 64,583 | \$ 73,421 |

See accompanying notes to the unaudited consolidated financial statements. Page
1-----
Table of ContentsANSOFT CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

(unaudited)

Three months ended

July 31,

2005 2004

| | | |
|--|----------|----------|
| Revenue | | |
| License | \$ 6,820 | \$ 6,169 |
| Service and other | 7,970 | 6,509 |
| Total revenue | 14,790 | 12,678 |
| Costs of revenue | | |
| License | 99 | 97 |
| Service and other | 329 | 304 |
| Total cost of revenue | 428 | 401 |
| Gross profit | 14,362 | 12,277 |
| Operating Expenses | | |
| Sales and marketing | 7,143 | 7,497 |
| Research and development | 4,060 | 3,978 |
| General and administrative | 1,383 | 1,064 |
| Amortization | 369 | 409 |
| Total operating expenses | 12,955 | 12,948 |
| Income (loss) from operations | 1,407 | (671) |
| Net realized gain (loss) on sale of securities | (2) | 759 |
| Other income, net | 340 | (48) |
| Income before income taxes | 1,745 | 40 |
| Income tax expense | 576 | 10 |
| Net income | \$ 1,169 | \$ 30 |
| Basic net income per share | \$ 0.10 | \$ 0.00 |
| Diluted net income per share | \$ 0.09 | \$ 0.00 |
| Weighted average shares used in calculation | | |
| Basic | 11,917 | 11,664 |
| Diluted | 12,977 | 13,314 |

See accompanying notes to the unaudited consolidated financial statements. Page 2

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

| | Three months ended | |
|--|--------------------|---------|
| | July 31, | |
| | 2005 | 2004 |
| Cash flows from operating activities | | |
| Net income | \$ 1,169 | \$ 30 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation | 340 | 362 |
| Amortization | 471 | 409 |
| Deferred taxes | -- | -- |
| Loss (gain) on sale of marketable securities | 2 | (759) |
| Changes in assets and liabilities | | |
| Accounts receivable | 7,644 | 3,762 |
| Prepaid expenses and other assets | (723) | (992) |
| Other long-term assets | -- | 4 |
| Accounts payable and accrued expenses | (1,192) | (2,021) |
| Deferred revenue | (825) | 1,082 |

| | | |
|---|----------|----------|
| Net cash provided by operating activities | 6,886 | 1,877 |
| Cash flows from investing activities | | |
| Purchases of equipment and furniture | (578) | (190) |
| Proceeds from the sale of marketable securities | 3,177 | 13,075 |
| Purchases of marketable securities | (5,934) | (10,510) |
| Net cash provided by (used in) investing activities | (3,335) | 2,375 |
| Cash flows from financing activities | | |
| Repayment of line of credit, net | -- | (10,000) |
| Purchase of treasury stock | (7,111) | (2,675) |
| Proceeds from the issuance of common stock, net | 236 | 519 |
| Net cash used in financing activities | (6,875) | (12,156) |
| Net decrease in cash and cash equivalents | (3,324) | (7,904) |
| Effect of exchange rate changes | (443) | (66) |
| Cash and cash equivalents at beginning of period | 11,910 | 15,218 |
| Cash and cash equivalents at end of period | \$ 8,143 | \$ 7,248 |
| Supplemental disclosures of cash flow information | | |
| Cash paid for interest | -- | \$ 230 |
| Cash paid for income taxes | -- | \$ 283 |

See accompanying notes to the unaudited consolidated financial statements. Page 3

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ANSOFT CORPORATION AND SUBSIDIARIES NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited) (in thousands, except per share amounts) (1) Basis of Presentation
The unaudited consolidated financial statements include the accounts of Ansoft Corporation ("Ansoft" or the "Company") 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 Quarterly Report on Form 10-Q should be read in conjunction with the April 30, 2005 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 US 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 unaudited consolidated financial statements are based on management's evaluation of the relevant facts and circumstances as of the date of the unaudited consolidated financial statements. Actual results may differ from those estimates. Certain amounts from prior year have been reclassified to conform with the current year's presentation. (2) Comprehensive income (loss) "Comprehensive income (loss)" includes foreign currency translation gains and losses and other unrealized gains and losses, net of tax. A summary of comprehensive income (loss) follows:

| | Three months ended July 31, | |
|---|-----------------------------|-------|
| | 2005 | 2004 |
| Net income | \$ 1,169 | \$ 30 |
| Unrealized loss on marketable securities | (38) | (172) |
| Reclassification adjustment for (gain) loss on sale of marketable securities included in net income | 2 | (759) |
| Foreign currency translation adjustments | (285) | (66) |

Comprehensive income (loss)

\$ 848 \$ (967)

(3) Net income per share Basic net income per share is calculated using the weighted-average number of common shares outstanding during the period. The weighted-average basic shares were 11,917 for the three month period ended July 31, 2005. Diluted net income per share is computed using the weighted-average number of common shares and potentially dilutive common shares outstanding during the period. The weighted-average dilutive shares were 12,977 for the three month period ended July 31, 2005. 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. All unexercised stock options for the three month periods ended July 31, 2005 and 2004 are included in the computation of diluted earnings per share.

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(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 pro forma effects of stock options on the Company's net income (loss) for those periods may not be representative of the pro forma effect for future periods due to the impact of vesting and potential awards. Pursuant to APB Opinion No. 25 the Company did not recognize compensation expense in its statements of operations for the three month periods ending July 31, 2005 and 2004. The Company's pro forma information follows:

| | Three months ended July 31, | |
|--|-----------------------------------|-----------|
| | 2005 | 2004 |
| Net income as reported | \$ 1,169 | \$ 30 |
| Deduct: Total stock-based employee compensation expense determined under fair value based method, net of tax | (542) | (584) |
| Pro forma net income (loss) | \$ 627 | \$ (554) |
| Net income (loss) per basic common share, as reported | \$ 0.10 | \$ 0.00 |
| Pro forma net income (loss) per basic common share | \$ 0.05 | \$ (0.05) |
| Net income (loss) per diluted common share, as reported | \$ 0.09 | \$ 0.00 |
| Pro forma net income (loss) per diluted common share | \$ 0.05 | \$ (0.05) |

(5) Line of Credit On October 21, 2004, the Company entered into a one year secured credit facility, with an aggregate commitment of up to \$30,000, with a domestic financial institution (the "Bank"). The facility replaced the Company's \$20,000 secured facility which was terminated during the first quarter of fiscal 2005. At the Company's option, borrowings under the credit facility bear interest at the Bank's prime lending rate or the LIBOR rate plus a margin of .050 basis points. The facility is secured by the Company's marketable securities. The ability of the Company to borrow under the credit facility is subject to our ongoing compliance with certain financial and other covenants, including a tangible net worth covenant. As of July 31, 2005, the Company was in compliance with its covenants under the credit facility. As of July 31, 2005, the Company had no borrowings under the credit facility. (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.

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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, 2005. 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. (7) Recent Accounting Pronouncements In July 2005, the FASB issued an exposure draft of a proposed Interpretation, "Accounting for Uncertain Tax Positions -- an Interpretation of FASB Statement No. 109." The proposed Interpretation would apply to all open tax positions accounted for in accordance with SFAS 109, "Accounting for Income Taxes," including those acquired in business combinations, and would be effective for the Company for the fiscal year ending April 30, 2006. The Company will evaluate the impact of any change in accounting standard on the Company's financial position and results of operations when the final rules are issued. (8) Intangible Assets The following is a summary of Intangible Assets as of July 31, 2005:

| | |
|----------------------|-----------|
| Purchased Technology | \$ 2,230 |
| Non-Compete | 2,500 |
| Trademark | 212 |
| Customer list | 18,488 |
| Total | \$ 23,430 |

Total accumulated amortization as of July 31, 2005 was \$19,912. These intangible assets are amortized over their estimated useful lives, ranging between three and seven years. There are no expected residual values related to these intangible assets. Estimated fiscal year amortization as of July 31, 2005 is as follows: 2006 - \$1,076; 2007 -- \$1,272; and 2008 -- \$1,170. (9) Stockholders' Equity The Company has consistently repurchased its common stock in public market transactions over the past several years. During the three-month period ended July 31, 2005, the Company purchased a total of 310 shares of its common stock at an average price of \$22.96. The Company utilized \$7,111 in cash to affect these common stock purchases. The Company may choose to continue purchases of its common stock in the future. In October 2004, the Company's Board of Directors increased the authorized share repurchase amount by 1,000 shares to 3,000. The Company currently has two stock option plans (1988 Plan and 1995 Plan). Under the terms of both plans, options to purchase common stock are granted at no less than the stock's estimated fair market value at the date of the grant and may be exercised during the specified future periods as determined by the Board of Directors. Both plans provide that the options shall expire no more than ten years after the date of the grant. During the first three months of the fiscal year 2006, 26 shares were granted at an average exercise price of \$21.41. At July 31, 2005 options to purchase 1,556 shares of common stock were exercisable at an average exercise price of \$7.43.

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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 (1) the degree and rate of growth of the markets in which Ansoft competes and the accompanying demand for Ansoft's products, (2) the level of product and price competition, (3) the ability of Ansoft to develop and market new products and to control costs, (4) the ability to expand its direct sales force, and (5) the ability to attract and retain key personnel. Overview

Ansoft 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. During the first quarter of fiscal year 2006, revenues increased by 17% from the previous fiscal year's first quarter. New license revenue increased by 11% and maintenance revenue increased 22%. The Company experienced growth in both our domestic and international markets for the quarter ended July 31, 2005. Net income for the quarter was \$1.2 million compared to \$30,000 during the first fiscal quarter of 2005. Results of Operations

| | Three months ended July 31, | | Percentage Change |
|--|--------------------------------|-----------|----------------------|
| | 2005 | 2004 | |
| | (in thousands) | | |
| Revenue | \$ 14,790 | \$ 12,678 | 16.7% |
| Cost of revenue | 428 | 401 | 6.7% |
| Gross profit | 14,362 | 12,277 | 17.0% |
| Sales and marketing | 7,143 | 7,497 | (4.7 %) |
| Research and development | 4,060 | 3,978 | 2.1% |
| General and administrative | 1,383 | 1,064 | 30.0% |
| Amortization | 369 | 409 | (9.8 %) |
| Total operating expenses | 12,955 | 12,948 | (0.1 %) |
| Income (loss) from operations | 1,407 | (671) | -- |
| Net realized gain (loss) on sale of securities | (2) | 759 | -- |
| Other income, net | 340 | (48) | -- |
| Income before income taxes | 1,745 | 40 | * |
| Income tax expense | 576 | 10 | * |
| Net income | \$ 1,169 | \$ 30 | * |

*Percentage is not meaningful

Comparison of the Three Months Ended July 31, 2005 and 2004 Revenue. Total revenue in the three-month period ended July 31, 2005 increased 16.7% to \$14.8 million. License revenue during the three-month period ended July 31, 2005 increased 10.6% to \$6.8 million from \$6.2 million during the comparable period in the prior fiscal year. The increases are due in part to an improving economy, particularly an improvement in the technology sectors resulting in an increased demand for our software products worldwide. Growth occurred in both our high performance electronics and Electromechanical (EM) product lines for the three month period. Service and other revenue in the three-month period ended July 31, 2005 increased 22.4% due to the continued growth of the installed base of customers under annual maintenance agreements. International revenue accounted for 61% and 53% of the Company's total revenue in the three-month periods ended July 31, 2005 and 2004, respectively. Generally, the Company believes international sales are subject to additional risks associated with international operations, including currency exchange fluctuations, tariff regulations and requirements for export. Exchange rates will fluctuate throughout the fiscal year. When comparing the percentage of international revenues to total revenues for the three-month periods, using current year exchange rates for the prior year revenues, the international revenue as a percentage of total revenue would be 55% of total revenue for the three-month period ended July 31, 2004. Cost of revenue. Cost of revenue consists primarily of software materials, personnel and other expenses related to providing maintenance, post-contract customer support, licenses and upgrades to customers. Cost of revenue for the three-month period ended July 31, 2005 increased 6.7% to \$0.4 million from the comparable period in the prior fiscal year. The increases were primarily attributed to providing more licenses in the current year period. 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, 2005 decreased 4.7% to \$7.1 million from the comparable period in the prior fiscal year. Sales and marketing expenses represented 48% and 59% of total revenue in the three-month periods ended July 31, 2005 and 2004, respectively. 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, 2005 increased 2.1% to \$4.1 million. Total research and development increased primarily due to the additional personnel required to meet software development requirements. Research and development expenses represented 27% and 31% of total revenue in the three-month periods ended July 31, 2005 and 2004, respectively. General and administrative expenses. General and administrative expenses for the three-month period ended July 31, 2005 increased \$0.3 million to \$1.4 million. The increase is due primarily to costs associated with complying with Section 404 of the Sarbanes-Oxley Act. General and administrative expenses represented 9% and 8% of total revenue in the three-month periods ended July 31, 2005 and 2004, respectively. Amortization expense. Amortization expense for the three-month period ended July 31, 2005 decreased 9.8% to \$0.3 million. The decrease is due to various intangible assets being fully amortized in the prior fiscal year. Net realized gain (loss) on sale of securities. Net realized gain (loss) for the three-month periods ended July 31, 2005 and 2004 was \$ (2,000) and \$0.8 million, respectively. Other income, net. Other income for the three-month period ended July 31, 2005 was \$340,000, an increase from the \$(48,000) reported for the same period in the previous fiscal year. The increase is primarily due to reduced borrowings under our credit facility and income from a larger portfolio of marketable securities held during the three-month period ended July 31, 2005.

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Income tax expense. In the three-month period ended July 31, 2005, the Company recorded tax expense of \$0.6 million compared to \$ 10,000 for the same period in the previous fiscal year. Liquidity and Capital ResourcesAs of July 31,

2005, Ansoft had \$8.1 million in cash and cash equivalents and \$31.1 million of marketable securities. Net cash provided by operating activities in the three-month periods ended July 31, 2005 and 2004 was \$6.9 million and \$1.9 million, respectively. Net cash provided by (used in) investing activities in the three-month periods ended July 31, 2005 and 2004 was \$(3.3) million and \$2.3 million, respectively. Capital expenditures were \$0.6 million and \$0.2 million in the three-month periods ended July 31, 2005 and 2004, respectively. Proceeds from the sale of marketable securities were \$3.2 million and \$13.1 million in the three-month periods ended July 31, 2005 and 2004, respectively. Purchases of marketable securities were \$5.9 million and \$10.5 million in the three-month periods ended July 31, 2005 and 2004, respectively. Auction rate securities purchases and sales totaling \$3.1 million were included in this activity. Net cash used in financing activities was \$6.9 million and \$12.2 million in the three-month periods ended July 31, 2005 and 2004, respectively. Proceeds from the issuance of common stock were \$0.2 million and \$0.5 million in the three-month periods ended July 31, 2005 and 2004, respectively. Funds used for the repurchase of common stock were \$7.1 million and \$2.7 million in the three-month periods ended July 31, 2005 and 2004, respectively. The Company expects to continue to purchase common stock under its share repurchase plan. Ansoft had available a \$30.0 million secured line of credit from a domestic financial institution at an interest rate equal to LIBOR plus 50 basis points or the Bank's prime lending rate, at the Company's option. The line of credit was established in October 2004. As of July 31, 2005, the outstanding balance was \$-0-. Ansoft believes that the net cash provided by operating activities will be sufficient to meet its anticipated cash needs for working capital and capital expenditures for the foreseeable future. Thereafter, if cash generated from operations and existing cash and marketable securities are 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. A summary of Ansoft's significant contractual obligations and commitments as of July 31, 2005 is as follows (in thousands and for fiscal year):

| | Operating Leases |
|------|------------------|
| 2006 | \$ 1,312 |
| 2007 | 971 |
| 2008 | 801 |
| 2009 | 445 |
| 2010 | 4 |

For fiscal year 2006, the balance of \$1,312 represents the remaining payments due as of July 31, 2005. For fiscal year 2010, the balance of \$4 represents the payments through June 30, 2009. Critical Accounting Policies Ansoft's critical accounting policies are as follows:

ù Revenue Recognition

ù Valuation of Accounts Receivable

ù Impairment of Long-Lived Assets

ù Impairment of Marketable Securities Available for Sale

ù Deferred Tax Asset Valuation Allowance

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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 license 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. Following the initial three month PCS period, 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, 2005 and April 30, 2005 was \$0.5 million and \$0.4 million respectively. We had no significant changes in our collection policies or payment terms during the three-month period ended July 31, 2005. 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. To the extent that it is more likely than not that some portion or all of the deferred tax asset will not be realized, a valuation allowance is established. The Company considers projected future taxable income and tax planning strategies in making this assessment. 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.
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Additional Risk Factors that may affect Future ResultsOur Future Operating Results Are Uncertain.Ansoft has incurred net losses in two 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 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:

- ù Actual or anticipated fluctuations in our operating results;
- ù Announcements of technological innovations and new products by us or our competitors;
- ù New contractual relationships with strategic partners by us or our competitors;
- ù Proposed acquisitions by us or our competitors; and
- ù 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. Page 11

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Businesses Or Assets We Acquire May Not Perform As Projected. We have acquired a number of technologies, assets and companies in recent years, including the Agilent Technologies' HFSS™ product line within the past five 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. 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% of our total revenue in each of the years ended April 30, 2005 and 2004. 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:

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

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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 \$67.7 million in fiscal year 2005, and the number of employees has grown from 69 in April 1996 to 287 as of April 30, 2005. 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 who are also principal stockholders own approximately 28% 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. Seasonal Effects. Traditionally, sales in the first quarter will decrease from the fourth quarter of the prior fiscal year. Traditionally, revenues will sequentially increase over the next three quarters of the fiscal year. The fourth quarter is typically the highest revenue quarter for the fiscal year. Page 13

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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, 2005. Interest Rate Risk. The Company's exposure to market risk for

changes in interest rates relates primarily to its investment portfolio. The Company mitigates its risk by diversifying its investments among securities and limits the amount of credit exposure to any one issuer. The Company does not hedge any interest rate exposures. The portfolio includes only marketable securities with active secondary or resale markets to ensure portfolio liquidity. Mutual bond funds are subject to variable interest rates. As of July 31, 2005 and April 30, 2005, the Company had mutual bond funds with a carrying value of \$14.2 million and \$11.9 million, respectively. The carrying value approximates fair value at June 30, 2005. The average rates of return for the mutual bond funds at June 30, 2005 and 2004 were and , respectively. Foreign Currency Risk. The majority of our foreign currency transactions are denominated in the yen or the euro, which are the functional currencies of Japan and Europe, respectively. As a result of transactions being denominated and settled in such functional currencies, the risks associated with currency fluctuations are primarily associated with foreign currency translation adjustments. We do not currently hedge against foreign currency translation risks and do not currently believe that foreign currency exchange risk is significant to our operations due to the short term nature of assets and liabilities denominated in foreign currencies. The average foreign exchange rates used to translate the statements of operations were as follows:

| Foreign Currency | Three months ended | |
|------------------|--------------------|---------------|
| | July 31, 2005 | July 31, 2004 |
| Yen | 108.8 | 110.0 |
| Euro | 1.24 | 1.19 |

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 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 Officer concluded that these disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls over financial reporting during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Page 14

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PART II OTHER INFORMATION Item 2. Unregistered Sales of Equity Securities and Use of Proceeds The following table sets forth, the repurchases of common stock for the quarter ended July 31, 2005:

| Period | Total number of shares repurchased | Average price paid per share | Total number of shares repurchased as part of publicly announced plans or programs | Maximum number of shares that may yet be repurchased under the plans or programs (a) |
|------------------------------|------------------------------------|------------------------------|--|--|
| May 1, 2005 - May 31, 2005 | 29,260 | \$ 23.77 | 2,291,997 | 708,003 |
| June 1, 2005 - June 30, 2005 | 145,213 | \$ 23.39 | 2,437,210 | 562,790 |
| July 1, 2005 - July 31, 2005 | 135,300 | \$ 22.31 | 2,572,510 | 427,490 |
| Total | 309,773 | \$ 22.96 | | |

- (a) All repurchases were made pursuant to a share repurchase program publicly announced in 1998 and amended in 2002 and in 2004. Unless terminated earlier by resolution of our Board of Directors, the share repurchase program will expire when we have repurchased all shares authorized for repurchase thereunder. Under the plan the Company is authorized to repurchase 3.0 million shares.

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Item 6. 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--Filed herewith.
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--Filed herewith.
32.1 Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002--Filed herewith.

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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.

Date: August 19, 2005 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 31.1CertificationsI, Nicholas Csendes, certify that: 1. I have reviewed this Quarterly 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 and material weaknesses 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: August 19, 2005

By: /s/ Nicholas Csendes
Nicholas Csendes
President and Chief Executive Officer

EXHIBIT 31.2CertificationsI, Thomas A.N. Miller, certify that: 1. I have reviewed this Quarterly 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 and material weaknesses 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: August 19, 2005

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, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his 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.

Date: August 19, 2005

By: /s/ Nicholas Csendes
Nicholas Csendes
President and Chief Executive Officer

Date: August 19, 2005

By: /s/ Thomas A.N. Miller
Thomas A.N. Miller
Chief Financial Officer

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.