

ANSYS INC  
Form DEF 14A  
April 02, 2015  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**  
**(Rule 14a-101)**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No.    )**

Filed by the Registrant ☒      Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to Section 240.14a-12

**ANSYS, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

Table of Contents

x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

Table of Contents

Notice of Annual Meeting of Stockholders of ANSYS, Inc.

**Thursday, May 14, 2015 at 2:00 p.m.** Eastern Time

250 Technology Drive, Canonsburg, Pennsylvania

**Table of Contents**

**ANSYS, Inc.**

**Southpointe**

**2600 ANSYS Drive**

**Canonsburg, PA 15317**

April 2, 2015

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of ANSYS, Inc. (the "Company") to be held on Thursday, May 14, 2015, at 2:00 p.m. Eastern Time, at 250 Technology Drive located at Southpointe in Canonsburg, Pennsylvania (the "Annual Meeting").

The Annual Meeting has been called for the purposes of (i) electing two (2) Class I Directors for three-year terms; (ii) considering a non-binding advisory vote on the compensation of our named executive officers; (iii) ratifying the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm; and (iv) considering and voting upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on March 18, 2015 as the record date for determining stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

The Board of Directors of the Company recommends that you vote **FOR** the election of the nominees of the Company's Board of Directors as Class I Directors of the Company; **FOR** the approval of the compensation of the Company's named executive officers; and **FOR** the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm.

**IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, YOU ARE REQUESTED TO COMPLETE, DATE, SIGN AND RETURN YOUR PROXY IN ONE OF THE FOLLOWING WAYS: (1) USE THE WEBSITE ADDRESS SHOWN ON THE PROXY CARD AND VOTE OVER THE INTERNET; (2) USE THE TOLL-FREE TELEPHONE NUMBER SHOWN ON THE PROXY CARD AND VOTE OVER THE TELEPHONE; OR (3) IF YOU HAVE REQUESTED A PAPER COPY OF THESE DOCUMENTS, MARK, DATE AND SIGN THE PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. VOTES SENT BY INTERNET OR TELEPHONE MUST BE RECEIVED BY 11:59 PM UNITED STATES EASTERN TIME ON MAY 13, 2015. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY CARD.**

Sincerely,

James E. Cashman III  
*President and*

*Chief Executive Officer*

**Table of Contents**

**ANSYS, Inc.**  
**Southpointe**  
**2600 ANSYS Drive**  
**Canonsburg, PA 15317**  
**(724) 746-3304**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on Thursday, May 14, 2015**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of ANSYS, Inc. (the Company ) will be held on Thursday, May 14, 2015, at 2:00 p.m. Eastern Time, at 250 Technology Drive, located at Southpointe in Canonsburg, Pennsylvania (the Annual Meeting ), for the purpose of considering and voting upon:

1. The election of two (2) Class I Directors for three-year terms;
2. The compensation of our named executive officers, to be voted on a non-binding, advisory basis;
3. The ratification of the selection of Deloitte & Touche LLP as the Company s independent registered public accounting firm; and,
4. Such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on March 18, 2015 as the record date for determination of stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Only holders of record of Common Stock at the close of business on that date will be entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

In the event there are not sufficient shares to be voted in favor of any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies.

By Order of the Board of Directors  
Sheila S. DiNardo

*Vice President, General Counsel*

*and Secretary*

Canonsburg, Pennsylvania

April 2, 2015

**IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, YOU ARE REQUESTED TO COMPLETE, DATE, SIGN AND RETURN YOUR PROXY IN ONE OF THE FOLLOWING WAYS: (1) USE THE WEBSITE ADDRESS SHOWN ON THE PROXY CARD AND VOTE OVER THE INTERNET; (2) USE THE TOLL-FREE TELEPHONE NUMBER SHOWN ON THE PROXY CARD AND VOTE OVER THE TELEPHONE; OR (3) IF YOU HAVE REQUESTED A PAPER COPY OF THESE DOCUMENTS, MARK, DATE AND SIGN THE PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. VOTES SENT BY INTERNET OR TELEPHONE MUST BE RECEIVED BY 11:59 PM UNITED STATES EASTERN TIME ON MAY 13, 2015. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY CARD.**



**Table of Contents**

***TABLE OF CONTENTS***

	<b>Page</b>
<u>PROXY SUMMARY</u>	1
<u>ANNUAL MEETING AND VOTING</u>	8
<u>DISCUSSION OF PROPOSALS</u>	9
<u>Proposal 1 Election of Directors</u>	9
<u>Proposal 2 Non-Binding, Advisory Vote on Compensation of Named Executive Officers</u>	10
<u>Proposal 3 Ratification of Selection of Independent Registered Public Accounting Firm</u>	11
<u>OUR BOARD OF DIRECTORS</u>	11
<u>Director Profiles</u>	11
<u>Director Independence</u>	14
<u>Corporate Governance Guidelines</u>	14
<u>Code of Business Conduct and Ethics</u>	14
<u>Meetings of Our Board of Directors</u>	14
<u>Meetings of Our Independent Directors</u>	14
<u>Director Attendance at Our Annual Meeting</u>	14
<u>Stockholder Communications with Our Board of Directors</u>	15
<u>Board Leadership Structure</u>	15
<u>Committees of Our Board</u>	15
<u>The Board's Role in Risk Oversight</u>	17
<u>Compensation Committee Interlocks and Insider Participation</u>	17
<u>Director Compensation</u>	17
<u>Transactions with Related Persons</u>	19
<u>OWNERSHIP OF OUR COMMON STOCK</u>	19
<u>Security Ownership of Certain Beneficial Owners</u>	19
<u>Security Ownership of Our Management</u>	19
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	21
<u>OUR EXECUTIVE OFFICERS</u>	21
<u>Named Executive Officer Profiles</u>	21
<u>Compensation Discussion and Analysis</u>	22
<u>Overview of Compensation Program</u>	22
<u>Objectives of Compensation Program</u>	22
<u>Role of Compensation Committee and Executive Officers in Compensation Decisions</u>	22
<u>Setting Executive Compensation</u>	23
<u>Elements of Executive Compensation and Allocation among Elements</u>	24
<u>Compensation Earned</u>	35
<u>Summary Compensation Table</u>	35
<u>Grants of Plan-Based Awards</u>	36
<u>Outstanding Equity Awards at Fiscal Year-End</u>	37
<u>Option Exercises and Stock Vested</u>	38
<u>Potential Payments Under Employment, Severance and Change-of-Control Agreements</u>	38
<u>Compensation Committee Report</u>	39

<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	39
<u>Audit Committee Report to Stockholders</u>	39
<u>Independent Registered Public Accounting Firm Services and Fees</u>	40
<u>STOCKHOLDER PROPOSALS FOR 2016 ANNUAL MEETING</u>	41
<u>EXPENSES OF SOLICITATION</u>	41
<u>OTHER MATTERS</u>	42

**Table of Contents****2015 Proxy Summary**

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

**Annual Meeting of Stockholders**

- Time and Date: 2:00 p.m., May 14, 2015
- Place: 250 Technology Drive  
Canonsburg, PA 15317
- Record Date: March 18, 2015
- Voting: Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted upon.

**Meeting Agenda**

- Election of two (2) Class I directors for three-year terms
- Non-binding advisory vote on the compensation of our named executive officers
- Ratification of Deloitte Touche LLP as independent auditor for 2015
- Transact other business that may properly come before the meeting

**Voting Matters**

	<b>Board Vote Recommendation</b>	<b>Page</b>
Election of Class I Directors	FOR EACH DIRECTOR NOMINEE	10
Advisory Vote on Executive Compensation	FOR	11
Ratification of Auditor for 2015	FOR	12

**Director Nominees**

The following table provides summary information about each director nominee. Each director nominee is elected for a three-year term by a majority of votes cast in uncontested elections.

Name	Age	Director Since:	Experience/ Qualification	Committee Memberships					Other Public Company Boards
				Independent	AC C/F	CC	NG M	S	
Bradford C. Morley	68	2001	-Leadership	X	C/F		M		N/A
			-Finance						
			-Technology						
Patrick J. Zilvitis	72	2000	-Leadership	X		C	M		N/A
			-Operations						
			-Technology						

AC      Audit Committee  
 C        Committee Chair  
 CC      Compensation Committee  
 F        Financial Expert  
 M        Committee Member  
 NG      Nominating and Corporate Governance Committee  
 S        Strategy Committee

**Table of Contents****Director Nominee Attendance**

Each director nominee is a current director and attended 100% of the Board meetings and 100% of the meetings of the committees of which he was a member in Fiscal 2014.

**Auditors**

As a matter of good corporate governance, we are asking our stockholders to ratify the selection of Deloitte & Touche LLP as our independent registered public auditor for 2015. Set forth below is a summary of the information provided in this proxy statement with respect to Deloitte's fees for services provided in 2014 and 2013.

<b>Type of Fees</b>	<b>2014</b>	<b>2013</b>
Audit Fees	\$ 1,063,000	\$ 981,000
Audit-Related Fees	\$ 143,000	\$ 143,000
Tax Fees (1)	\$ 708,000	\$ 462,000
All Other Fees	\$ 3,000	\$ 0
<b>Total</b>	<b>\$ 1,917,000</b>	<b>\$ 1,586,000</b>

- (1) Tax fees in 2014 did not exceed audit and audit-related fees paid to Deloitte in 2014, and \$435,000 of the tax fees incurred in 2014 related to tax compliance and preparation. Tax fees in 2013 did not exceed audit and audit-related fees paid to Deloitte in 2013, and \$385,000 of the tax fees incurred in 2013 related to tax compliance and preparation.

**Executive Compensation and Company Performance**

Our executive compensation program is largely driven by our performance. Below are graphical representations depicting our stock price performance over 1-year, 3-year, 5-year and 10-year periods relative to the NASDAQ and Russell 1000 indices, and a peer group consisting of Autodesk, PTC, Cadence and Synopsys.

---

**Table of Contents**

3

---

**Table of Contents**

4

**Table of Contents****Summary of Executive Compensation Elements**

Our executive compensation program is primarily performance-based and consists of the following elements:

<b>Type</b>	<b>Form</b>	<b>Terms</b>
Equity	Stock Options	- Options vest over 4 years while employed - 10-year life
	Performance-Based Restricted Stock Units (PSUs)	- PSUs have a 3-year performance period - Objective performance measure based on Total Shareholder Return relative to the NASDAQ Composite Total Return Index - Objective performance measure based on fiscal year non-GAAP revenue growth and operating margin
	Time-Based Restricted Stock Units (RSUs)	- RSUs vest over 4 years while employed
Cash	Salary	- Generally eligible for increase annually
	Performance Bonus	- Target performance bonus ranges from 30% - 100% of salary - Discretionary based on non-GAAP revenue, operating profit and earnings per share objective performance measures and individual qualitative goals - CEO bonus paid semi-annually and annually - Other executive bonuses paid quarterly and annually
Retirement	401(k)	- Maximum 4.25% annual match as described on page 34
Other	Benefits	- Health, life and disability insurance, auto allowance, all commensurate with those generally available to eligible employees

**Other Key Compensation Features**

- Management stock ownership requirements (three times salary for CEO and two times salary for other NEOs)
- Clawback of performance-based compensation
- Double-trigger change of control vesting
- No repricing or exchanges of stock options
- Prohibition on hedging and pledges in Insider Trading Policy
- Advisory Say-on-Pay Vote of 99% of votes cast by stockholders in favor of our FY 2013 NEO compensation

**Summary of 2014 Compensation Decisions**

ANSYS has increased its market capitalization from \$102 million at December 31, 2001 to more than \$7 billion at December 31, 2014.



Throughout this period, our executive compensation philosophy has been consistent and heavily focused on the creation of value for our stockholders. In line with our executive compensation philosophy, we emphasize performance-based compensation that is realized only through continued improved performance in the form of stock options, performance-based restricted stock units and performance-based cash bonuses, which comprised more than 50% of our CEO's and more than 50% of our other named executive officers' total compensation in Fiscal 2014.

The following charts depict how each element of compensation disclosed in the Summary Compensation Table on page 36 was weighted for our CEO and our other named executive officers as a group.

**Table of Contents**

We believe that we effectively link executive compensation to Company performance by allocating more than 50% of our CEO's and more than 50% of our other named executive officers' total compensation to performance-based elements in the form of stock options (which require increased stock price and continued employment to have any value), performance-based restricted stock units (which require stock price performance relative to the NASDAQ Composite Total Returns Index and fiscal year non-GAAP revenue growth and operating margin performance over successive three-year periods to be earned) and performance-based cash bonuses (which require the attainment of both financial metrics and individualized, non-financial goals on a quarterly, semi-annual and annual basis to be earned).

**2014 Compensation Summary**

Set forth below is the 2014 compensation for our CEO and each named executive officer. Certain elements, namely stock option and performance-based restricted stock unit awards, are valued pursuant to SEC and financial accounting rules and do not reflect compensation actually realized by each executive in 2014. In order for the stock option awards and performance-based restricted stock unit awards disclosed in the summary table to have any value, the Company's stock price must increase (in the case of options) and perform relative to the NASDAQ Composite Total Returns Index and relative to the Company's fiscal year non-GAAP revenue growth and operating margin performance (in the case of performance-based restricted stock unit awards), and all require continued employment.

**Table of Contents**

<b>Name and Principal Position</b>	<b>Salary</b>	<b>Bonus</b>	<b>Stock Awards</b>	<b>Option Awards</b>	<b>All Other</b>	<b>Total</b>
James E. Cashman III, CEO	\$ 670,000	\$ 687,000	\$ 3,913,650		\$ 21,619	\$ 5,292,269
Maria T. Shields, CFO	\$ 318,942	\$ 223,800	\$ 1,197,406		\$ 10,225	\$ 1,750,373
Walid Abu-Hadba, CPO	\$ 333,333	\$ 238,820	\$ 1,309,689		\$ 6,817	\$ 1,888,659
Robert Kocis, VP, Sales	\$ 151,458	\$ 115,730	\$ 307,760	\$ 819,051	\$ 100,000	\$ 1,493,999
Joshua Fredberg, VP, Marketing	\$ 268,125	\$ 126,400	\$ 641,155		\$ 10,225	\$ 1,045,905

**2015 Annual Meeting**

Deadline for stockholder proposals: December 8, 2014

**Voting Mechanics**

Stockholders of the Company are requested to complete, date, sign and return their proxies in one of the following ways: use the website address shown on the proxy card and vote over the Internet; use the toll-free telephone number shown on the proxy card and vote over the telephone; or, if a stockholder has requested a paper copy of these documents, mark, date and sign the proxy card and return it in the enclosed envelope, which requires no postage if mailed in the United States. Internet and telephone voting procedures verify stockholders' identities and allow stockholders to confirm that voting has been recorded correctly. Stockholders voting over the Internet should realize that there may be additional costs with electronic access, such as usage charges from internet access providers, which must be paid by the stockholder.

If you hold shares of our Common Stock indirectly as the beneficial owner of shares held for you by a broker or other nominee (i.e., in street name), you may still direct your vote without attending the Annual Meeting. You may submit voting instructions to your broker or nominee. In most instances, you will be able to do this either over the Internet, by telephone or by mail. Please refer to the voting instruction card provided by your broker or nominee.

**Table of Contents**

**ANSYS, Inc.**

**Southpointe**

**2600 ANSYS Drive**

**Canonsburg, PA 15317**

**(724) 746-3304**

**PROXY STATEMENT**

**2015 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on Thursday, May 14, 2015**

***ANNUAL MEETING AND VOTING***

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of ANSYS, Inc. (the "Company"), for use at the Annual Meeting of Stockholders of the Company to be held on Thursday, May 14, 2015 at 2:00 p.m. Eastern Time at 250 Technology Drive, located at Southpointe in Canonsburg, Pennsylvania, and any adjournments or postponements thereof (the "Annual Meeting").

At the Annual Meeting, the stockholders of the Company will be asked to consider and vote upon the following matters:

1. The election of two (2) Class I Directors for three-year terms;
2. The compensation of our named executive officers on a non-binding, advisory basis;
3. The ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm; and
4. Such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

The Notice of Annual Meeting, Proxy Statement and Proxy Card are first being made available to stockholders of the Company on or about April 2, 2015 in connection with the solicitation of proxies for the Annual Meeting, and the Notice of Internet Availability of Proxy Materials is first being mailed to stockholders of the Company on or about April 2, 2015. The Board of Directors has fixed the close of business on March 18, 2015 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting (the "Record Date"). Only holders of record of the Company's Common Stock, par value \$.01 per share (the "Common Stock"), at the close of business on the Record Date will be entitled to notice of, and to vote at, the Annual Meeting. As of the Record Date, there were approximately 89,682,695 shares of Common Stock outstanding and entitled to vote at the Annual Meeting and approximately 93,695 stockholders of record. Each holder of a share of Common Stock outstanding as of the close of business on the Record Date will be entitled to one vote for each share held of record with respect to each matter submitted at the Annual Meeting.

The presence, in person or by proxy, of a majority of the total number of outstanding shares of Common Stock is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Shares that reflect abstentions or broker non-votes (*i.e.*, shares represented at the meeting held by brokers or nominees as to which instructions have not been received from the beneficial owners or persons entitled to vote such shares and with respect to which the broker or nominee does not have discretionary voting power to vote such shares) will be counted for purposes of determining whether a quorum is present for the transaction of business at the meeting.

The affirmative vote of holders of a majority of the votes cast by holders of shares of Common Stock present or represented by proxy and entitled to vote on the matter is required for the election of the Class I Directors. Abstentions and broker non-votes will not be counted as voting with respect to the election of the Class I Directors and, therefore, will not have an effect on the election of the Class I Directors.

The affirmative vote of the majority of the shares of Common Stock entitled to vote on the matter is required for the non-binding, advisory approval of the compensation of our named executive officers. Abstentions and broker non-votes will not be treated as votes and, accordingly, will have no effect on the outcome of the vote on this proposal.

---

**Table of Contents**

Stockholders of the Company are requested to complete, date, sign and return their proxies in one of the following ways: use the website address shown on the proxy card and vote over the Internet; use the toll-free telephone number shown on the proxy card and vote over the telephone; or, if a stockholder has requested a paper copy of these documents, mark, date and sign the proxy card and return it in the enclosed envelope, which requires no postage if mailed in the United States. Common Stock represented by properly executed proxies received by the Company and not revoked will be voted at the Annual Meeting in accordance with the instructions contained therein. If instructions are not given therein, properly executed proxies will be voted

**FOR** the election of the nominees for Directors listed in this Proxy Statement, the approval on a non-binding, advisory basis of the compensation of the Company's named executive officers and the ratification of the Company's selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm. It is not anticipated that any matters other than the election of two Class I Directors, the approval of the compensation of the Company's named executive officers and the ratification of the Company's selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm will be presented at the Annual Meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders. Internet and telephone voting procedures verify stockholders' identities and allow stockholders to confirm that voting has been recorded correctly. Stockholders voting over the Internet should realize that there may be additional costs with electronic access, such as usage charges from Internet access providers, which must be paid by the stockholder.

If you hold shares of our Common Stock indirectly as the beneficial owner of shares held for you by a broker or other nominee (i.e., in "street name"), you may still direct your vote without attending the Annual Meeting. You may submit voting instructions to your broker or nominee. In most instances, you will be able to do this either over the Internet, by telephone or by mail. Please refer to the voting instruction card provided by your broker or nominee.

Any properly completed proxy may be revoked at any time before it is voted on any matter (without, however, affecting any vote taken prior to such revocation) by giving written notice of such revocation to the Secretary of the Company, or by signing and duly delivering a proxy bearing a later date, or by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

The Annual Report of the Company, including financial statements for the fiscal year ended December 31, 2014 ( "Fiscal 2014" ), is being made available to stockholders of the Company concurrently with this Proxy Statement. The Annual Report, however, is not a part of the proxy solicitation material.

## ***DISCUSSION OF PROPOSALS***

### **PROPOSAL 1**

#### **ELECTION OF DIRECTORS**

Our Board of Directors is divided into three classes, and is currently comprised of three Directors in Class I, three Directors in Class II and three Directors in Class III. Directors serve for three-year terms with one class of Directors being elected by our stockholders at each annual meeting.

At the Annual Meeting, two Class I Directors will be elected to serve until the annual meeting of stockholders in 2018 and until such Directors' successors are duly elected and qualified. Based on the recommendation of our Nominating and Corporate Governance Committee, our Board of Directors has nominated Bradford C. Morley and Patrick J. Zilvitis for re-election as Class I Directors. Peter J. Smith, a current Class I Director, is not standing for re-election and will no longer serve on our Board following the Annual Meeting. Unless otherwise specified in the proxy, it is the

intention of the persons named in the proxy to vote the shares represented by each properly executed proxy for the re-election of Mr. Morley and Mr. Zilvitis as Class I Directors. Proxies cannot be voted for a greater number of persons than the number of nominees named. The nominees have agreed to stand for re-election and to serve, if elected, as Directors. However, if any person nominated by our Board of Directors fails to stand for election or is unable to accept election, the proxies will be voted for the election of such other person or persons as our Board of Directors may recommend.

## **Table of Contents**

### **Vote Required For Approval**

A quorum being present, the affirmative vote of holders of a majority of the votes cast by holders of shares of Common Stock present or represented by proxy and entitled to vote on the matter is required for the election of the nominees as Class I Directors of the Company.

**THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS A VOTE *FOR* THE ELECTION OF THE NOMINEES OF THE BOARD OF DIRECTORS AS CLASS I DIRECTORS OF THE COMPANY.**

### **PROPOSAL 2**

#### **NON-BINDING, ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS**

Section 14A(a)(1) of the Securities and Exchange Act of 1934, as amended (the Exchange Act) generally requires each public company to include in its proxy statement a separate resolution subject to a non-binding stockholder vote to approve the compensation of the company's named executive officers, as disclosed in its proxy statement pursuant to Item 401 of Regulation S-K, not less frequently than once every three years. This is commonly known as, and is referred to herein as, a say-on-pay proposal or resolution.

At our 2011 annual meeting of stockholders, our stockholders voted on, among other matters, a proposal regarding the frequency of holding a non-binding, advisory vote on the compensation of our named executive officers. A majority of the votes cast on the frequency proposal were cast in favor of holding a non-binding, advisory vote on the compensation of the Company's named executive officers every year, which was consistent with the recommendation of our Board of Directors. Our Board of Directors considered the voting results with respect to the frequency proposal and other factors, and the Board of Directors currently intends for the Company to hold a non-binding, advisory vote on the compensation of the Company's named executive officers every year until the next required advisory vote on the frequency of holding the non-binding, advisory vote on the compensation of our named executive officers.

As described in detail under the heading *Compensation Discussion and Analysis*, our executive compensation programs are designed to attract, retain and motivate our named executive officers, who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of specific annual, long-term and strategic goals, and the realization of increased stockholder value. Please refer to the *Compensation Discussion and Analysis* in our proxy statement for additional details about our executive compensation programs, including information about the Fiscal 2014 compensation of our named executive officers.

The Compensation Committee annually reviews the compensation programs for our named executive officers to ensure that they achieve the desired goals of aligning our executive compensation structure with our stockholders interests.

The say-on-pay resolution is advisory, and therefore will not have any binding legal effect on the Company or the Compensation Committee. However, the Compensation Committee does value the opinions of our stockholders and intends to take the results of the vote on this proposal into account in its future decisions regarding the compensation of our named executive officers.

### **Recommendation**

We are asking our stockholders to indicate their support for our named executive officers' compensation as described in this proxy statement. This say-on-pay proposal gives our stockholders the opportunity to express their views on our



named executive officers' compensation. This vote is not limited to any specific item of compensation, but rather addresses the overall compensation of our named executive officers and our philosophy, policies and practices relating to their compensation as described in this proxy statement pursuant to Item 402 of Regulation S-K.

**Table of Contents****Vote Required for Approval**

The affirmative vote of a majority of the votes cast on this proposal will be required for approval. Abstentions and broker non-votes will not be treated as votes cast and, accordingly, will have no effect on the outcome of the vote on this proposal.

**THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS A VOTE *FOR* THIS PROPOSAL.**

**PROPOSAL 3****RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED****PUBLIC ACCOUNTING FIRM**

Our Board of Directors, upon the recommendation of our Audit Committee, has selected the accounting firm of Deloitte & Touche LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2015. Deloitte & Touche LLP is considered by our management to be well-qualified. A representative of Deloitte & Touche LLP will be present at our Annual Meeting, will be given the opportunity to make a statement if he or she so desires, and will be available to respond to appropriate questions.

Although we are not required to submit the ratification of the selection of our independent registered public accounting firm to a vote of stockholders, our Board of Directors believes that it is sound policy to do so. In the event that the majority of the votes cast are against the selection of Deloitte & Touche LLP, our Directors will consider the vote and the reasons for it in future decisions on the selection of independent registered public accounting firms.

**THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS A VOTE *FOR* THE APPROVAL OF THE RATIFICATION OF THE SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.**

***OUR BOARD OF DIRECTORS*****Director Profiles**

Set forth below is certain information regarding our Directors, including the two Class I Directors who have been nominated for election at our Annual Meeting.

<b>Name</b>	<b>Age</b>	<b>Director Since</b>
<b>Class I Term Expires 2015</b>		
Peter J. Smith (4)	70	1994
Bradford C. Morley* (1)(3)	68	2001
Patrick J. Zilvitis* (2)(3)	72	2000
<b>Class II Term Expires 2016</b>		
Michael C. Thurk (1)(4)	62	2007
Ronald W. Hovsepian (2)	53	2012
Barbara V. Scherer (1)	59	2013
<b>Class III Term Expires 2017</b>		

# Edgar Filing: ANSYS INC - Form DEF 14A

James E. Cashman III (4)	61	2000
William R. McDermott (2)(3)	53	2007
Ajei S. Gopal (1)(4)	53	2011

\* Nominee for re-election.

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating and Corporate Governance Committee.

(4) Member of the Strategy Committee.

**Table of Contents**

The principal occupation and business experience for at least the last five years for each of our Directors is set forth below.

Ronald W. Hovsepian was appointed interim non-executive Chairman and Lead Director in October 2014, and has been a member of the Company's Board since February 2012. Mr. Hovsepian was appointed president, chief executive officer and director of Intralinks, Inc. in December 2011. Previously, Mr. Hovsepian served as president and chief executive officer of Novell, Inc. from 2005 to 2011. He joined Novell in 2003 as executive vice president and president, worldwide field operations. Prior to his time at Novell, Mr. Hovsepian spent from 2000 to 2003 in venture capital as a managing director with Internet Capital Group and with Bear Stearns Asset Management. He started his career at IBM and served in a number of executive positions over an approximately 16-year period. Mr. Hovsepian has served as a member of the Board of Directors for ANN Inc. since 1998, and currently serves as the non-executive chairman of the Board of Directors of ANN Inc. since 2005. Mr. Hovsepian received a Bachelor of Science degree from Boston College. His extensive experience in the technology and software industries as a chief executive officer, senior manager and venture capital investor positions him to contribute significantly to the Company's Board of Directors and provide guidance in the areas of sales, marketing and product development.

James E. Cashman III has been our president since 1999 and our chief executive officer since February 2000. Mr. Cashman served as our senior vice president of operations upon joining the Company in September 1997 until April 1999. Prior to joining the Company, Mr. Cashman was vice president of marketing and international operations at PAR Technology Corporation, a computer software and hardware company involved in transaction processing, from 1995 to September 1997. From 1992 to 1994, he was vice president of product development and marketing at Metaphase Technology, Inc., a product data management company, which was a joint venture of Structural Dynamics Research Corporation and Control Data Systems. Prior to joining Metaphase, Mr. Cashman was employed by Structural Dynamics Research Corporation, a computer aided design company, from 1976 to 1992, in a number of sales and technical positions. Mr. Cashman is also chairman of the Pittsburgh Technology Council and a member of the Board of Directors of Industrial Scientific Corporation, and a past member of the Board of Trustees of the Carnegie Museum of Natural History. Mr. Cashman's experience includes senior responsibilities in technology, product and market strategy management as well as sales, operational and international functions prior to his general management role with the Company for the past 18 years. His long-standing vision and well-diversified background are key components of the Company's board structure and effectiveness.

Ajei S. Gopal joined the Company's Board in February 2011. Dr. Gopal has been an operating partner at Silver Lake since April 2013. Prior to Silver Lake, he was senior vice president at Hewlett Packard (HP) since 2011. Prior to joining HP, Dr. Gopal was executive vice president at CA Technologies, which he joined in 2006. From 2004 to 2006, he was with Symantec Corporation, where he served as executive vice president and chief technology officer. Earlier, Dr. Gopal served as chief executive officer and a member of the board of directors of ReefEdge Networks, a company he co-founded in 2000. Before that, he worked at IBM from 1991 to 2000, initially at IBM Research, and later in IBM's Software Group. He began his career as a member of the technical staff at Bell Communications Research. Dr. Gopal's background in both technology and senior management of large software and technology companies, along with his experience in global operations and business development, provide significant insight and advisory capacity to the Company's Board of Directors.

William R. McDermott has served as a Director of the Company since July 2007. In May 2014, Mr. McDermott was appointed CEO of SAP AG. From February 2010 to May 2014, Mr. McDermott was co-CEO of SAP. He has been a member of the Executive Board of SAP AG since 2008. Prior to that appointment, Mr. McDermott was the president and chief executive officer of SAP Global Field Operations. Prior to SAP, Mr. McDermott served as executive vice president of Worldwide Sales & Operations at Siebel Systems and as president of Gartner, Inc. He spent 17 years at Xerox Corporation holding various senior management positions including president of the U.S. Major Account

Organization and senior vice president/general manager of Xerox Business Systems. He serves on the board of directors of Under Armour, Inc., a performance apparel company dedicated to technologically advanced products. Mr. McDermott's experience serving and having served in top positions with large leading worldwide software and technology companies for more than 20 years provides extensive general management, international and customer-facing insight to the Company's Board of Directors.

**Table of Contents**

Bradford C. Morley has served as a Director of the Company since February 2001. From 1994 through 2007, Mr. Morley served as a director for various high technology software companies, including Computer Aided Design Software, Inc., Camax Manufacturing Technologies, and CoCreate Software, Inc., where he served as chairman of the Board. From 1990 to 1993, Mr. Morley was president of Applicon, Inc., a CAD/CAM subsidiary of Schlumberger Ltd. Prior to that time, Mr. Morley was employed for fifteen years at Structural Dynamics Research Corporation, where he served as senior vice president and general manager. In May 2014, Mr. Morley was appointed as a Director of 20-20 Technologies Inc., a leading software supplier for professional designers, retailers and manufacturers. Mr. Morley has wide-ranging experience in operational and strategic senior management roles within companies which directly address similar or adjacent markets to those of the Company. In addition, his deep background in senior financial roles provides very valuable skills for functioning in his role as the chairman of our audit committee.

Barbara V. Scherer has served as a Director of the Company since April 2013. Ms. Scherer was senior vice president, finance and administration and chief financial officer of Plantronics, Inc., a global leader in audio communication devices for businesses and consumers from 1998-2012, and was vice president, finance and administration and chief financial officer from 1997-1998. Prior to Plantronics, Ms. Scherer held various executive management positions spanning eleven years in the disk drive industry, was an associate with The Boston Consulting Group, and was a member of the corporate finance team at ARCO in Los Angeles. Ms. Scherer is a director of Netgear, Inc., a global networking company that delivers innovative products to consumers, businesses and service providers. From 2004 through 2010 she served as a director of Keithley Instruments, a publicly traded test and measurement company, until its acquisition by Danaher Corporation. With a career spanning more than 30 years including 25 in senior financial leadership roles in the technology industry, Ms. Scherer provides the Company with practical and strategic insight into complex financial reporting and management issues as well as significant operational expertise.

Peter J. Smith has been a Director since March 1994 and was Chairman of our Board of Directors from July 1995 through October 2014. Mr. Smith joined the Company in 1994 and served as president until April 1999 and chief executive officer until February 2000. Prior to joining the Company, Mr. Smith was vice president of European operations for Digital Equipment Corporation from November 1991 to March 1994. Previously, he managed Digital's worldwide applications development and marketing activities, including its Engineering Systems Group which focused on CAD and CAM, graphics and general engineering software. Mr. Smith is also the past chairman of Bluesocket, Inc., Neartek, Inc. and the Martin Group, and a former director of NxTrend Inc. and Accellos Inc. Prior oversight and management roles as chairman, director, officer and CEO of several software and global technology companies, as well as extensive board and management experience with the Company, enable Mr. Smith to provide leadership and a diversity of skills and expertise to the Board of Directors as well as assuring that the Board of Directors maintains a structure and process that the Company believes is advantageous for good governance. Mr. Smith is not standing for re-election as a Class I Director and will no longer serve on our Board of Directors following the Annual Meeting.

Michael C. Thurk has served as a Director of the Company since May 2007. Mr. Thurk is currently the managing partner for Mariposa Consulting, LLC, which provides business and technical consulting for emerging communications companies. From 2006 to 2008, Mr. Thurk served as chief operating officer and member of the board at Avaya, Inc. He also held the position of president of Avaya's Global Communications Solutions and was previously a group vice president of systems at Avaya since 2002. Mr. Thurk has also held management positions at Ericsson and several U.S. data communications companies. At Ericsson, he was executive vice president of Division Data Backbone and Optical Networks and president of Ericsson Datacom, Inc. Before Ericsson, Mr. Thurk was president of Xyplex Networks and a vice president with General DataComm. Prior to that, he worked for Digital Equipment Corporation, in various senior roles and as a vice president responsible for enterprise network related businesses. Mr. Thurk retired as a director of Acme Packet, Inc., a company specializing in border control solutions, in September 2010. Extensive general management experience at large worldwide technology-focused companies provides

Mr. Thurk with the ability to contribute significantly to the Company's strategic, technology and operational directions.

Patrick J. Zilvitis has served as a Director of the Company since July 2000. Mr. Zilvitis was chief information officer and corporate vice president of The Gillette Company, a global producer of consumer goods, from 1992 through 2000. From 1987 to 1992, Mr. Zilvitis managed the Consulting Services business at Digital Equipment Corporation. From 1985 to 1987, Mr. Zilvitis served as president of Martin Marietta Data Systems, responsible for its commercial systems integration, software and timesharing businesses and company-wide internal information technology. Mr. Zilvitis started his career with IBM and spent 17 years in sales, product management and general management positions. Notably, he managed IBM's Personal Computer

---

## **Table of Contents**

channel for large accounts in 1981, the beginning years of the PC. Mr. Zilvitis formerly served as a director of Stocker Yale, Inc., a specialty optics manufacturer, from 2004 to 2009, and has been an independent IT consultant since his retirement from Gillette. Mr. Zilvitis' experience both as a vendor and as a customer of information technology products and services provides unique and valuable experience and perspective as the Company develops and expands its internal information technology capabilities, integrates acquisitions, and evolves its worldwide sales model to partner with customers' user communities and their internal information technology departments.

### **Director Independence**

Our Board of Directors has determined that each of Dr. Gopal, Mr. Hovsepian, Mr. McDermott, Mr. Morley, Mr. Thurk, Ms. Scherer and Mr. Zilvitis is not an affiliate or employee of the Company and is considered independent as required by Rule 5605(c) of the NASDAQ listing requirements and the Exchange Act and as such term is defined in Rule 5605 of the NASDAQ listing requirements. Therefore, we currently have a majority of independent directors.

### **Corporate Governance Guidelines**

Our Board of Directors has approved and adopted Corporate Governance Guidelines to (i) promote the effective functioning of our Board and its committees and (ii) provide the framework for corporate governance of the Company. The Corporate Governance Guidelines are posted on our website at [www.ansys.com](http://www.ansys.com) in the Investor Relations section under the heading Corporate Governance.

### **Code of Business Conduct and Ethics**

Our Board of Directors has adopted the ANSYS, Inc. Code of Business Conduct and Ethics, which applies to all employees, officers and Directors of the Company and its subsidiaries. Our Code of Business Conduct and Ethics meets the requirements of a code of ethics as defined by Item 406 of Regulation S-K, and applies to our Chief Executive Officer and Chief Financial Officer. Our Code of Business Conduct and Ethics also meets the requirements of corporate governance under the listing standards of NASDAQ. Our Code of Business Conduct and Ethics is posted on our website at [www.ansys.com](http://www.ansys.com) in the Investor Relations section under the heading Corporate Governance. We will also provide a copy of our Code of Business Conduct and Ethics to stockholders upon request, and intend to disclose any amendments to the Code of Business Conduct and Ethics, as well as any waivers for executive officers or Directors, on our website at [www.ansys.com](http://www.ansys.com).

### **Meetings of Our Board of Directors**

Our Board of Directors held seven (7) meetings during Fiscal 2014. Each of our Directors attended 100% of the total number of meetings of our Board, except that Mr. Hovsepian attended 86% and Mr. McDermott attended 71% of the Board meetings. All Directors attended 100% of the meetings of the committees of which he or she was a member during Fiscal 2014.

### **Meetings of Our Independent Directors**

Our independent Directors regularly meet in executive sessions outside of the presence of management. Currently, our independent Directors are Dr. Gopal, Mr. Hovsepian, Mr. McDermott, Mr. Morley, Ms. Scherer, Mr. Thurk and Mr. Zilvitis. The presiding Director for these meetings is Mr. Hovsepian. Any interested party who wishes to make his or her concerns known to our independent Directors may forward such communication to the Secretary of the Company at our office in Canonsburg, Pennsylvania. Our Secretary will collect and organize such communications and forward them to Mr. Hovsepian.



**Director Attendance at Our Annual Meeting**

We do not have a policy with respect to Directors' attendance at our annual meeting of stockholders. The following Directors attended our 2014 annual meeting: Mr. Cashman, Mr. Smith, Dr. Gopal, Mr. Hovsepian, Mr. Morley, Ms. Scherer, Mr. Thurk and Mr. Zilvitis.

**Table of Contents****Stockholder Communications with Our Board of Directors**

Any stockholder desiring to send communications to our Board of Directors, or any individual Director, may forward such communication to the Secretary of the Company at our office in Canonsburg, Pennsylvania. Our Secretary will collect and organize such communications and forward them to our Board of Directors or the particular Director, as the case may be.

**Board Leadership Structure**

The roles of Chairman of the Board of Directors and Chief Executive Officer of the Company are separated. Mr. James E. Cashman III is the Company's Chief Executive Officer, while our Board is led by our interim non-executive Chairman, Mr. Ronald W. Hovsepian. Mr. Hovsepian is the Chief Executive Officer of Intralinks, Inc. and has significant experience in our industry and with technology companies generally which provides our Board with significant leadership advantages. Mr. Hovsepian is also our lead independent director in order to ensure that our independent directors have a strong voice in the leadership of our Board. In this role he has the principal responsibility for leading meetings of our independent Directors. We believe that this structure provides our Board with the greatest breadth of leadership and depth of experience, while also providing balance for the direction of the Company.

Our Board of Directors delegates principal responsibility for its risk management and assessment functions to its Audit Committee. In addition to the Audit Committee, the Compensation Committee has primary responsibility for reviewing the impact of the Company's compensation programs upon the Company's risk management efforts. The Company has determined that the Chair of the Audit Committee and the Chair of the Compensation Committee, Mr. Morley and Mr. Zilvitis, respectively, should not serve on the other committee with a significant area of risk management responsibility in order to further diversify the primary opinions of the quality of the Company's risk management. Additionally, Mr. Hovsepian leads all meetings of the independent Directors. The Company believes that this division of risk management related roles among the independent Directors fosters an atmosphere of significant involvement in the oversight of risk at the Board of Directors level and strongly complements the Company's risk management policies.

**Committees of Our Board**

Our Board of Directors has established an Audit Committee (the "Audit Committee"), a Compensation Committee (the "Compensation Committee"), a Nominating and Corporate Governance Committee (the "Nominating and Corporate Governance Committee") and a Strategy Committee (the "Strategy Committee").

	<b>Committee Membership</b>			
	Audit	Nominating & Governance	Compensation	Strategy
James E. Cashman III				X
Ajei S. Gopal	X			X
Ronald W. Hovsepian			X	
William R. McDermott		X*	X	
Bradford C. Morley	X*	X		
Barbara V. Scherer	X			
Peter J. Smith				X
Michael C. Thurk	X			X*
Patrick J. Zilvitis		X	X*	

\* Committee Chair  
*Audit Committee*

Our Audit Committee selects our independent registered public accounting firm to audit financial statements and to perform services related to the audit, reviews the scope and results of the audit with our independent registered public

**Table of Contents**

accounting firm, reviews with management and our independent registered public accounting firm the Company's quarterly and annual operating results, including the Company's audited financial statements, reviews our periodic disclosures related to the Company's financial statements, considers the adequacy of our internal accounting procedures, oversees internal audit and compliance with the Sarbanes-Oxley Act of 2002, oversees our risk management policies and practices, and establishes policies for business values, ethics and employee relations.

Our Audit Committee currently consists of the following four (4) Directors: Ajei S. Gopal, Bradford C. Morley (Chairman), Barbara V. Scherer and Michael C. Thurk, each of whom is not an affiliate or employee of the Company and is considered independent as required by Rule 5605(c) of the NASDAQ listing requirements and the Exchange Act and as such term is defined in Rule 5605 of the NASDAQ listing requirements. Our Board of Directors has determined that Bradford C. Morley and Barbara V. Scherer each qualify as an audit committee financial expert. During Fiscal 2014, our Audit Committee held four (4) meetings and all members attended 100% of the meetings. Our Audit Committee Charter is available on our website at [www.ansys.com](http://www.ansys.com) in the Investor Relations section under the heading Corporate Governance.

*Nominating and Corporate Governance Committee*

Our Nominating and Corporate Governance Committee oversees the qualification and nomination process for potential director candidates, reviews the continued qualifications of existing Directors and is responsible for corporate governance oversight. As part of its evaluation of potential director candidates, our Nominating and Corporate Governance Committee considers whether each candidate's background, experience and skill sets would provide new or alternative viewpoints or areas of expertise that would expand our Board's collective understanding, insight and ability to make judgments regarding the Company's global software business.

Our Nominating and Corporate Governance Committee currently consists of the following three (3) Directors: William R. McDermott (Chairman), Bradford C. Morley and Patrick J. Zilvitis, each of whom is not an affiliate or employee of the Company and is considered independent as required by Rule 5605(e) of the NASDAQ listing requirements and the Exchange Act and as such term is defined in Rule 5605 of the NASDAQ listing requirements. Our Nominating and Corporate Governance Committee held three (3) meetings in Fiscal 2014 and all members attended 100% of the meetings. Our Nominating and Corporate Governance Committee Charter is available on our website at [www.ansys.com](http://www.ansys.com) in the Investor Relations section under the heading Corporate Governance.

*Compensation Committee*

Our Compensation Committee is responsible for reviewing and recommending to the Board the compensation of our Chief Executive Officer, reviewing and approving the compensation of all of our executive officers, overseeing general compensation levels, policies and programs for our employees as a group, approving and administering our equity plans, including our Fourth Amended and Restated ANSYS, Inc. 1996 Stock Option and Grant Plan (Option Plan) and Second Amended and Restated ANSYS, Inc. Employee Stock Purchase Plan (ESPP), and succession planning for our senior management. To the extent not established by our Board, our Compensation Committee is also authorized to establish compensation and benefits for our Chairman and for new and existing non-employee Directors.

Our Compensation Committee currently consists of the following three (3) Directors: Ronald W. Hovsepien, William R. McDermott and Patrick J. Zilvitis (Chairman), each of whom is not an affiliate or employee of the Company and is considered independent as required by Rule 5605(d) of the NASDAQ listing requirements and the Exchange Act and as such term is defined in Rule 5605 of the NASDAQ listing requirements. Five (5) meetings of our Compensation Committee were held during Fiscal 2014 and all members attended 100% of the meetings. Our Compensation Committee Charter is available on our website at [www.ansys.com](http://www.ansys.com) in the Investor Relations section under the heading

Corporate Governance.

*Strategy Committee*

Our Strategy Committee works closely with management and the Board to (i) develop and execute the Company's long-term strategic plans and (ii) review and evaluate certain key strategic transactions outside the ordinary course of the Company's business. The Board appointed Peter J. Smith, James E. Cashman III, Ajei S. Gopal and Michael C. Thurk (Chairman) as members of the Strategy Committee. [In connection with Mr. Smith not standing for re-election as a Class I Director at the Annual Meeting, we may appoint another member of our Board of Directors to the Strategy Committee. One (1) meeting of

## **Table of Contents**

the Strategy Committee were held in Fiscal 2014 and all members attended 100% of the meetings. Our Strategy Committee Charter is available on our website at [www.ansys.com](http://www.ansys.com) in the Investor Relations section under the heading Corporate Governance.

### **The Board's Role in Risk Oversight**

Our Board is responsible for overseeing the Company's risk management process. The Board focuses on the Company's general risk management strategy and the most significant risks facing the Company, and ensures that appropriate risk management strategies are implemented by management. The Board also receives a legal and risk update from management at each of its regular quarterly meetings.

The Board oversees the Company's risk assessment processes actively through the Audit Committee. The Audit Committee receives a risk management update from management as part of its regular quarterly meetings and reviews all risk assessments conducted by the Company annually, the results of which are reported by the Audit Committee to the full board as part of its subsequent quarterly report. In addition, the Audit Committee oversees the Company's annual enterprise business risk assessment and bi-annual fraud risk assessment, which are conducted by the Company's Internal Auditor, who reports directly to the Audit Committee. The annual enterprise business risk assessment reviews the Company's performance with regard to ongoing financial risks, operational risks, strategic risks and previously identified external risks, and also identifies new risks that the Company will face for each upcoming year.

Our Compensation Committee also reviews the annual enterprise business risk assessment as part of its ongoing oversight of the Company's compensation programs, with particular attention paid to the review of risks related to the Company's reliance on equity compensation as a significant portion of the total compensation paid to our executive officers. We have determined that it is not reasonably likely that our compensation policies would have a material, adverse effect on the Company.

### **Compensation Committee Interlocks and Insider Participation**

No member of our Compensation Committee was or is an officer or employee of the Company or any of its subsidiaries and all members are considered independent as such term is defined in Rule 5605 of the NASDAQ listing requirements. There are no Compensation Committee interlocks.

### **Director Compensation**

We compensate our independent Directors through a mix of cash and equity-based compensation. The fees stated in the table below have been in effect since April 1, 2006, unless modified as set forth in the footnotes following the table, and all fees are paid quarterly in arrears. Director equity-based compensation levels, as set forth below, were established in 2008 and have remained unchanged since they were established.

<b>Role</b>	<b>Annual Fee</b>
Annual Retainer	\$ 40,000
Non-Executive Chair	\$ 40,000
Audit Committee Chair	\$ 20,000
Compensation Committee Chair	\$ 20,000
Corporate Governance Committee Chair	\$ 15,000
Strategy Committee Chair	\$ 15,000

Edgar Filing: ANSYS INC - Form DEF 14A

Audit Committee Member	\$	10,000
Compensation Committee Member	\$	10,000
Corporate Governance Committee Member	\$	5,000
Strategy Committee Member	\$	5,000

**Table of Contents**

Our independent Directors also received, at their option, (i) a grant of 5,600 deferred stock units ( DSUs ), which are rights to receive shares of our Common Stock upon termination of service as a Director, or (ii) options to purchase 14,000 shares of our Common Stock. The DSU and option grants are all awarded quarterly in arrears in accordance with our Option Plan and our Equity Grant Policy. Under our Equity Grant Policy, which is described on page 32 of this Proxy Statement, the exercise price of all options granted is equal to the closing price of the Common Stock on the date of grant. Stock option grants to independent Directors are subject to double-trigger vesting and shall become fully vested in the event the Director is no longer a Director within 18 months of a change of control of the Company.

Directors who are also our employees do not receive any additional compensation for service on the Board.

*Director Stock Ownership Guidelines*

On December 14, 2005, our Board approved stock ownership guidelines for Directors, which were amended on February 17, 2011 and December 13, 2011. Under these guidelines, all members of our Board are required to own equity in the form of stock or deferred stock units of the Company equal to a minimum of 5,000 shares and to maintain this minimum amount throughout their tenure as a member of our Board. New Board members have three years to attain this minimum stock ownership level. The Director stock ownership guidelines are part of our Corporate Governance Guidelines and are available on our website at [www.ansys.com](http://www.ansys.com) in the Investor Relations section under the heading Corporate Governance.

**Director Compensation**

<b>Name (1)</b>	<b>Fees Earned</b>	<b>Stock Awards</b>	<b>Option</b>	<b>Total (\$)</b>
	<b>or Paid in</b>		<b>Awards</b>	
	<b>Cash (\$)</b>	<b>(\$ (2) (3))</b>	<b>(\$ (2) (3))</b>	
Ajei S. Gopal	\$ 55,000	\$ 441,938		\$ 496,938
Ronald W. Hovsepian	\$ 57,200	\$ 441,938		\$ 499,138
William R. McDermott	\$ 65,000	\$ 441,938		\$ 506,938
Bradford C. Morley	\$ 65,000	\$ 326,592	\$ 104,128	\$ 495,720
Barbara V. Scherer	\$ 50,000	\$ 441,938		\$ 491,938
Michael C. Thurk	\$ 65,000	\$ 326,592	\$ 104,128	\$ 495,720
Patrick J. Zilvitis	\$ 65,000	\$ 441,938		\$ 506,938

- (1) Mr. James E. Cashman III and Mr. Peter J. Smith, each of whom is a Director of our Company, have been omitted from this table because they received no compensation for serving on our Board in Fiscal 2014. Mr. Cashman's compensation as CEO for Fiscal 2014 is detailed in the Compensation Discussion and Analysis section of this Proxy Statement beginning on page 23. Mr. Smith's compensation as our Chairman and executive Director during Fiscal 2014 consisted of the following: (1) \$155,000 base salary; (2) \$7,200 auto allowance; (3) 3,500 stock options; and (4) 4,200 DSU awards. Mr. Smith's stock option grant occurred on March 3, 2014, and his DSU awards occurred on May 15, 2014, August 14, 2014 and November 14, 2014 during open trading windows. In connection with the end of Mr. Smith's employment with the Company on December 31, 2014 and pursuant to the terms of his employment agreement, Mr. Smith received a \$300,000 lump sum severance payment and twelve months continued health coverage benefits.
- (2) The aggregate number of non-employee Director stock options outstanding as of our December 31, 2014 fiscal year end was 172,500 and the aggregate number of non-employee Director DSU awards outstanding was



138,242. The following are the aggregate number of stock option awards outstanding that have been granted to each of our independent Directors as of December 31, 2014: Mr. Morley: 90,500; Mr. Thurk: 80,000; and Mr. Zilvitis: 2,000. The following are the aggregate number of DSU awards outstanding that have been granted to each of our independent Directors as of December 31, 2014: Dr. Gopal: 20,284; Mr. Hovsepian: 14,523; Mr. McDermott: 42,420; Mr. Morley: 4,200; Ms. Scherer: 8,015; Mr. Thurk: 10,600 and Mr. Zilvitis: 38,200.

- (3) Refer to Note 12, Stock-based Compensation beginning on page 76 of the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K filed on February 26, 2015 for the relevant assumptions used to determine the valuation of our stock awards and option awards. The amounts in the table reflect the dollar amount that will be recognized for financial statement reporting purposes over the vesting period, in accordance with accounting guidance for stock-based compensation. These amounts reflect fair values of these awards on the grant dates, and do not correspond to the actual value that may be recognized by the non-employee Directors.

**Table of Contents****Transactions with Related Persons**

We have adopted a written policy providing that all material transactions between the Company and its officers, directors and other affiliates must be (i) approved by a majority of the members of our Board of Directors and by a majority of the disinterested members of our Company's Board of Directors, and (ii) on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

***OWNERSHIP OF OUR COMMON STOCK*****Security Ownership of Certain Beneficial Owners**

The following table presents information about persons or entities known to the Company to be the beneficial owner of more than five percent of our Common Stock as of December 31, 2013. The following information is based solely upon copies of filings of Schedule 13G received by the Company pursuant to the rules of the Securities and Exchange Commission (SEC).

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Number	Percent
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street  New York, NY 10022	6,715,879 (1)	7.30%
FMR LLC 245 Summer Street  Boston, MA 02210	6,122,029 (2)	6.66%
The Vanguard Group, Inc. 100 Vanguard Boulevard  Malvern, PA 19355	5,582,329 (3)	6.07%
AllianceBernstein LP 1345 Avenue of the Americas  New York, NY 10105	4,463,164 (4)	4.90%

- (1) The information reported is based on a Schedule 13G/A filed with the SEC on January 26, 2015 reporting beneficial ownership as of December 31, 2014.
- (2) The information reported is based on a Schedule 13G/A filed with the SEC on February 13, 2015 reporting beneficial ownership as of December 31, 2014.
- (3) The information reported is based on a Schedule 13G/A filed with the SEC on February 11, 2015 reporting beneficial ownership as of December 31, 2014.
- (4) The information reported is based on a Schedule 13G/A filed with the SEC on February 11, 2015 reporting beneficial ownership as of December 31, 2014.

**Security Ownership of Our Management**

The following table presents certain information pertaining to all of our executive officers and Directors as of January 31, 2015, based on their representations to the Company. All such information was provided by the stockholders listed and reflects their beneficial ownership as of January 31, 2015.

**Table of Contents**

Name and Address of Beneficial Owner (1)	Shares Beneficially Owned	
	Number	Percent (2)
James E. Cashman III (3)	938,085	1.04%
Maria T. Shields (4)	208,241	*
Walid Abu-Hadba (5)	14,353	*
Robert Kocis (6)	1,200	*
Joshua Fredberg (7)	6,262	*
Ajei S. Gopal (8)	21,684	*
Ronald W. Hovsepian (9)	15,923	*
William R. McDermott (10)	43,820	*
Bradford C. Morley (11)	80,100	*
Barbara V. Scherer (12)	9,145	*
Peter J. Smith (13)	177,223	*
Michael C. Thurk (14)	61,000	*
Patrick J. Zilvitis (15)	41,800	*
All Executive Officers and Directors as a group (15 persons) (16)	1,702,549	1.89%

\* Less than 1%.

(1) Addresses are c/o ANSYS, Inc., Southpointe, 2600 ANSYS Drive, Canonsburg, PA 15317.

(2) All percentages have been determined as of January 31, 2015 in accordance with Rule 13d-3 under the Exchange Act. For purposes of this table, a person or group of persons is deemed to have beneficial ownership of any shares of Common Stock which such person has the right to acquire within 60 days after January 31, 2015. For purposes of computing the percentage of outstanding shares of Common Stock held by each person or group of persons named above, any security which such person or persons has or have the right to acquire within 60 days after January 31, 2015 is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. As of January 31, 2015, a total of 89,948,323 shares of Common Stock were issued and outstanding.

(3) Includes 351,881 shares of Common Stock and vested options to purchase 586,204 shares. Excludes unvested options to purchase 50,750 shares and 54,000 unvested PSUs and 15,000 unvested RSUs.

(4) Includes 46,991 shares of Common Stock and vested options to purchase 161,250 shares. Excludes unvested options to purchase 16,750 shares, 20,200 unvested PSUs and 4,575 unvested RSUs.

(5) Includes 3,353 shares of Common Stock and vested options to purchase 11,000 shares. Excludes unvested options to purchase 33,000 shares, 20,700 unvested PSUs and 4,575 unvested RSUs.

(6) Includes 1,200 shares of Common Stock. Excludes unvested options to purchase 30,000 shares and 4,000 unvested RSUs.

(7) Includes 6,262 shares of Common Stock.

(8) Includes 21,684 DSUs.

(9) Includes 15,923 DSUs.

(10) Includes 43,820 DSUs.

(11) Includes 5000 shares of Common Stock, 5,600 DSUs and vested options to purchase 69,500 shares. Excludes unvested options to purchase 21,000 shares.

(12) Includes 9,415 DSUs.

(13) Includes 131,873 shares of Common Stock, 12,600 DSUs and vested options to purchase 32,750 shares.

(14) Includes 12,000 DSUs and vested options to purchase 49,000 shares. Excludes unvested options to purchase 21,000 shares.

(15) Includes 2,200 shares of Common Stock and 39,600 DSUs.

- (16) Includes 569,703 shares of Common Stock, 160,642 DSUs and vested options to purchase 972,204 shares.  
Excludes unvested options to purchase 214,250 shares, 111,200 unvested PSUs and 31,600 unvested RSUs.

**Table of Contents****Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers and Directors, and persons who own more than 10% of our outstanding shares of Common Stock (collectively, "Section 16 Persons"), to file reports of ownership and changes in ownership with the SEC and NASDAQ. Section 16 Persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of such forms received by us, or written representations from certain Section 16 Persons that no Section 16(a) reports were required for such persons, we believe that no Section 16 Person filed a late report during Fiscal 2014.

***OUR EXECUTIVE OFFICERS*****Named Executive Officer Profiles**

The names and ages of our named executive officers, and the principal occupation and business experience for at least the last five years for each named executive officer who is not also a Director, are set forth below as of December 31, 2014.

<b>Name</b>	<b>Age</b>	<b>Position</b>
James E. Cashman III (1)	61	President and Chief Executive Officer ( CEO )
Maria T. Shields	50	Chief Financial Officer ( CFO )
Walid Abu-Hadba	49	Chief Product Officer ( CPO )
Robert Kocis	45	Vice President, Sales & Support
Joshua Fredberg	45	Vice President, Marketing

(1) Mr. Cashman is also a Director and his biographical information appears on page 13.

Maria T. Shields has been our chief financial officer and vice president of finance and administration since September 1998. Previously, she served as our corporate controller since September 1994 and as a vice president since May 1998. Prior to joining the Company, Ms. Shields held various positions as a CPA with Deloitte & Touche LLP, including that of audit manager. Ms. Shields serves as a Director of the First National Bank Pittsburgh Community Board and the Washington County Chamber of Commerce, and as a member of the Board of Trustees of the Anglican Diocese of Pittsburgh. Ms. Shields holds a bachelor of science degree in accounting from Pennsylvania State University.

Walid Abu-Hadba joined ANSYS in April 2013 in the newly created position of Chief Product Officer. For the five years prior to that he was Corporate Vice President, Developer and Platform Evangelism at Microsoft Corporation, where he worked in a variety of progressively challenging management roles for 21 years including Vice President, Specialist Sales, Enterprise and Partner Group; General Manager, Asia Pacific and Japan Technology center; General Manager, Global Technical Center; and Practice Manager, Advanced Technology Group. He is a graduate of Arizona State University with a bachelor of science degree in Systems Engineering.

Robert Kocis has been our vice president of worldwide sales and support since July 2014. Prior to joining the Company, Mr. Kocis spent the past 16 years with PTC, Inc., a U.S. based computer software company specializing in

3D design software, product lifecycle management, and service management solutions. He holds a bachelor of science in Marine Engineering Systems from the United States Merchant Marine Academy and also graduated from the General Dynamics Nuclear Engineering School.

Joshua Fredberg was our vice president of marketing from November, 2009 through December 2014. Mr. Fredberg resigned as the Company's vice president of marketing effective December 31, 2014. Prior to joining the Company, Mr. Fredberg was vice president of product management and marketing at Vistagy, Inc. from May 2009 to October 2009. From 2001-2009, Mr. Fredberg was with Parametric Technology Corporation, holding the positions of senior vice president of product and market strategy from 2003-2009, vice president of product strategy from 2001-2003 and director of business development in 2001. From 2000-2001, Mr. Fredberg was director of business development at Ariba. He holds a bachelor of science in electrical engineering from Tufts University, a master of science in system engineering from the University of Pennsylvania and an M.B.A. in finance from The Wharton School, University of Pennsylvania.

---

**Table of Contents**

**Compensation Discussion and Analysis**

**Overview of Compensation Program**

Our Compensation Committee has responsibility for establishing, implementing and continually monitoring adherence with our compensation philosophy. Our Compensation Committee makes recommendations regarding cash compensation, bonus targets, equity compensation and individual goals for our CEO, James E. Cashman III, to our Board of Directors, and our Board of Directors makes final determinations regarding Mr. Cashman's cash compensation, bonus targets, equity compensation and individual goals. Since each of the other named executive officers reports to Mr. Cashman, he prepares an analysis for our Compensation Committee recommending each element of the compensation to be paid to the other named executive officers. Our Compensation Committee, however, has final approval over all compensation decisions other than decisions related to the compensation of our CEO for which our Board of Directors has final approval, and may accept or adjust such recommendations as it determines to be in the best interests of the Company and its stockholders. Our Compensation Committee ensures that the total compensation paid to our named executive officers is reasonable, competitive and principally performance-based. Generally, the types of compensation and benefits provided to our named executive officers are similar to those provided to our other officers and employees.

Throughout this Proxy Statement, the individuals who served as our CEO and CFO during Fiscal 2014, as well as the other individuals included in the Summary Compensation Table on page 36, are referred to as the named executive officers or NEOs.

**Objectives of Compensation Program**

The main objectives of our executive compensation program are to create a competitive total rewards package based on the attainment of short-term performance objectives and long-term strategic goals and to retain and attract qualified executive officers who will lead us to long-term success and enhance stockholder value. Each element of our compensation program supports these objectives. Accordingly, our executive compensation program consists of the following three principal elements: base salary, performance-based cash bonus and performance-based and time-based equity grants in the form of stock options and restricted stock units, with an emphasis on performance-based compensation rather than base salary. Our executives are also generally eligible to participate in employee benefit and retirement plans offered by us, which currently include a 401(k) plan, an employee stock purchase plan, and health care and other insurance programs. The benefit programs available to executives are the same as those available to all other eligible employees.

**Role of Compensation Committee and Executive Officers in Compensation Decisions**

Our Compensation Committee is comprised solely of independent Directors who meet the independence requirements of the NASDAQ and qualify as outside directors under Section 162(m) of the Internal Revenue Code.

Our Compensation Committee makes a recommendation to our full Board of Directors regarding the compensation of our CEO, including establishing the performance goals and objectives for our CEO, evaluating our CEO's performance in light of the goals and objectives that were set, and determining and recommending to our Board the CEO's compensation based on that evaluation. Our Board of Directors makes all final decisions relating to our CEO's compensation, other than the granting of equity awards. As noted above, our CEO prepares an analysis for our Compensation Committee recommending each element of compensation to be paid to all other named executive officers, which our Compensation Committee may accept or adjust as it determines appropriate. To the extent not established by our Board of Directors, our Compensation Committee is also authorized to establish compensation and



benefits for our Chairman and for new and existing independent Directors.

Our CEO, Vice President of Human Resources and our external compensation consultant provide advice, analysis and recommendations to our Compensation Committee.

**Table of Contents**

As part of its ongoing oversight of our compensation programs, our Compensation Committee pays particular attention to the review of risks related to our reliance on equity compensation as a significant portion of the total compensation paid to our executive officers. We have determined that it is not reasonably likely that our compensation policies would have a material, adverse effect on the Company.

Our Compensation Committee and our Board of Directors considered the following elements of our compensation plans and policies when evaluating whether our plans and policies encourage our executives and employees to take unreasonable risks:

Our base salary component of compensation does not encourage risk taking because it is a fixed amount.

For our performance-based cash bonus programs, awards are based in part on the achievement of at least three objective performance measures, thus diversifying the risk associated with any single indicator of performance.

Awards under our performance-based cash bonus programs are also based on qualitative individual goals and overall performance that vary depending on each executive's role, which limits the risk associated with awarding cash bonuses based on Company financial metrics.

The Company uses performance-based restricted stock units that vest over successive three-year periods, time-based restricted stock units that vest over four-years, as well as stock options that have a 10-year life to provide a balanced equity portfolio to executives creating a level of diversification to withstand market fluctuations that might incent unreasonable risk if holders were limited to stock options.

Assuming achievement of a threshold level of performance, payouts under our performance-based plans result in some compensation at levels below full target achievement rather than an all-or-nothing approach, which could engender excessive risk taking.

We have a Long-Term Incentive Plan which awards our executives with performance-based restricted stock units based on the performance of our Common Stock over successive three-year periods providing executives with strong incentives to increase stockholder value over the long term. This plan is capped at between 100% - 150% of target awards to prevent excessive compensation or risk taking on the part of the participants.

Our Compensation Committee, or in the case of our CEO, our Board of Directors, determines achievement levels under the Company's performance-based cash bonus program in their discretion after reviewing Company and executive performance.

Our executive stock ownership policy requires executives to hold equity equal to a minimum of two times their base salary, or, in the case of our CEO, equal to a minimum of three times his base salary, and at least half of that minimum must be comprised of shares of stock, which aligns an appropriate portion of their personal wealth to our long-term performance.

### **Setting Executive Compensation**

To achieve our compensation objectives, our Compensation Committee has structured our annual and long-term performance-based cash and non-cash executive compensation to motivate executives to achieve the business goals set by us and reward executives for achieving such goals. In furtherance of these goals, our Compensation Committee engaged Compensia, Inc. ( Compensia ), an independent compensation consulting firm, to conduct a review of the total compensation program for our CEO and CFO, as well as for other key executives, for purposes of setting cash and equity compensation for Fiscal 2014. Compensia provides no other services to the Company.

## **Table of Contents**

Compensia provided our Compensation Committee with relevant market data and alternatives to consider when making compensation decisions for our CEO and the recommendations made by our CEO for our CFO and other executives.

In the fourth quarter of 2013, our Compensation Committee met to set 2014 cash and equity compensation for our NEOs and to determine our internal financial targets for 2014. The Compensation Committee reviewed the compensation analysis prepared by Compensia in the fourth quarter of 2013, which considered the size and growth of the Company and benchmarked our executive compensation against select peer companies to help set our NEOs' base salaries and target bonuses.

The peer companies developed by Compensia for consideration by our Compensation Committee in setting cash and equity compensation for our NEOs for 2014 are the following:

Akamai Technologies, Inc.	FactSet Research Systems, Inc.	Rackspace Hosting, Inc.
Autodesk, Inc.	Informatica Corporation	Red Hat, Inc.
Cadence Design Systems, Inc.	LinkedIn Corporation	Solera Holdings, Inc.
Compuware Corporation	MICROS Systems, Inc.	Synopsys, Inc.
Concur Technologies	Nuance Communications, Inc.	TIBCO Software, Inc.
Equinix, Inc.	PTC, Inc.	Verisign, Inc.

In relation to these peer companies as of the date of the 2013 Compensia analysis, our Company was at the 6<sup>th</sup> percentile in revenue, was at the 6<sup>th</sup> percentile in number of employees, was at the 80<sup>th</sup> percentile in operating income and was at the 74<sup>th</sup> percentile in market capitalization.

## **Elements of Executive Compensation and Allocation among Elements**

Our executive compensation program consists of the following three principal elements: base salary, performance-based cash bonus and performance-based and time-based equity grants in the form of stock options and restricted stock units, with an emphasis on performance-based compensation rather than base salary. Each element of compensation is chosen in order to attract and retain the necessary executive talent and to reward corporate performance by creating a balanced focus on shorter-term corporate performance and providing incentives for the attainment of long-term strategic goals and enhancing stockholder value. The allocation of each element of compensation is determined by our Compensation Committee for each executive based on the following factors:

performance against corporate, individual and organizational objectives for the fiscal year;

importance of particular skill sets and professional abilities to the achievement of long-term strategic goals; and

contribution as a leader, corporate representative and member of the senior management team.

While we believe in structuring executive compensation plans that give our executives incentive to deliver certain objective elements of corporate financial performance over specified time periods, we do not believe in a purely mechanical approach. Instead, part of our executive compensation philosophy includes an element of reward for

non-quantitative achievements demonstrated by our executives in the actions and decisions they have made throughout the year. When establishing our executive compensation plans for a given year, it is not possible to foresee all of the challenges and demands that will be made of our executives, both as a management team and in their areas of individual responsibility. We believe that, by rewarding decision-making and leadership, in addition to the achievement of quantifiable results, we are building a management team capable of creating stockholder value over the longer-term, while remaining disciplined in delivering shorter-term financial results.

The allocation of an executive officer's compensation among each of the compensation components is based on our competitive benchmarking, as appropriate, our recruiting and retention goals, our view of internal fairness and consistency and other considerations that our Compensation Committee deems relevant, such as extraordinary performance. However, our Compensation Committee does not structure compensation so that significant compensation derived from one component of compensation negates or offsets compensation from other components. While our Compensation Committee does not have a

## **Table of Contents**

formula for determining the appropriate allocation between cash and non-cash compensation or short-term and long-term performance-based compensation, historically our Compensation Committee has allocated a greater percentage of an employee's total compensation to performance-based equity compensation as he or she becomes more senior in the organization.

### **Consideration of Say-on-Pay Results**

Our Compensation Committee met to determine the compensation of our NEOs for 2014 prior to our annual meeting in 2014 at which our stockholders took a non-binding advisory vote on the compensation of our executives. The Compensation Committee considered the results of the 2013 non-binding advisory say-on-pay proposal in connection with the discharge of its responsibilities regarding executive compensation after receiving those results. Because approximately 99% of our stockholders voting on the say-on-pay proposal approved the compensation of our NEOs described in our proxy statement in 2014, the Compensation Committee did not implement significant changes to our executive compensation program as a result of the stockholder advisory vote.

### **Base Salary, Performance-Based Cash Bonus and Total Cash Compensation**

In December 2013, our Compensation Committee met to set 2014 cash and equity compensation for our NEOs and to determine our internal financial targets for 2014. As is our standard practice, the Compensation Committee reviewed the compensation analysis prepared by Compensia in the fourth quarter of 2013, which considered the size and growth of the Company and benchmarked our executive compensation against select peer companies.

Our internal financial targets for 2014 were \$965 million for internal non-GAAP revenue, \$463.2 million for internal non-GAAP operating profit and \$3.38 for internal non-GAAP earnings per share. When compared against these internal financial targets for 2014, we achieved 98% of our internal non-GAAP revenue target for 2014, 98% of our internal non-GAAP operating profit target for 2014 and 101% of our internal non-GAAP earnings per share target for 2014. We calculate internal non-GAAP revenue, internal non-GAAP operating profit and internal non-GAAP earnings per share as described in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on February 26, 2015 under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in the sections entitled Non-GAAP Results and Non-GAAP Measures beginning on pages 37 and 38, respectively, of the Form 10-K.

#### *Cash Compensation Generally*

Base salaries are intended to provide a fixed amount of compensation for an executive's regular work and are set at appropriate market levels, while performance-based cash bonuses are designed to reward our executives for the achievement of shorter-term financial goals and individual performance objectives. Our base salary determinations principally reflect the skills and performance levels of individual executives, our needs, and pay practices of comparable public companies. We establish executive base salaries conservatively relative to an appropriate set of peers. We believe this policy sets a prudent and fiscally responsible tone for our overall base salary compensation programs, while still enabling us to attract and retain employees who can contribute to our long-term success.

Performance-based cash bonuses effectively link individual contributions to overall business and individual performance and encourage executives to increase stockholder value in both the short and long term. Our philosophy with respect to the allocation of our overachievement of earnings in the form of performance-based cash bonuses is to reward our stockholders first and then to allocate bonus payments first to our employees and then to senior management and the CEO. The amount of performance-based cash bonus payments to be awarded to all executives, including the CEO, depends upon the achievement of corporate performance in the key areas of internal non-GAAP

revenue growth, operating profit and earnings per share in accordance with internal plan goals, which are established by our Board prior to the start of each fiscal year. Bonus payments up to 100% of target are based upon the achievement of these internal financial targets which have been aggressive and are not always achieved. Since 2000, the Company has achieved its internal revenue target approximately as often as it has not achieved it. Individual differences in bonus payments above, at or below 100% of target are determined based upon our achievement of internal non-GAAP financial targets and individual performance factors depending on the particular executive's role. Target bonuses for our executives range from 30% to 100% of base salary for Fiscal 2014, depending on the specific role

---

**Table of Contents**

and job responsibilities held by each of our executives. Our CEO's performance-based cash bonus is determined semi-annually and at year-end based on corporate, individual and organizational performance at mid-year and year-end. Performance-based cash bonuses for our other executive officers are determined quarterly and at year-end.

*Base Salaries Awarded in 2014*

Our Compensation Committee set our CEO's base salary at \$670,000 for Fiscal 2014, representing a 9.8% increase over the CEO's 2013 base salary. Compared to the peer companies listed above, Mr. Cashman's base salary for 2014 (\$670,000) was within the mid-point range at 96% of the median (\$701,000).

In setting base salaries to be paid to all other NEOs for Fiscal 2014, as discussed further above, Mr. Cashman recommended increases over 2013 levels for the base salaries of Ms. Shields, Mr. Abu-Hadba and Mr. Fredberg, consistent with the recommendations of the Committee's independent compensation consultant. Compared to the peer companies listed above, Ms. Shields' base salary for 2014 (\$322,000) was at 80% of the median (\$403,000), Mr. Abu-Hadba's base salary for 2014 (\$335,000) was at 91% of the median (\$370,000) and Mr. Fredberg's base salary for 2014 (\$270,000) was at 84% of the median (\$323,000). Mr. Kocis joined the Company in July 2014, and his base salary was set at \$325,000 consistent with market conditions and internal equity considerations. Our Compensation Committee concurred with Mr. Cashman's base salary recommendations for all NEOs.

*Performance-Based Cash Bonuses Awarded in 2014*

Our Compensation Committee awarded performance-based cash bonuses above or below 100% of target amounts for Fiscal 2014 because of our level of achievement of internal financial targets, and because of each executive's level achievement of his or her 2014 executive bonus plan goals as approved by our Compensation Committee. Under our executive bonus plan for 2014, target bonuses were set between 30% and 100% of base salary depending on the role and individual goals for each executive. As noted above, annual bonus payments of up to 100% of target for executives are based on our level of achievement of internal financial targets, and individual differences in bonus payments for each executive depend on individual goals and overall performance.

Performance-based cash bonuses for all NEOs were awarded between 94% and 103% of target for Fiscal 2014 because the Company performed at 98% of its internal non-GAAP revenue plan, 98% of its internal non-GAAP operating profit plan and 101% of its internal non-GAAP earnings per share plan for Fiscal 2014, and each executive's level of achievement of his or her individual bonus plan goals.

Individual goals for Mr. Cashman included achievement of annual corporate operational objectives relating to internal non-GAAP revenue growth, internal non-GAAP operating profit, internal non-GAAP earnings per share, cash management and days sales outstanding. Our Compensation Committee also considered individual strategic goals relating to organic growth, partnering, merger and acquisition plans and achievement, long-term strategic plans, evolution of product roadmaps and the creation of stockholder value, as well as individual goals relating to organizational and executive development, succession planning and stockholder and Board communications. For 2014, Mr. Cashman over-achieved the corporate operational goal for internal non-GAAP earnings per share, and under-achieved the corporate operational goals for internal non-GAAP revenue and internal non-GAAP operating profit, in relation to our internal financial targets. Mr. Cashman's cash bonus award also reflects his level of over-achievement of his individual goals as determined by our Compensation Committee and Board.

Individual goals for Ms. Shields in 2014 included improvements in organization and staff development, corporate governance, business operations, IT systems optimization, capital structure and business modeling, merger and acquisition activities, and oversight of the headquarters office project. Individual goals for Mr. Abu-Hadba in 2014



included evolution and organization of development teams, delivery of product roadmaps on schedule, and improvement in product output efficiency and quality. Mr. Kocis joined the Company in July 2014. Individual goals for Mr. Kocis in 2014 included achievement of the 2014 sales plan, delivery of a scalable, motivated, effective sales organization, short-term and long-range forecast accuracy, CRM system optimization, services growth and leveraging marketing investment. Individual goals for Mr. Fredberg in 2014 included short-term and long-range product planning, management of the marketing team and oversight of the Company's external messaging.

**Table of Contents**

Ms. Shields, Mr. Abu-Hadba and Mr. Fredberg each received performance-based cash bonus payments for 2014 that were below their targets, and Mr. Kocis received pro-rated performance-based cash bonus payments for 2014 that were above his target, because of our level of achievement of our internal non-GAAP revenue, internal non-GAAP operating profit and internal non-GAAP earnings per share financial targets, for non-quantitative achievements, and because of their level of performance in relation to the individual goals identified above.

In the aggregate for 2014, Mr. Cashman received a performance-based cash bonus of \$687,000, or 103% of his target bonus of \$670,000; Ms. Shields received a performance-based cash bonus of \$223,800, or 98% of her target bonus of \$228,000; Mr. Abu-Hadba received a performance-based cash bonus of \$238,820, or 96% of his target bonus of \$250,000; Mr. Kocis joined the Company in July 2014, and received a pro-rated performance-based cash bonus of \$115,730, or 102% of his pro-rated target bonus of \$243,750; Mr. Fredberg received a performance-based cash bonus of \$126,400, or 94% of his target bonus of \$135,000. Individual differences in performance-based cash bonus payments relative to targets were based on individual performance goals described above. Our Compensation Committee concurred with Mr. Cashman's achieved bonus recommendations for all NEOs.

*Total Cash Compensation Awarded in 2014*

Utilizing the peer companies developed by Compensia and listed on page 25, Mr. Cashman's targeted total cash compensation (\$1,340,000) was at 92% of the median (\$1,461,000). His actual total cash compensation (\$1,357,000) was at 93% of the median for the peer group (\$1,461,000).

Compared to the peer companies developed by Compensia and listed on page 25, targeted total cash compensation for Ms. Shields was at 78% of the median (\$702,000), targeted total cash compensation for Mr. Abu-Hadba was at 96% of median (\$611,000) and targeted total cash compensation for Mr. Fredberg was at 80% of the median (\$509,000). Mr. Kocis joined the Company in July 2014 and his total cash compensation was established at \$568,750 consistent with market conditions and internal equity considerations, and was at 84% of the median (\$675,000). Ms. Shields' actual total cash compensation was at 77% of the median, Mr. Abu-Hadba's actual total cash compensation was at 94% of the median and Mr. Fredberg's actual total cash compensation was at 78% of the median.

*Variations Among Executive Officer Compensation*

As our CEO and President, Mr. Cashman has primary responsibility for delivering results and managing operations. Accordingly, his compensation is determined based on Company-wide financial, organizational and strategic goals. Mr. Cashman has the highest performance-based component of his target bonus relative to his base salary, reflecting his overall operational and strategic responsibilities and their direct relationship to stockholder value. Because we performed against our internal financial targets at 98% for internal non-GAAP revenue, 98% for internal non-GAAP operating profit and 101% for internal non-GAAP earnings per share and he achieved many of his individual goals, Mr. Cashman received 103% of his target bonus for 2014. In addition, it is also our Compensation Committee's intent to ensure that Mr. Cashman's interests are aligned with the interests of our stockholders, and accordingly, his compensation is heavily weighted with performance-based equity components.

As described above, our Compensation Committee also relies on benchmarking data in assessing the reasonableness of the compensation for all of the named executive officers. Mr. Cashman's base salary of \$670,000 was at 96% of the median for CEOs in the peer group. Mr. Cashman's target bonus was equal to 100% of base salary, compared to the peer group median of 110% of base salary for target bonus, and he was awarded a performance-based cash bonus of \$687,000, or 103% of base salary, based on our level of achievement of our internal non-GAAP revenue, internal non-GAAP operating profit and internal non-GAAP earnings per share financial targets, and his level of achievement of his individual goals.

Ms. Shields, our chief financial officer, has a variable component in her target bonus that is principally tied to corporate performance because of her corporate-wide finance and administration responsibilities, including functional performance of finance, information technology, business operations and investor relations and consideration of potential acquisitions. Ms. Shields' target bonus was equal to 71% of base salary, compared to the peer group median of 75% of base salary.

---

**Table of Contents**

Mr. Abu-Hadba, our chief product officer, has a variable component in his target bonus that is based on delivery of the product roadmap, evolution of product architecture and integration, increased development productivity, collaboration on short and long-term product plans, and development of long-term technical initiatives. Mr. Abu-Hadba's target bonus was equal to 75% of base salary, compared to a peer group median of 65% of base salary.

Mr. Kocis, our vice president of worldwide sales and support, has a higher performance-based component in his target bonus relative to his base salary because of his responsibilities in driving sales and the heightened risk associated with his role. For example, individual goals for Mr. Kocis in 2014 included achievement of the 2014 sales plan, delivery of a scalable, motivated, effective sales organization, forecast accuracy, services development and marketing integration. Mr. Kocis' target bonus was equal to 75% of base salary, compared to the peer group median of 75% of base salary.

Mr. Fredberg, our vice president of marketing, has a variable component in his target bonus that is principally tied to the performance of the marketing team, the product planning process, public relations and marketing communications activities. Mr. Fredberg's target bonus was equal to 50% of base salary, compared with the peer group median of 55% of base salary.

**Performance-Based Equity Compensation**

Performance-based equity compensation is intended to align the interests of executives with long-term stockholder interests and to create incentives for executives to work cooperatively to ensure we continue our successful growth. We have no set formula for the granting of performance-based equity awards to individual executives or employees. In determining performance-based equity grants made in 2014, our Compensation Committee set aside a pool of performance-based equity awards by considering the number of equity awards available for grant under our Option Plan and reviewing an analysis prepared by our compensation consultant to determine market and stockholder value transfer levels. Our Compensation Committee believes that performance-based equity award grants help it achieve our compensation goals by giving executives a significant, long-term interest in our success, helping to attract and retain key executives in a competitive market for executive talent and aligning the interests of executives with long-term stockholder interests, thereby enhancing stockholder value. Our Compensation Committee believes that our performance-based equity compensation policies do not create risks that are reasonably likely to have a material and adverse effect on the Company.

Our NEOs are significantly impacted by fluctuations in the world economy and the Company's stock price as the compensation plans of our NEOs are more heavily weighted with performance-based equity compared to other employees and officers, so that their interests are aligned with the interests of our stockholders. The Company experienced relative stability in the price of its Common Stock during 2014 as compared to 2013 and, as a result, total compensation of our NEOs was impacted accordingly.

Our Compensation Committee monitors industry trends and applicable tax, accounting and regulatory changes and may in the future, for financial, competitive or other reasons, use other performance-based equity incentive vehicles in place of or in combination with stock options and restricted stock units.

*Performance-Based Equity Awards Granted for 2014*

During Fiscal 2014, we granted stock options, performance-based restricted stock units ( PSUs ), time-based restricted stock units ( RSUs ) and deferred stock units ( DSUs ) to acquire an aggregate of 653,540 shares of our Common Stock to our employees, officers and independent Directors, representing 0.72% of the outstanding shares of our Common Stock as of December 31, 2014. Of this aggregate amount, our five named executive officers received stock options to acquire an aggregate of 30,000 shares, 54,900 PSUs and 39,400 RSUs, or approximately 19% of the total equity we

granted in Fiscal 2014. Our employees and other officers received an aggregate of 112,790 stock options, 44,100 PSUs, 324,750 RSUs and 4,200 DSUs equal to approximately 74.3% of the total equity we granted in Fiscal 2014. Our independent Directors received an aggregate of 7,000 stock options and 36,400 DSUs equal to approximately 6.6% of the total equity we granted in Fiscal 2014 pursuant to the terms of our Option Plan.

**Table of Contents**

In setting the individual equity awards based on the available alternatives, our Compensation Committee considered:

comparisons to the peer group listed on page 25;

longer-term performance;

leadership potential;

the responsibilities to be assumed by each executive in the upcoming fiscal year;

the responsibilities of each executive in prior periods;

existing long-term equity performance;

the size of awards made to each executive in prior years relative to our overall performance;

available stock for issuance under our Option Plan; and

potential grants in future years and the projected retention incentive profile for each executive beyond 2014. In determining the equity awards for our NEOs in 2014, our Compensation Committee considered analysis and a recommendation from Compensia that equity awards be granted in the form of a combination of performance-based restricted stock unit awards and time-based restricted stock unit awards. In February 2014, Mr. Cashman, Ms. Shields, Mr. Abu-Hadba and Mr. Fredberg each received an equity award in the form of performance-based and time-based restricted stock units at the 50<sup>th</sup> to 75<sup>th</sup> percentile range of the grant guidelines identified by Compensia, which our Compensation Committee determined to be appropriate levels considering the factors noted as well as our historic equity grant levels, the equity grants to the employee population generally and each executive's overall level of compensation. Mr. Kocis received an option grant and a performance-based restricted stock unit award in July 2014 in connection with his commencement of employment with us consistent with market conditions and internal equity considerations.

*Long-Term Performance-Based Awards*

Long-term performance-based compensation is a combination of stock options, performance-based restricted stock units and time-based restricted stock units. The 2014 performance-based and time-based restricted stock unit grants were in aggregate between the competitive 50<sup>th</sup> and 75<sup>th</sup> percentiles for all NEOs.

*Performance-Based Restricted Stock Units*

Beginning in 2010, the Company established the ANSYS, Inc. Long-Term Incentive Plan (the "Long-Term Incentive Plan") for executives and other employees selected for participation by our Compensation Committee. Pursuant to the Long-Term Incentive Plan, executives receive an annual target award of performance-based restricted stock units, with performance assessed by comparing the Company's Total Stockholder Return ("TSR") to the NASDAQ Composite Index TSR over successive three (3) year periods.

For performance periods beginning prior to January 1, 2014, performance targets under the Long-Term Incentive Plan are as follows:

<b>3-Year Performance Relative to Index</b>	<b>Percentage of Target Award Granted</b>
≥110%	100%
100-110%	80-100%
95-100%	50-80%
90-95%	20-50%
<90%	0%

For the performance period beginning on January 1, 2012 and ending on December 31, 2014, no target awards were earned.

In 2014, the Long-Term Incentive Plan was amended and restated (the "Second Amended and Restated Long-Term Incentive Plan") to amend the performance targets under the Long-Term Incentive Plan for performance periods beginning on or after January 1, 2014. Under the Second Amended and Restated Long-Term Incentive Plan, one third of each award is

**Table of Contents**

eligible to be credited for each calendar year during each successive 3-year performance period, with performance assessed by comparing the Company's TSR relative to the NASDAQ Composite Returns Index TSR for each such calendar year. Specifically, one hundred percent (100%) of the applicable portion of the award for each sub-period is eligible to be earned if the TSR equals the NASDAQ Composite Returns Index over the same period. The applicable portion of the target award will be reduced by three percentage points for each percent by which the NASDAQ Composite Returns Index exceeds the TSR; provided, however, that the applicable portion of the target is reduced to zero percent (0%) if the NASDAQ Composite Returns Index exceeds the TSR by twenty-five percent (25%) or more. In addition, zero percent (0%) of the applicable portion of the target award will be earned for any sub-period in which there is both a negative TSR and the NASDAQ Composite Returns Index exceeds the TSR. The applicable portion of the target award will be increased by two percentage points for each percent by which the TSR exceeds the NASDAQ Composite Returns Index, up to a maximum of one-hundred and fifty percent (150%) of the target award. If, however, there is negative TSR that still exceeds the NASDAQ Composite Returns Index, a maximum of one-hundred percent (100%) of the target may be earned for such period. For purposes of illustration, the performance assessment is as follows:

Sample ANSYS Total Shareholder Return	Sample Performance Measurement Index	Difference between Sample ANSYS Total Shareholder Return and Performance Measurement Index		Performance Multiplier
		Sample ANSYS Total Shareholder Return	Performance Measurement Index	
40	15	+25		150%
40	30	+10		120%
40	40	0		100%
40	42	-2		94%
40	56	-16		52%
40	65	-25		25%
40	70	-30		0%
-10	-20	+10		100%
-10	-5	-5		0%

Performance-based restricted stock units credited pursuant to the Company's Second Amended and Restated Long-Term Incentive Plan will be settled in stock to our NEOs at the end of the full 3-year performance cycle, as long as the NEO remains employed by us for the duration of such 3-year period.

For the three-year performance period beginning on January 1, 2014, Mr. Cashman received a target award of 15,000 performance-based restricted stock units under the Company's Second Amended and Restated Long-Term Incentive Plan, Ms. Shields received a target award of 4,600 performance-based restricted stock units, Mr. Abu-Hadba received a target award of 5,350 performance-based restricted stock units, and Mr. Fredberg received a target award of 2,500 performance-based restricted stock units. For the performance sub-period beginning on January 1, 2014 and ending on December 31, 2014, no target awards were earned.

In addition to awards granted under the Second Amended and Restated Long-Term Incentive Plan, our NEOs received performance-based restricted stock units pursuant to our Option Plan. One third of each award is eligible to be credited for each calendar year during each successive 3-year performance period, with performance assessed by



comparing the Company's achieved non-GAAP revenue growth and non-GAAP operating margin with the Company's target non-GAAP revenue growth and non-GAAP operating margin as follows:

**Table of Contents****Performance Payout Matrix for 2014 Operating Metrics**

	<b>Revenue Growth</b>	<b>9.5%</b>	<b>10.0%</b>	<b>11.5%</b>	<b>13.0%</b>	<b>15.0%</b>
<b>Operating Margin</b>	47%	0%	50%	70%	90%	120%
	48%	35%	60%	100%	120%	150%
	49%	40%	70%	110%	120%	130%
	50%	45%	80%	120%	130%	150%

Performance-based restricted stock units credited pursuant to the Company's Option Plan will be issued to our NEOs at the end of each successive 3-year performance period, as long as the NEO remains employed by us for the duration of the 3-year performance period.

For the three-year performance period beginning on January 1, 2014, Mr. Cashman received a target award of 15,000 performance-based restricted stock units under the Company's Option Plan, Ms. Shields received a target award of 4,600 performance-based restricted stock units, Mr. Abu-Hadba received a target award of 5,350 performance-based restricted stock units, and Mr. Fredberg received a target award of 2,500 performance-based restricted stock units. For the performance sub-period beginning on January 1, 2014 and ending on December 31, 2014, it was determined that 10% Revenue Growth and 48% Operating Margin had been achieved resulting in each of Mr. Cashman, Mr. Abu-Hadba and Ms. Shields earning 60% of the portion of the target award eligible to be earned for 2014. Accordingly, 3,000, 920 and 1,070 performance stock units have been banked for each of Mr. Cashman, Mr. Abu-Hadba and Ms. Shields, which units will become vested on December 31, 2016 subject to each executive's continued employment through such date. In making its determination of the achievement of the 2014 operating metrics, the Compensation Committee exercised its discretion to determine the amounts and types of revenue that would be included for this purpose. Had the Compensation Committee not exercised such discretion, no target awards would have been earned.

*Time-Based Restricted Stock Units*

In March 2014, pursuant to the Company's Option Plan, our NEOs also received time-based restricted stock unit awards that vest annually in equal installments over four (4) years, subject to the NEO's continuous employment with us. Mr. Cashman received an award of 20,000 time-based restricted stock units, Ms. Shields received an award of 6,100 time-based restricted stock units, Mr. Abu-Hadba received an award of 6,100 time-based restricted stock units, Mr. Kocis received an award of 4,000 time-based restricted stock units, and Mr. Fredberg received an award of 3,200 time-based restricted stock units.

Differences in performance-based and time-based restricted stock unit awards among NEOs reflect factors such as individual roles and responsibilities, past performance and execution history, experience on the management team and retention factors. No shares of stock will vest or be issued pursuant to these target awards until the end of each three-year performance period and provided performance targets are achieved.

*Equity Grant Policy*

In October 2006, our Compensation Committee approved and adopted the ANSYS, Inc. Equity Grant Policy effective December 31, 2006. Under our policy, all grants, and the terms and conditions thereof, are authorized and approved by our Compensation Committee and by our Board of Directors with respect to grants made to our CEO. Our Compensation Committee may authorize block grants of options or stock for employees who are not our executive officers or directors, and delegate the allocation of those awards to our CEO, CFO, General Counsel and Vice President of Human Resources. Our Compensation Committee has delegated to our CEO and Vice President of Human Resources authority to make new hire option grants of up to 10,000 options per new hire, not to exceed an

aggregate of 50,000 delegated new hire option grants per calendar quarter, and new hire restricted stock unit grants of up to \$350,000 per new hire, not to exceed an aggregate of \$700,000 per calendar quarter. Our Compensation Committee must authorize and approve any changes to the terms and conditions of any grant and any exceptions to our policy.

---

**Table of Contents**

Under our policy, grants to existing directors, officers, employees, consultants and key persons occur during open trading windows when all material information, including our earnings, has been publicly disclosed. Accordingly, the grant date for all grants will be the later of (i) forty-five (45) days after the end of each calendar quarter or the next business day thereafter, or (ii) two (2) business days after the start of our next open trading window after the end of a calendar quarter or the next business day thereafter, unless otherwise determined by our Compensation Committee. No grant date shall precede the date the grant was authorized by our Compensation Committee. The grant date for delegated new hire grants shall be the last business day of the month in which the hire date occurs and shall not precede the employee's hire date.

The grant or exercise price for all grants will be the fair market value of the stock on the grant date. It is our policy to set the fair market value equal to the closing price of the stock on the grant date.

*Equity Ownership by Executives*

On July 25, 2007, our Committee approved Management Stock Ownership Guidelines. Under these guidelines, our CEO is required to own equity in the Company equal to a minimum of three times his or her base salary, and all other members of our senior management team are required to own equity in the Company equal to a minimum of two times their base salary, and to attain this minimum stock ownership level within four years. For purposes of this calculation, at least one half of the minimum must be comprised of shares of stock and the balance may be comprised of up to one half of the in-the-money value of an executive's stock option gains. The Management Stock Ownership Guidelines are part of our Corporate Governance Guidelines and are available on our website at [www.ansys.com](http://www.ansys.com) in the Investor Relations section under the heading Corporate Governance.

*Recoupment of Compensation*

On May 12, 2010, our Board of Directors established a Recoupment of Compensation policy. Under the policy, if our Board determines in its sole discretion that the Company's financial results are restated, whether in part or in their entirety, due to misconduct by one or more executive officers, the Board shall have the discretion to use commercially reasonable best efforts to remedy the misconduct and prevent its recurrence. The Board may determine, to the fullest extent permitted by law, to (i) recoup any bonus or other performance-based compensation that has been paid, (ii) cancel any equity-based awards made, and/or (iii) recoup any gains made under equity-based awards made, to any executive officer engaged in such misconduct. The Board may also take any of the actions described in the preceding sentence in the event that one of the Company's executive officers violates the terms of a non-competition agreement with the Company. The Recoupment of Compensation policy is part of our Corporate Governance Guidelines and is available on our website at [www.ansys.com](http://www.ansys.com) in the Investor Relations section under the heading Corporate Governance.

*Anti-Hedging Policy*

Under our Policy on Insider Trading and Insider Trading Procedures, no insider, which includes all of our Directors and NEOs, may at any time sell any securities of the Company that are not owned by such insider at the time of sale (a short sale). In addition, no insider may buy or sell puts, calls or other derivative securities of the Company, or pledge securities of the Company, at any time.

**Perquisites**

Some of our executives receive de minimus benefits that are not available to all of our employees. We do not provide aircraft or premium travel allowances to our executives, and we have no deferred compensation, pension

arrangements, post-retirement health coverage or similar benefits for our executives.

*Perquisites Provided in 2014*

All of our named executive officers participated in the same Company retirement plans that are available to all of our eligible employees. Mr. Cashman, Ms. Shields and Mr. Fredberg each received a Company retirement plan contribution of

**Table of Contents**

\$10,225, and Mr. Abu-Hadba received a Company retirement plan contribution of \$6,817. Mr. Cashman received an auto allowance of \$7,200, reimbursement for auto usage-related expenses of \$764 and life insurance premiums totaling \$3,430. Mr. Kocis received a sign-on bonus of \$100,000. Our corporate health and other insurance plans are the same for all eligible employees, and our executives pay the same premiums as our other employees who are enrolled in our plans.

**Post-Employment Compensation***Retirement Benefits*

We do not provide pension arrangements or post-retirement health coverage for our executives or employees, except as provided in certain employment agreements and our Executive Severance Plan discussed beginning on page 35. Our U.S.-based employees are eligible to participate in our 401(k) plan or that of one of our subsidiaries. In any plan year, we will contribute to each ANSYS, Inc. participant a matching contribution as follows: a dollar-for-dollar match for the first 3% an employee contributes to his or her 401(k) account, and a 25% match on the next 5% an employee contributes, for a maximum matching payment by us of 4.25%. All other executives are eligible to participate in the retirement plans offered generally to employees in the location where they are employed.

*Nonqualified Deferred Compensation*

We do not provide any nonqualified defined contribution or other deferred compensation plans.

*Other Post-Employment Payments*

We do not provide post-employment health coverage or other benefits, except in connection with certain employment agreements, details of which are included below under Employment, Severance and Change-of-Control Agreements.

*Employment, Severance and Change of Control Agreements*

All of our employees, including our executive officers, are employees-at-will and as such do not have employment contracts with us, except in the case of our CEO and some employees of our foreign or acquired subsidiaries, which is consistent with our moderately conservative compensation philosophy. We have entered into severance agreements with these individuals because of the unique situations of each of these executives.

We have an employment agreement with Mr. Cashman, which was entered into in April 2003 based on competitive and benchmark data at that time. Mr. Cashman's severance payment and change of control benefits were established in 2003 for retention reasons and because his role is viewed by our Compensation Committee as critical to any change of control which could be advantageous to our stockholders. His payments reflect competitive comparisons made at the time to the following peer companies: Advent Software, Inc., Ansoft Corp., Business Objects SA, Cadence Design Systems Inc., Citrix Systems, Inc., Kronos Inc., Manhattan Associates, Inc., MapInfo Corp., Mentor Graphics Corp., Mercury Interactive, Moldflow Corp., MSC Software Corp., MTS Systems Corp. and Parametric Technology Corp. Mr. Cashman's employment agreement (i) provides for an annual base salary and participation in our executive bonus plan, (ii) provides for termination benefits equal to two times his combined salary and target bonus and continuation of benefits then in effect if we terminate him without cause at any time or demote or terminate him with or without cause within 180 days following a change of control of us, or if he resigns following our material breach of his employment agreement, (iii) in the case of change of control of us, provides for accelerated vesting of stock options, (iv) provides Mr. Cashman with a \$2.0 million term life insurance policy, the proceeds of which are payable to beneficiaries designated by Mr. Cashman, and (v) restricts competitive activities by Mr. Cashman for two years

following the termination of his employment with us regardless of the basis of that termination. Our compensation consultant reviewed these terms in December 2006 and verified that they were in line with competitive practices.

In March 2011, Mr. Cashman's employment agreement was amended in two respects. First, the agreement was revised to include a fixed term. Prior to the amendment, Mr. Cashman's agreement would remain in place perpetually until terminated by either party. As revised, the agreement now has a five-year term with annual renewals thereafter. At the end

## **Table of Contents**

of the five-year term, and, if renewed, at the end of each annual renewal period thereafter, either party can give notice of its desire to terminate the agreement. If the Company chooses not to renew the agreement at the end of the term, or any annual renewal period thereafter, it would be considered a termination of the agreement without cause. Our Board of Directors made this change to the agreement in order to give it an opportunity to periodically review Mr. Cashman's employment agreement and determine whether the agreement should be renewed based on the then current circumstances. Accordingly, our Board of Directors intends to review Mr. Cashman's employment agreement at the end of the five-year term to determine whether it should be renewed, and if so, will then review the agreement on an annual basis thereafter.

In addition to adding a fixed term, Mr. Cashman's agreement was amended to provide for double-trigger accelerated vesting for stock options granted to Mr. Cashman on or after February 17, 2011. Mr. Cashman's employment agreement previously provided for single-trigger acceleration of his stock options in the event of a change of control. New grants of stock options to Mr. Cashman would only become vested and exercisable under his employment agreement in connection with a change of control if Mr. Cashman's employment with the Company or its successor is terminated during the 18-month period following the change of control, and such termination by the Company is without cause or by Mr. Cashman for good reason as such terms are defined in his employment agreement.

On February 17, 2010, the Company adopted the ANSYS, Inc. Executive Severance Plan, which was amended as of July 29, 2014, ( "Executive Severance Plan" ), for executives and other employees selected for participation by our Compensation Committee. Pursuant to the Executive Severance Plan, covered executives whose employment with the Company is terminated for any reason other than for cause or a change of control of the Company will receive a lump-sum severance payment equal to the sum of six (6) months' base salary and target bonus and an amount equal to the earned, but unpaid, portion of the covered executive's target bonus, as well as twelve (12) months' health and welfare benefits and outplacement services up to \$15,000 in the aggregate. In the event the employment of a covered executive is terminated within eighteen (18) months of a change of control of the Company and without cause, the covered executive will (a) receive a lump-sum severance payment equal to the sum of twelve (12) months' base salary and target bonus and an amount equal to the earned, but unpaid, portion of the covered executive's target bonus, (b) receive twelve (12) months' health and welfare benefits and outplacement services up to \$15,000 in the aggregate and (c) have all outstanding stock options and other outstanding stock-based awards accelerate and become fully exercisable and non-forfeitable as of the date of such termination of employment. Ms. Shields, Mr. Abu-Hadba, Mr. Kocis and Mr. Fredberg currently participate in the Executive Severance Plan.

We have stock option agreements with all employees and executive officers who have been granted stock options. All of our employee stock option agreements, including those of Mr. Cashman, Ms. Shields, Mr. Abu-Hadba, Mr. Kocis and Mr. Fredberg, are subject to double-trigger vesting, meaning that if within 18 months of a change of control, their respective employment is terminated without cause or is terminated by such employee after any adverse modification of his or her duties, principal employment location or compensation, then all stock options and performance-based restricted stock units awarded to that employee would become fully vested. Assuming a change of control occurred on December 31, 2014, their employment terminated on December 31, 2014, and the price per share paid in the change of control is the closing market price as of that date, Mr. Cashman would have received \$12,279,500, Ms. Shields would have received \$4,350,100, Mr. Abu-Hadba would have received \$4,903,600 and Mr. Kocis would have received \$2,788,000 in connection with the vesting of their stock options, PSUs and RSUs.

Had a change of control occurred during Fiscal 2014 and had their employment been terminated on December 31, 2014, Mr. Cashman, Ms. Shields, Mr. Abu-Hadba, Mr. Kocis and Mr. Fredberg would have been eligible to receive the severance payments set forth in the table entitled "Potential Payments Under Employment, Severance and Change-of-Control Agreements" on page 39 of this Proxy Statement.



Our Compensation Committee has implemented these change of control arrangements because it believes that such arrangements are necessary to protect the interests of our senior executives when a potential change of control could affect our executives' job security, authority or compensation and that these arrangements help us recruit and retain executive-level talent. These change of control arrangements also promote the interests of our stockholders by mitigating the senior executives' concerns about such potential matters and thereby assuring that management provides guidance to the Board of Directors and stockholders that is not related to such concerns. In general, change of control agreements are in place to provide appropriate incentive in a change of control situation positive to stockholders.

Table of Contents

**Compensation Earned**  
**Summary Compensation Table**  
**(Fiscal Year 2014)**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) (1)	Option Awards (\$) (2)	Change in Pension Value & Non- Equity Incentive Plan Earnings			All Other (\$ (3)	Total (\$)
						Deferred	Non- Equity	Other		
James E. Cashman III, CEO	2014	\$ 670,000	\$ 687,000	\$ 3,913,650				\$ 21,619		\$ 5,292,269
	2013	\$ 610,000	\$ 579,500	\$ 1,853,520				\$ 22,643		\$ 3,065,663
	2012	\$ 580,000	\$ 562,500	\$ 1,599,500	\$ 1,584,640			\$ 25,287		\$ 4,351,927
Maria T. Shields, CFO	2014	\$ 318,942	\$ 223,800	\$ 1,197,406				\$ 10,225		\$ 1,750,373
	2013	\$ 299,874	\$ 190,710	\$ 849,530				\$ 10,113		\$ 1,350,227
	2012	\$ 277,450	\$ 183,300	\$ 639,800	\$ 445,680			\$ 9,875		\$ 1,556,105
Walid Abu-Hadba, CPO	2014	\$ 333,333	\$ 238,820	\$ 1,309,689				\$ 6,817		\$ 1,888,659
	2013	\$ 225,417	\$ 174,898	\$ 759,100	\$ 1,286,120			\$ 153,425		\$ 2,598,910
Robert Kocis, Vice President Sales	2014	\$ 151,458	\$ 115,730	\$ 307,760	\$ 819,051			\$ 100,000		\$ 1,493,999
Joshua Fredberg, Vice President Marketing	2014	\$ 268,125	\$ 126,400	\$ 641,155				\$ 10,225		\$ 1,045,905
	2013	\$ 257,292	\$ 113,850	\$ 494,272				\$ 10,113		\$ 875,527
	2012	\$ 247,817	\$ 111,000	\$ 575,820	\$ 247,622			\$ 9,875		\$ 1,192,134

- (1) For operating metric-based PSUs and time-based RSUs, determined based on a price per share which was the closing price of the Company's Common Stock on the date of grant. For TSR-based PSUs, valued at \$66.31 per share using a Monte Carlo simulation model. For 2014, the grant date for Mr. Cashman, Ms. Shields, Mr. Abu-Hadba and Mr. Fredberg was March 5, 2014 and the closing price of a share of the Company's common stock was \$83.40. For 2013, the grant date for Mr. Cashman, Ms. Shields and Mr. Fredberg was March 4, 2013 and the closing price of a share of the Company's common stock was \$77.23. For 2012, the grant date for Mr. Cashman, Ms. Shields and Mr. Fredberg was March 1, 2012 and the closing price of a share of the Company's common stock was \$54.38. Mr. Abu-Hadba joined the Company in April 2013. The grant date for his award was April 30, 2013 and the closing price of a share of the Company's common stock was \$80.86. Mr. Kocis joined the Company in July 2014. The grant date for his award was July 31, 2014 and the closing price of a share of the Company's common stock was \$76.94.
- (2) The grant date fair value of these option grants was determined using a Black-Scholes option pricing model. Refer to Note 12 to Consolidated Financial Statements included in the Annual Report on Form 10-K filed February 28, 2013, Note 13 to Consolidated Financial Statements included in the Annual Report on Form 10-K

filed on February 27, 2014 and Note 12 to Consolidated Financial Statements included in the Annual Report on Form 10-K filed on February 26, 2015 for the relevant assumptions used to determine the valuation of our option awards in 2012, 2013 and 2014. The amounts in the table reflect the dollar amount that was or will be recognized for financial statement reporting purposes over the four-year vesting period, computed in accordance with accounting guidance for stock-based compensation. These amounts reflect the fair values of these awards on the grant date, and do not correspond to the actual value that may be recognized by the NEOs.

- (3) For Mr. Cashman, consists of life insurance premiums of \$3,430, auto allowance of \$7,200, costs for reimbursement for auto usage-related expenses of \$764 and Company contributions to the 401(k) plan of \$10,225 for 2014. For Ms. Shields, Mr. Abu-Hadba and Mr. Fredberg, consists of Company contributions to the 401(k) plan of \$10,225, \$6,817 and \$10,225, respectively, for 2014. For Mr. Kocis, consists of a sign-on bonus of \$100,000.

Table of Contents**Grants of Plan-Based Awards****(Fiscal Year 2014)**

Name	Grant Date	Date of Compensation Committee Approval	Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(1)
			Threshold (\$)	Target (#)	Max. (#)				
James E. Cashman III, CEO	03/05/14	03/05/14		15,000	22,500				\$ 994,650
	03/05/14	03/05/14		15,000	22,500				\$ 1,251,000
	03/05/14	03/05/14				20,000			\$ 1,668,000
Maria T. Shields, CFO	03/05/14	03/05/14		4,600	6,900				\$ 305,026
	03/05/14	03/05/14		4,600	6,900				\$ 383,640
	03/05/14	03/05/14				6,100			\$ 508,740
Walid Abu-Hadba, CPO	03/05/14	03/05/14		5,350	8,025				\$ 354,759
	03/05/14	03/05/14		5,350	8,025				\$ 446,190
	03/05/14	03/05/14				6,100			\$ 508,740
Robert Kocis, Vice President Sales	07/31/14	07/28/14				4,000			\$ 307,760
	07/31/14	07/28/14					30,000	\$ 76.94	\$ 819,051
Joshua Fredberg, Vice President Marketing	03/05/14	03/05/14		2,500	3,750				\$ 165,775
	03/05/14	03/05/14		2,500	3,750				\$ 208,500
	03/05/14	03/05/14				3,200			\$ 266,880

- (1) For operating metric-based PSUs and time-based restricted stock awards, determined based on a price per share which was the closing price of the Company's Common Stock on the date of grant. For TSR-based PSUs, valued at \$66.31 per share using a Monte Carlo simulation model. For 2014, the grant date for Mr. Cashman, Ms. Shields, Mr. Abu-Hadba and Mr. Fredberg was March 5, 2014 and the closing price of a share of the Company's common stock was \$83.40. For Mr. Kocis, the grant date was July 31, 2014 and the closing price of a

share of the Company's common stock was \$76.94. The grant date fair value of the option grant was determined using a Black-Scholes option pricing model. Refer to Note 12, "Stock-based Compensation" beginning on page 76 of the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K filed on February 26, 2015 for the relevant assumptions used to determine the valuation of our option award in 2014. The amount in the table reflects the dollar amount that will be recognized for financial statement reporting purposes over the four-year vesting period, computed in accordance with accounting guidance for stock-based compensation. The grant date fair value of the performance-based restricted stock awards was determined based on a price per share which was the closing price of the Company's common stock on the date of grant. These amounts reflect the fair values of these awards on the grant date, and do not correspond to the actual value that may be recognized by the NEOs.

Our Compensation Committee authorized the grant of new hire stock option and RSU awards to Mr. Kocis at a meeting which was held on July 28, 2014. In keeping with our standard policy and practice, the awards were granted on July 31, 2014, consistent with the Company's Equity Grant Policy. The exercise price of the stock options that were awarded was \$76.94 per share, the closing price of our Common Stock on the grant date as reported on the NASDAQ Global Select Market. The terms of the options provide for vesting in four equal annual installments commencing one year from the date of grant. The options have a 10-year life.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End****(Fiscal Year 2014)**

	Option Awards					Stock Awards		
			Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) Exercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Market Value of Shares or Units that Have Not Vested (\$)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
James E. Cashman III, CEO	140,000				\$ 24.01	11/20/16		
	110,000				\$ 38.75	11/15/17		
	99,996				\$ 28.40	11/14/18		
	75,000				\$ 40.89	11/16/19		
	72,958				\$ 48.97	11/15/20		
	56,250	18,750(1)			\$ 58.67	11/14/21		
	32,000	32,000(2)			\$ 67.44	11/14/22		
							25,000	\$ 2,050,000
Maria T. Shields, CFO	32,000				\$ 38.75	11/15/17		
	35,000				\$ 28.40	11/14/18		
	31,000				\$ 40.89	11/16/19		
	31,000				\$ 48.97	11/15/20		
	23,250	7,750(3)			\$ 58.67	11/14/21		
	9,000	9,000(4)			\$ 67.44	11/14/22		
							10,000	\$ 820,000
							11,000	\$ 902,000
Walid Abu-Hadba, CPO	11,000	33,000(5)			\$ 80.86	4/30/23		
							16,800	\$ 1,377,600
Robert Kocis, Vice President Sales		30,000(6)			\$ 76.94	07/31/24		
							4,000	\$ 328,000

Joshua Fredberg,  
Vice President  
Marketing

- (1) An option to acquire 18,750 shares vests on November 14, 2015.
- (2) An option to acquire 16,000 shares vests on November 14 of each year from 2015-2016.
- (3) An option to acquire 7,750 shares vests on November 14, 2015.
- (4) An option to acquire 4,500 shares vests on November 14 of each year from 2015-2016.
- (5) An option to acquire 11,000 shares vests on April 30 of each year from 2015-2017.
- (6) An option to acquire 7,500 shares vests on July 31 of each year from 2015-2018.
- (7) Determined based on a price per share which was the closing price of the Company's Common Stock as of December 31, 2014 (\$82.00).

37

**Table of Contents****Option Exercises and Stock Vested****(Fiscal Year 2014)**

<b>Name (a)</b>	<b>Option Awards</b>		<b>Stock Awards</b>	
	<b>Number of Shares Acquired on Exercise (#)</b>	<b>Value Realized on Exercise (\$)</b>	<b>Number of Shares Acquired on Vesting (#)</b>	<b>Value Realized on Vesting (\$)</b>
James E. Cashman III, CEO	378,342	\$ 23,019,767	25,000	\$ 2,077,750
Maria T. Shields, CFO	40,000	\$ 2,224,636	10,000	\$ 831,100
Walid Abu-Hadba, CPO				
Robert Kocis, VP Sales				
Joshua Fredberg, VP Marketing	60,680	\$ 1,744,544	9,000	\$ 747,990

**Potential Payments under Employment, Severance and Change-of-Control Agreements**

The table below sets forth the payments that the Company would be required to make in the event that any of the named executed officers was terminated (i) without cause, (ii) in the case of Mr. Cashman, if he resigns following a material breach of his employment agreement by the Company or if he is terminated or demoted within 180 days of a change of control, or (iii) in the case of the NEOs other than Mr. Cashman, if the employee terminated his or her employment within 18 months of a change of control for good reason.

<b>Name</b>	<b>Salary &amp; Bonus (\$)</b>	<b>Benefits (\$)(1)</b>	<b>Outplacement Services (\$)</b>	<b>Total (\$)(2)</b>
James E. Cashman III, CEO	\$ 2,680,000	\$ 133,688	\$ 69,600	\$ 2,883,288
Maria T. Shields, CFO	\$ 275,000	\$ 16,625	\$ 15,000	\$ 306,625
Walid Abu-Hadba, CPO	\$ 292,500	\$ 16,625	\$ 15,000	\$ 324,125
Robert Kocis, VP Sales	\$ 284,375	\$ 14,369	\$ 15,000	\$ 313,744
Joshua Fredberg, VP Marketing(3)	\$ 202,500	\$ 16,625	\$ 15,000	\$ 234,125

- (1) Consists of accrued vacation and certain benefits.
- (2) Mr. Cashman is entitled to two years of salary, target bonus and certain benefits. The amounts set forth in this row show the aggregate payments to which he is entitled over the two-year period. Ms. Shields, Mr. Abu-Hadba, Mr. Kocis and Mr. Fredberg are subject to the Company's Executive Severance Plan, which entitles them to six months base salary and target bonus, twelve months of benefits and outplacement services (or, if terminated within 18 months of a change of control, twelve months base salary and target bonus, twelve months of benefits and outplacement services).
- (3) Mr. Fredberg resigned as the Company's Vice President of Marketing effective December 31, 2014. In addition to the payments set forth in the table above, upon a change in control, the named executed officers, except for Mr. Fredberg, would be entitled to vesting of their options under certain circumstances as further described above under Post-Employment Compensation Employment, Severance and Change-of-Control Agreements.



Each of Mr. Cashman, Ms. Shields, Mr. Abu-Hadba and Mr. Kocis are subject to double-trigger vesting for and stock options and RSUs. Assuming a change of control occurred and termination of employment on December 31, 2014 and that the price per share is the closing market price as of that date, Mr. Cashman, Ms. Shields, Mr. Abu-Hadba and Mr. Kocis would have received \$12,279,500, \$4,350,100, \$4,903,600 and \$2,788,000, respectively.

---

**Table of Contents**

**Compensation Consultant**

In 2013, our Compensation Committee retained Compensia and directed Compensia to prepare a competitive assessment of our CEO and executive officer compensation program and our director compensation program. In preparing each of its analyses, Compensia developed a peer group of public companies consisting of firms comparable in size and industry to ours, and analyzed our relative performance in terms of revenue, number of employees, operating income and market capitalization. Our Compensation Committee considered the recommendations of Compensia when making executive compensation decisions in Fiscal 2014.

**Tax and Accounting Considerations**

Section 162(m) of the Internal Revenue Code of 1986, as amended, limits the federal income tax deductibility of compensation paid to the Company's CEO and the three highest compensated executive officers. For this purpose, compensation can include, in addition to cash compensation, the difference between the exercise price of stock options and the value of the underlying stock on the date of exercise as well as the compensation attributable to certain other types of equity incentive awards. The Company may deduct compensation with respect to any of these individuals only to the extent that during any fiscal year such compensation does not exceed \$1 million or meets certain other conditions (such as stockholder approval) to be considered performance based compensation for purposes of Section 162(m) of the Code. Considering the Company's current compensation plans and policy, the Company and the Compensation Committee expect that, for the near future, the impact of any lost tax deductions as a result of Section 162(m) of the Code should not be material. We reserve the right, however, to use our judgment to modify the Company's compensation plans and policies to maximize deductibility, and/or to continue to authorize compensation payments that do not comply with the exemptions in Section 162(m) when we believe that such payments are appropriate and in the best interests of the stockholders, after taking into consideration changing business conditions or the officer's performance.

**Compensation Committee Report**

Our Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis (the "CD&A") for Fiscal 2014 with management, and has recommended to our Board of Directors that the CD&A be included in our proxy statement for Fiscal 2014, and be incorporated by reference in our Annual Report on Form 10-K for Fiscal 2014 for filing with the Securities and Exchange Commission.

**COMPENSATION COMMITTEE**

Patrick J. Zilvitis, Chairman

Ronald W. Hovsepian

William R. McDermott

***INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM***

Deloitte & Touche LLP, an independent registered public accounting firm, served as our independent auditor for Fiscal 2014, and has reported on our 2014 consolidated financial statements and internal control over financial reporting. Our Audit Committee appointed Deloitte & Touche LLP to serve as our independent auditor for fiscal year 2015 and we are seeking your ratification of that appointment. A representative of Deloitte & Touche LLP will be present at our Annual Meeting, will be given the opportunity to make a statement if he or she so desires, and will be

available to respond to appropriate questions.

### **Audit Committee Report to Stockholders**

The Audit Committee selects the Company's independent registered public accounting firm to audit financial statements and to perform services related to the audit, reviews the scope and results of the audit with the independent registered public accounting firm, reviews with management and the independent registered public accounting firm the Company's quarterly and annual operating results, including the Company's audited financial statements, reviews the periodic disclosures related to the Company's financial statements, considers the adequacy of the Company's internal accounting procedures, oversees internal audit and compliance with the Sarbanes-Oxley Act of 2002, oversees the Company's risk management policies and practices and establishes policies for business values, ethics and employee relations.

**Table of Contents**

With respect to Fiscal 2014, the Audit Committee:

Reviewed and discussed the audited financial statements with the Company's management;

Discussed with Deloitte & Touche LLP, the Company's independent registered public accounting firm, the matters required to be discussed by the PCAOB's Auditing Standard No. 16, as amended, (Communications with Audit Committees) and SEC Rule 2-07 of Regulation S-X; and

Received the written disclosures and the letter from Deloitte & Touche LLP required by Independence Standards Board Standard No. 1, and has discussed with Deloitte & Touche LLP its independence. Based on these reviews and discussions, our Audit Committee has recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for Fiscal 2013 for filing with the Securities and Exchange Commission.

**AUDIT COMMITTEE**

Bradford C. Morley, Chairman

Ajei S. Gopal

Barbara V. Scherer

Michael C. Thurk

**Independent Registered Public Accounting Firm Services and Fees**

The Company has selected Deloitte & Touche LLP as its independent registered public accounting firm for the fiscal year ending December 31, 2015.

A representative of Deloitte & Touche LLP will be present at our Annual Meeting and will be given the opportunity to make a statement if he or she so desires. The representative will be available to respond to appropriate questions.

Our Audit Committee pre-approves all auditing services and the terms thereof and all non-audit services, provided that the pre-approval requirement is waived for any non-audit services if the de minimus exception set forth in Section 10A(i)(1)(B) of the Securities Exchange Act is satisfied.

The following table sets forth the aggregate fees billed to the Company for professional services rendered by our principal accounting firm, Deloitte & Touche LLP, for the fiscal years ended December 31, 2014 and 2013, including the reviews of the financial statements included in our Form 10-Q filings and general accounting consultations.

	<b>2014</b>	<b>2013</b>
Audit Fees	\$ 1,063,000	\$ 981,000

Edgar Filing: ANSYS INC - Form DEF 14A

Audit-Related Fees	\$ 143,000	\$ 143,000
Tax Fees(1)	\$ 708,000	\$ 462,000
All Other Fees	\$ 3,000	\$ 0
	\$ 1,917,000	\$ 1,586,000

- (1) Tax fees in 2014 did not exceed audit and audit-related fees paid to Deloitte & Touche LLP, and \$435,000 of the tax fees incurred in 2014 related to tax compliance and preparation. Tax fees in 2013 did not exceed audit and audit-related fees paid to Deloitte & Touche LLP in 2013, and \$385,000 of the tax fees incurred in 2013 related to tax compliance and preparation.

Deloitte & Touche LLP did not provide any services to us related to financial information systems design and implementation during 2014 or 2013.

Audit Fees in 2014 and 2013 consisted of fees billed for professional services rendered for the audit of our annual financial statements and management's report on internal control included in our Annual Reports on Form 10-K and for the review of the financial statements included in our Quarterly Reports on Form 10-Q, as well as services that generally only our independent registered public accountants can reasonably provide, including statutory audits and services rendered in connection with SEC filings.

---

**Table of Contents**

Audit-Related Fees are for assurance and related services by Deloitte & Touche LLP that are reasonably related to the performance of the audit or review of our financial statements, including financial and tax due diligence related to business acquisitions.

Tax Fees consisted of fees billed for tax compliance, consultation and planning services.

The services performed by the independent registered public accounting firm in 2014 and 2013 were pre-approved in accordance with the pre-approval policy and procedures adopted by our Audit Committee. The policy requires that during each of the Audit Committee's scheduled quarterly meetings, a description of services requested to be provided by the independent registered public accounting firm during the following quarter will be submitted to the Audit Committee for approval. Any requests for audit, audit-related, tax and other services not contemplated during the quarterly approval process must be submitted to the Audit Committee for specific pre-approval and cannot commence until such approval has been granted. Our Audit Committee has considered whether the provision of services, including non-audit services, by Deloitte & Touche LLP is compatible with maintaining Deloitte & Touche LLP's independence, and has concluded that it is compatible.

**STOCKHOLDER PROPOSALS FOR 2016 ANNUAL MEETING**

Stockholder proposals intended to be presented at the Company's 2016 annual meeting of stockholders must be received by the Company on or before December 2, 2015, in order to be considered for inclusion in the Company's proxy materials for that meeting. These proposals must also comply with the rules of the SEC and should be mailed to: Secretary, ANSYS, Inc., Southpointe, 2600 ANSYS Drive, Canonsburg, PA, 15317.

Stockholder proposals intended to be presented at the Company's 2016 annual meeting, which are not to be included in the Company's proxy materials, must be received by the Company no earlier than January 14, 2016, nor later than February 28, 2016, in accordance with the Company's By-laws.

Stockholders who wish to submit director candidates for consideration by the Nominating and Corporate Governance Committee should send such recommendations to the Secretary of the Company at the Company's executive offices not less than 120 calendar days prior to the first anniversary of the date on which the Company's proxy statement for the prior year was released. Such recommendations must include: (1) the name and address of record of the stockholder; (2) a representation that the stockholder is a record holder of the Company's Common Stock, or if the stockholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Exchange Act; (3) the name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five (5) full fiscal years of the proposed director candidate; (4) a description of the qualifications of the proposed director candidate which address the minimum qualifications described above; (5) a description of all arrangements or understandings between the stockholder and the proposed director candidate; and (6) the consent of the proposed director candidate to be named in the proxy statement and to serve as a director if elected at such meeting. At a minimum, each nominee, whether proposed by a stockholder or any other party, is expected to have the highest personal and professional integrity, shall demonstrate sound judgment, and shall be expected to effectively interact with other members of the Board to serve the long-term interests of the Company and its stockholders. Stockholders must also submit any other information regarding the proposed candidate that is required to be included in a proxy statement filed pursuant to the rules of the SEC and the nominees will be evaluated in the same manner as those nominated by the directors.

**EXPENSES OF SOLICITATION**

The Company will pay the entire expense of soliciting proxies for our Annual Meeting. In addition to solicitations by mail, certain directors, officers and regular employees of the Company (who will receive no compensation for their services other than their regular compensation) may solicit proxies by telephone, telegram or personal interview. Banks, brokerage houses, custodians, nominees and other fiduciaries have been requested to forward proxy materials to the beneficial owners of shares held of record by them and such custodians will be reimbursed for their expenses.

Table of Contents

**OTHER MATTERS**

Our Board of Directors does not know of any matters other than those described in this Proxy Statement which will be presented for action at the Annual Meeting. If other matters are duly presented, proxies will be voted in accordance with the best judgment of the proxy holders.

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, YOU ARE REQUESTED TO COMPLETE, DATE, SIGN AND RETURN YOUR PROXY IN ONE OF THE FOLLOWING WAYS: (1) USE THE WEBSITE ADDRESS SHOWN ON THE PROXY CARD AND VOTE OVER THE INTERNET; (2) USE THE TOLL-FREE TELEPHONE NUMBER SHOWN ON THE PROXY CARD AND VOTE OVER THE TELEPHONE; OR (3) IF YOU HAVE REQUESTED A PAPER COPY OF THESE DOCUMENTS, MARK, DATE AND SIGN THE PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. VOTES SENT BY INTERNET OR TELEPHONE MUST BE RECEIVED BY 11:59 PM UNITED STATES EASTERN TIME ON MAY 13, 2015. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY CARD.**



---

**Table of Contents**

0 n

**ANSYS, INC.**

**Proxy for Annual Meeting of Stockholders on May 14, 2015**

**Solicited on Behalf of the Board of Directors**

The undersigned hereby appoints JAMES E. CASHMAN III and MARIA T. SHIELDS, attorneys and proxies, with full power of substitution, to represent the undersigned and to vote all shares of ANSYS, INC. which the undersigned is entitled to vote at the Annual Meeting of Stockholders of ANSYS, Inc. to be held at ANSYS, Inc. 250 Technology Drive (Southpointe), Canonsburg, Pennsylvania on Thursday, May 14, 2015, at 2:00 p.m. Eastern Time, or at any adjournments or postponements thereof, upon all matters set forth in the Notice of Annual Meeting and Proxy Statement, receipt of which is hereby acknowledged.

**(Continued and to be signed on the reverse side.)**

n 1.1

14475 n

**Table of Contents**

**Important Notice of Availability of Proxy Materials for the Stockholder Meeting of  
ANSYS, INC.**

**To Be Held On:**

**May 14, 2015 at 2:00 PM EST**

**ANSYS, Inc. 250 Technology Drive (Southpointe) Canonsburg, Pa 15317**

**COMPANY NUMBER**

**ACCOUNT NUMBER**

**CONTROL NUMBER**

**This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting.**

**If you want to receive a paper or e-mail copy of the proxy materials you must request one. There is no charge to you for requesting a copy. To facilitate timely delivery please make the request as instructed below before 05/04/15.**

**Please visit <http://www.astproxyportal.com/ast/17524>, where the following materials are available for view:**

Notice of Annual Meeting of Stockholders

Proxy Statement

Form of Electronic Proxy Card

Annual Report on Form 10-K

**TO REQUEST MATERIAL:**

Edgar Filing: ANSYS INC - Form DEF 14A

**TELEPHONE:** 888-Proxy-NA (888-776-9962) 718-921-8562 (for international callers)

**E-MAIL:** [info@amstock.com](mailto:info@amstock.com)

**WEBSITE:** <http://www.amstock.com/proxyservices/requestmaterials.asp>

**TO VOTE:**

**ONLINE:** To access your online proxy card, please visit [www.voteproxy.com](http://www.voteproxy.com) and follow the on-screen instructions or scan the QR code with your smartphone. You may enter your voting instructions at [www.voteproxy.com](http://www.voteproxy.com) up until 11:59 PM Eastern Time the day before the cut-off or meeting date.

**IN PERSON:** You may vote your shares in person by attending the Annual Meeting.

**TELEPHONE:** To vote by telephone, please visit [www.voteproxy.com](http://www.voteproxy.com) to view the materials and to obtain the toll free number to call.

**MAIL:** You may request a card by following the instructions above.

1. Election of Directors:

BRADFORD C. MORLEY

PATRICK J. ZILVITIS

2. A NON-BINDING, ADVISORY VOTE ON  
COMPENSATION OF OUR NAMED EXECUTIVE  
OFFICERS.

3. THE RATIFICATION OF THE SELECTION OF  
DELOITTE & TOUCHE LLP AS THE COMPANY'S  
INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM

NOTE: Such other business as may properly come before  
the meeting or any adjournment thereof.

Please note that you cannot use this notice to vote by  
mail.

**Table of Contents**

**ANNUAL MEETING OF STOCKHOLDERS OF**

**ANSYS, INC.**

**May 14, 2015**

**PROXY VOTING  
INSTRUCTIONS**

**INTERNET** - Access **www.voteproxy.com** and follow the on-screen instructions or scan the QR code with your smartphone. Have your proxy card available when you access the web page.

**TELEPHONE** - Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States or **1-718-921-8500** from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call.

Vote online/phone until 11:59 PM EST the day before the meeting.

**COMPANY  
NUMBER**

**MAIL** - Sign, date and mail your proxy card in the envelope provided as soon as possible.

**IN PERSON** - You may vote your shares in person by attending the Annual Meeting.

**ACCOUNT  
NUMBER**

**GO GREEN** - e-Consent makes it easy to go paperless. With e-Consent, you can quickly access your proxy material, statements and other eligible documents online, while reducing costs, clutter and paper waste. Enroll today via [www.amstock.com](http://www.amstock.com) to enjoy online access.

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:**

The Notice of Meeting, proxy statement and proxy card are

available at <http://www.astproxyportal.com/ast/17524>

- i Please detach along perforated line and mail in the envelope provided IF you are not voting via telephone or the Internet. i

¢ 00033330000000000000 2

051415

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS AND FOR PROPOSALS 2 AND 3.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

1. Election of Directors: FOR AGAINST ABSTAIN

BRADFORD C. MORLEY .. ..

PATRICK J. ZILVITIS .. ..

2. A NON-BINDING, ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS. .. ..

3. THE RATIFICATION OF THE SELECTION OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM .. ..

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder

Date:

Signature of Stockholder

Date:

Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give **Note:** full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

n

n