Aspen Technology to Strengthen Balance Sheet with Proposed Financing

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CAMBRIDGE, Mass.--(BUSINESS WIRE)--June 2, 2003--

Company Will Retire Series B Preferred Stock and
Intends to Repurchase Convertible Debt

Aspen Technology, Inc. (NASDAQ: AZPN), a leading provider of software and services that improve profitability for process manufacturers, today announced it has entered into an agreement to strengthen its balance sheet.

Under the terms of the agreement, Advent International, a leading global private equity firm, will invest $100 million in cash to purchase a new issue of Series D convertible preferred stock from AspenTech. The Company will use $30 million of the cash proceeds and issue an additional $21 million of Series D preferred shares to redeem its Series B preferred shares, retiring the $60 million (of stated value) Series B preferred stock in its entirety. AspenTech will use up to $60 million of the remaining cash proceeds, net of fees and expenses, for working capital and to repurchase a significant portion of its convertible subordinated debentures, which matures in 2005, at prices attractive to the company. The Series D financing is subject to stockholder and regulatory approval, as well as other closing conditions.

AspenTech believes this financing will address near-term liquidity pressures and allow the Company to meet its outstanding obligations, while building shareholder value. Management and the Board of Directors believe this transaction will: 1) remove customer concerns surrounding the financial condition of AspenTech; 2) eliminate the Series B preferred stock, thereby eliminating its restrictive provisions and the potentially dilutive near-term issuances of common stock upon redemption; 3) improve the Company's near-term cash flow; 4) allow investors to analyze AspenTech's underlying equity value more clearly; and 5) enable management to focus its full attention on operational matters.

"In the two quarters since I became CEO, we have worked diligently to refocus and streamline our operations and, in the process, better match our spending with our revenues," observed David McQuillin, President and Chief Executive Officer of AspenTech. "We have substantially shrunk the GAAP loss and succeeded in returning the company to profitability, excluding restructuring and other charges, in each of the past two quarters. The next logical step in restoring and building shareholder value is to address the undeniable burden of our existing financial obligations. I firmly believe that it is in every stakeholder's interest to strengthen the balance sheet at this time, and that this financing will have a positive impact on long-term shareholder value."

The Series D shares will be convertible into common stock at a price of $3.33 per share. In conjunction with the Series D financing, AspenTech will issue to Series D holders warrants to purchase approximately 7.3 million common shares at a price of $3.33 per share. Series D holders will be entitled to receive dividends on their preferred shares at a rate of 8 percent annually. The Company has the flexibility to pay the dividends in cash or common stock, when and as declared by AspenTech, or to allow the dividends to accrue through redemption or conversion. The holders of the Series D shares will have the right to redeem for cash 50 percent of their Series D shares, plus accrued dividends, beginning in 2009, with the remainder of the issue becoming redeemable in 2010. The Company has the ability to redeem the Series D shares beginning in 2006, provided the Company's common stock has traded at a weighted-average price of at least $7.60 (pre-split) for 45 consecutive days. The Series D shares and new warrants will contain weighted-average anti-dilution protection.

Advent International, which has made more than 80 information technology investments in recent years, will have the right to appoint up to four of the nine directors on AspenTech's Board. Joining the Company's Board of Directors upon the closing of the Series D financing will be Doug Kingsley, Managing Director and Michael Pehl, Operating Partner of Advent International, and one or two additional independent members to be designated.

In connection with the financing, AspenTech also announced it will seek shareholder approval for a 1-for-3 share reverse stock split, in order to align shares outstanding and the resultant share price with traditional standards for companies of comparable size. Assuming the reverse split is approved, Aspen Technology will have approximately 27 million fully diluted shares outstanding at the current market price upon completion of the financing, including the conversion of the Series D preferred and the exercise of the Series D warrants. In the proxy statement relating to this transaction, shareholders will also be asked to approve an increase in the size of the employee stock option pool available for grant, to ensure that the Company's incentive compensation programs remain competitive.

The Company expects to file its proxy statement in connection with this financing with the Securities and Exchange Commission by mid-June 2003. Assuming no S.E.C. review of the proxy statement, AspenTech expects to hold a vote on the financing and related items in August and to close the financing shortly thereafter.

AspenTech will host a conference call to discuss the information in this release and related matters on Monday, June 2nd, 2003 at 8:30am, Eastern Time, which can be accessed at www.aspentech.com by clicking on the Investor Relations hyperlink. The live dial-in number for the call is 913-981-5507. A supplementary slide presentation relating to this announcement will also be posted on the Webcast portion of AspenTech's website. The teleconference will also be available for replay, beginning at 11:00 a.m. eastern time, by dialing 719-457-0820 and entering confirmation code 459086.

About AspenTech

Aspen Technology, Inc. provides industry-leading software and implementation services that enable process companies to increase efficiency and profitability. AspenTech's engineering product line is used to design and improve plants and processes, maximizing returns throughout an asset's operating life. Its manufacturing/supply chain product line allows companies to increase margins in their plants and supply chains, by managing customer demand, optimizing production, and streamlining the delivery of finished products. These two offerings are combined to create solutions for Enterprise Operations Management (EOM), integrated enterprise-wide systems that provide process manufacturers with the capability to dramatically improve their operating performance. Over 1,500 leading companies already rely on AspenTech's software, including Aventis, Bayer, BASF, BP, ChevronTexaco, Dow Chemical, DuPont, ExxonMobil, Fluor, Foster Wheeler, GlaxoSmithKline, Shell, and TotalFinaElf. For more information, visit www.aspentech.com.

About Advent International

Advent International is one of the world's largest private equity firms, with $6 billion in cumulative capital raised and 14 offices in 13 countries. The firm has over 90 investment professionals operating in North America, Europe, Latin America and Asia. Since its founding in 1984, Advent has financed over 500 companies and has helped businesses raise $10 billion through public equity and debt offerings. These include 128 IPOs on 20 stock exchanges worldwide. Advent is committed to helping management teams build successful businesses by applying its industry expertise, international resources and local market knowledge. For more information, visit www.adventinternational.com.

The third and fourth paragraphs of this press release contain forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. For this purpose, any statement using the term "will," "should," "could," "anticipates," "believes" or a comparable term is a forward-looking statement. Actual results may vary significantly from AspenTech's expectations based on a number of risks and uncertainties, including: AspenTech's ability to repurchase Convertible Subordinated Debt at attractive prices; AspenTech's lengthy sales cycle which makes it difficult to predict quarterly operating results; the FTC's investigation of AspenTech's acquisition of Hyprotech; fluctuations in AspenTech's quarterly operating results; AspenTech's dependence on customers in the cyclical chemicals, petrochemicals and petroleum industries; AspenTech's ability to raise additional capital as required; AspenTech's ability to integrate the operations of acquired companies; intense competition; AspenTech's need to develop and market products successfully; reliance on relationships with strategic partners; and other risk factors described from time to time in AspenTech's periodic reports and registration statements filed with the Securities and Exchange Commission. AspenTech cannot guarantee any future results, levels of activity, performance, or achievements. Moreover, neither AspenTech nor anyone else assumes responsibility for the accuracy and completeness of any forward-looking statements. AspenTech undertakes no obligation to update any of the forward-looking statements after the date of this press release.

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