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

Form 10-Q

(Mark One)

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

FOR THE QUARTER ENDED DECEMBER 31, 2004

or

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

Commission File Number: 000-24786

Aspen Technology, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**04-2739697**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Ten Canal Park, Cambridge, Massachusetts 02141
(Address of principal executive office and zip code)

(617) 949-1000
(Registrant's telephone number, including area code)

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

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

As of March 10, 2005, there were 42,746,227 shares of the registrant's common stock (par value $0.10 per share) outstanding.

PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

ASPEN TECHNOLOGY, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited and in thousands)

	December 31, 2004	June 30, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 86,887	$ 107,677
Accounts receivable, net	50,431	50,874
Unbilled services	10,669	15,518
Current portion of long-term installments receivable, net	28,573	25,244
Deferred tax asset	276	31
Prepaid expenses and other current assets	10,297	10,084
Total current assets	187,133	209,428
Long-term installments receivable, net	57,132	65,527
Property and leasehold improvements, at cost	56,010	63,295
Accumulated depreciation and amortization	(39,655)	(44,631)
	16,355	18,664
Computer software development costs, net	16,998	16,863
Purchased intellectual property, net	1,013	1,295
Other intangible assets, net	15,941	19,571
Goodwill, net	14,769	14,736
Deferred tax asset	2,619	2,492
Other assets	3,117	3,158
	$ 315,077	$ 351,734
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Current portion of long-term debt	$ 58,215	$ 58,595
Accounts payable and accrued expenses	70,206	83,115
Unearned revenue	20,997	18,051
Deferred revenue	26,699	33,462
Deferred tax liability	446	325
Total current liabilities	176,563	193,548
Long-term debt and obligations, less current maturities	1,368	1,952
Deferred revenue, less current portion	3,774	5,363
Deferred tax liability	4,242	4,220
Other liabilities	23,516	11,527
Redeemable Preferred Stock		
Outstanding—363,364 shares as of December 31, 2004 and June 30, 2004	113,877	106,761
Stockholders' equity (deficit):		
Common stock		
Outstanding—42,372,156 as of December 31, 2004 and 41,483,423 as of June 30, 2004	4,262	4,173
Additional paid-in capital	342,480	338,804
Accumulated deficit	(355,215)	(314,906)
Accumulated other comprehensive income	723	805
Treasury stock, at cost	(513)	(513)
Total stockholders' equity (deficit)	(8,263)	28,363
	$ 315,077	$ 351,734

The accompanying notes are an integral part of these financial statements.

ASPEN TECHNOLOGY, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(Unaudited and in thousands, except for per share data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2004	2003 (As Restated, see Note 12)	2004	2003 (As Restated, see Note 12)
Software licenses	$ 36,732	$ 38,856	$ 62,005	$ 77,000
Service and other	34,893	42,886	72,890	85,151
Total revenues	71,625	81,742	134,895	162,151
Cost of software licenses	4,731	4,315	8,672	7,932
Cost of service and other	21,913	24,246	44,021	48,628
Amortization of technology related intangibles	1,778	1,842	3,552	3,674
Total Cost of Revenues	28,422	30,403	56,245	60,234
Gross Profit	43,203	51,339	78,650	101,917
Operating Costs:				
Selling and marketing	23,401	23,651	45,776	47,608
Research and development	11,574	14,294	23,757	30,300
General and administrative	12,694	6,607	23,121	13,479
Restructuring charges and FTC legal costs	219	2,000	21,727	2,000
Loss (gain) on sales and disposals of assets	5	(377)	(357)	(679)
Total Operating Costs	47,893	46,175	114,024	92,708
Income (loss) from operations	(4,690)	5,164	(35,374)	9,209
Other income (expense), net	351	246	(42)	(445)
Interest income, net	657	855	1,311	1,537
Income (loss) before benefit from (provision for) income taxes and equity in earnings from joint ventures	(3,682)	6,265	(34,105)	10,301
Benefit from (provision for) income taxes	573	(1,578)	913	(1,989)
Equity in earnings from joint ventures	—	(100)	—	(100)
Net income (loss)	(3,109)	4,587	(33,192)	8,212
Accretion of preferred stock discount and dividend	(3,589)	(3,352)	(7,117)	500
Net income (loss) applicable to common shareholders	$ (6,698)	$ 1,235	$ (40,309)	$ 8,712
Basic net income (loss) per share applicable to common shareholders	$ (0.16)	$ 0.03	$ (0.96)	$ 0.22
Diluted net income (loss) per share applicable to common shareholders	$ (0.16)	$ 0.02	$ (0.96)	$ 0.19
Weighted average shares outstanding—Basic	42,153	40,175	41,974	39,967
Weighted average shares outstanding—Diluted	42,153	50,315	41,974	73,589

The accompanying notes are an integral part of these financial statements.

ASPEN TECHNOLOGY, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited and in thousands)

	Six Months Ended December 31,	
	2004	2003
		(As Restated, see Note 12)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (33,192)	$ 8,212
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	13,094	13,862
Gain on sale of property	—	(170)
Asset impairment charges, write-offs under restructuring charges and asset sales and disposals	1,190	—
Deferred income taxes	(176)	374
Decrease in accounts receivable	1,142	14,794
Decrease (increase) in unbilled services	5,128	(983)
Decrease in installments receivable	5,085	24,209
Decrease (increase) in prepaid expenses and other current assets	(20)	4,577
Decrease in accounts payable and accrued expenses	(13,519)	(14,533)
Increase (decrease) in unearned revenue	2,752	(2,289)
Decrease in deferred revenue	(8,624)	(4,867)
Increase (decrease) in other liabilities	11,427	(4,977)
Net cash (used in) provided by operating activities	(15,713)	38,209
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and leasehold improvements	(4,036)	(1,246)
Proceeds from sale of land	—	1,096
Decrease in other long-term assets	180	1,064
Increase in computer software development costs	(3,872)	(3,208)
Cash used in the purchase of a business, net of cash acquired	—	(200)
Net cash used in investing activities	(7,728)	(2,494)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of Series D redeemable convertible preferred stock	—	89,341
Retirement of Series B redeemable convertible preferred stock	—	(30,000)
Payment of Series B redeemable convertible preferred stock dividend	—	(296)
Issuance of common stock under employee stock purchase plans	1,297	1,636
Exercise of stock options	1,932	2,041
Payment of amount owed to Accenture	—	(10,068)
Payments of long-term debt and capital lease obligations	(1,045)	(15,581)
Net cash provided by financing activities	2,184	37,073
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	467	586
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,790)	73,374
CASH AND CASH EQUIVALENTS, beginning of period	107,677	51,567
CASH AND CASH EQUIVALENTS, end of period	$ 86,887	$ 124,941

The accompanying notes are an integral part of these financial statements.

ASPEN TECHNOLOGY, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1. Interim Condensed and Consolidated Financial Statements

The accompanying unaudited interim consolidated condensed financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) for reporting on Form 10-Q. Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. These unaudited interim consolidated condensed financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2004, which are contained in Amendment No. 1 to the Annual Report on Form on 10-K/A of Aspen Technology, Inc. (the Company), as previously filed with the SEC. In the opinion of management, all adjustments, consisting of normal and recurring adjustments, considered necessary for a fair presentation of the financial position, results of operations, and cash flows at the dates and for the periods presented have been included. The consolidated condensed balance sheet presented as of June 30, 2004 has been derived from the consolidated financial statements. The results of operations for the three and six month periods ended December 31, 2004 are not necessarily indicative of the results to be expected for the full year.

2. Sale of Installments Receivable

Installments receivable represent the present value of future payments related to the financing of noncancelable term and perpetual license agreements that provide for payment in installments over a one to five-year period. A portion of each installment agreement is recognized as interest income in the accompanying consolidated condensed statements of operations. The interest rates utilized for the three and six months ended December 31, 2004 and 2003 were within the range of 7.5% to 8.0%.

The Company has arrangements to sell certain of its installments receivable to three financial institutions. The Company sold, with limited recourse, certain of its installment contracts for aggregate proceeds of approximately $25.6 million and $51.2 million during the three and six months ended December 31, 2004, respectively, and $34.9 million and $51.8 million during the three and six months ended December 31, 2003, respectively. The financial institutions have certain recourse to the Company upon nonpayment by the customer under the installments receivable. The amount of recourse is determined pursuant to the provisions of the Company's contracts with the financial institutions. Collections of these receivables reduce the Company's recourse obligations, as defined. Generally, no gain or loss is recognized on the sale of the receivables due to the consistency of the discount rates used by the Company and the financial institutions.

At December 31, 2004, there was approximately $65 million of additional availability under the arrangements. The Company expects that there will be continued ability to sell installments receivable, as the collection of the sold receivables will reduce the outstanding balance and the availability under the arrangements can be increased. The Company's potential recourse obligation related to these contracts is within the range of $1.4 million to $3.5 million. In addition, the Company is obligated to pay additional costs to the financial institutions in the event of default by the customer.

3. Derivative Instruments and Hedging

The Company follows the provisions of Statement of Financial Accounting Standards (SFAS), No. 133 "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133, as amended by

SFAS No. 138, requires that all derivatives, including foreign currency exchange contracts, be recognized on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through earnings. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative are either offset against the change in fair value of assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is to be immediately recognized in earnings.

Forward foreign exchange contracts are used primarily by the Company to hedge certain balance sheet exposures resulting from changes in foreign currency exchange rates. Such exposures primarily result from portions of the Company's installment receivables that are denominated in currencies other than the U.S. dollar, primarily the Euro, the Japanese Yen and the British Pound Sterling. These foreign exchange contracts are entered into to hedge recorded installments receivable made in the normal course of business, and accordingly, are not speculative in nature. As part of its overall strategy to manage the level of exposure to the risk of foreign currency exchange rate fluctuations, the Company hedges the majority of its installments receivable denominated in foreign currencies.

At December 31, 2004, the Company had effectively hedged $23.1 million of installments receivable and accounts receivable denominated in foreign currency. The Company does not hold or transact in financial instruments for purposes other than to hedge foreign currency risk. The gross value of the installments receivable that were denominated in foreign currency was $22.2 million and $21.8 million at December 31, 2004 and 2003, respectively. The installments receivable held as of December 2004 mature at various times through March 2010.

The Company records its foreign currency exchange contracts at fair value in its consolidated balance sheet and the related gains or losses on these hedge contracts are recognized in earnings. Gains and losses resulting from the impact of currency exchange rate movements on forward foreign exchange contracts are designated to offset certain accounts and installments receivable and are recognized as other income or expense in the period in which the exchange rates change and offset the foreign currency losses and gains on the underlying exposures being hedged. During the three and six months ended December 31, 2004 and 2003 the net gain recognized in the consolidated statements of operations was not material. A small portion of the forward foreign currency exchange contract is designated to hedge the future interest income of the related receivables. The ineffective portion of a derivative's change in fair value is recognized currently through earnings regardless of whether the instrument is designated as a hedge. The gains and losses resulting from the impact of currency rate movements on forward currency exchange contracts are recognized in other comprehensive income for this portion of the hedge. During the three and six months ended December 31, 2004 and 2003, net loss deferred in other comprehensive income was not material.

The following table provides information about the Company's foreign currency derivative financial instruments outstanding as of December 31, 2004. The information is provided in U.S. dollar amounts (in thousands), as presented in the Company's consolidated financial statements. The table presents the

notional amount (at contract exchange rates) and the weighted average contractual foreign currency rates (in thousands):

	Notional Amount	Estimated Fair Value*	Average Contract Rate
Euro	$ 14,081	$ 15,385	0.82
Japanese Yen	4,240	4,444	108.1
Canadian Dollar	2,674	2,835	1.35
Swiss Franc	1,271	1,325	1.23
British Pound Sterling	875	928	0.57
	$ 23,141	$ 24,917	

* The estimated fair value is based on the estimated amount at which the contracts could be settled based on the spot rates as of December 31, 2004. The market risk associated with these instruments resulting from currency exchange rate movements is expected to offset the market risk of the underlying installments being hedged. The credit risk is that the Company's banking counterparties may be unable to meet the terms of the agreements. The Company minimizes such risk by limiting its counterparties to major financial institutions. In addition, the potential risk of loss with any one party resulting from this type of credit risk is monitored. Management does not expect any loss as a result of default by other parties. However, there can be no assurances that the Company will be able to mitigate market and credit risks described above.

4. Stock-Based Compensation Plans

The Company issues stock options to its employees and outside directors and provides employees the right to purchase stock pursuant to stockholder approved stock option and employee stock purchase programs. The Company accounts for stock-based compensation for employees under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and has elected the disclosure-only alternative under SFAS No. 123, as amended by SFAS No. 148. For pro forma disclosures, the estimated fair value of the options is amortized over the vesting period, typically four years, and the estimated fair value of the stock purchases under the Employee Stock Purchase Plan is recorded during the six-month purchase period.

Had compensation cost for the Company's stock plans been determined based on the fair value at the grant dates, as prescribed in SFAS No. 123, the Company's net income (loss) attributable to

common shareholders, and net income (loss) attributable to common shareholders per share would have been as follows (in thousands, except per share data):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2004	2003	2004	2003
Net income (loss) attributable to common shareholders (in thousands)—				
As reported	$ (6,698)	$ 1,235	$ (40,309)	$ 8,712
Less: Stock-based compensation expense determined under fair value based method for all awards, net of related tax effects	1,913	2,098	2,728	11,435
Add: Stock-based compensation expense included in reported net income	537	—	537	—
Pro forma	$ (8,074)	$ (863)	$ (42,500)	$ (2,723)
Net income (loss) attributable to common shareholders per share —Basic				
As reported	$ (0.16)	$ 0.03	$ (0.96)	$ 0.22
Pro forma	(0.19)	(0.02)	(1.01)	(0.07)
Net income (loss) attributable to common shareholders per share —Diluted				
As reported	$ (0.16)	$ 0.02	$ (0.96)	$ 0.19
Pro forma	(0.19)	(0.02)	(1.01)	(0.07)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants during the applicable period:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2004	2003	2004	2003
Risk free interest rates	3.49%	3.27%	3.49%	3.27–3.37%
Expected dividend yield	None	None	None	None
Expected life	5 Years	5 Years	5 Years	5 Years
Expected volatility	100%	99%	100%	99%—125%
Weighted average fair value per option	$ 4.43	$ 6.84	$ 4.43	$ 2.87

5. Net Income (Loss) Per Common Share

Basic earnings per share was determined by dividing net income (loss) attributable to common shareholders by the weighted average common shares outstanding during the period. Diluted earnings per share was determined by dividing net income (loss) attributable to common shareholders by diluted

weighted average shares outstanding. Diluted weighted average shares reflects the dilutive effect, if any, of potential common shares. To the extent their effect is dilutive, potential common shares include common stock options, restricted stock and warrants, based on the treasury stock method, convertible debentures and preferred stock, based on the if-converted method, and other commitments to be settled in common stock. The calculations of basic and diluted net income (loss) attributable to common shareholders per share and basic and diluted weighted average shares outstanding are as follows (in thousands, except per share data):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2004	2003	2004	2003
Net income (loss) applicable to common shareholders	$ (6,698)	$ 1,235	$ (40,309)	$ 8,712
Plus: Impact of assumed conversions of series D preferred stock	—	—	—	5,013
Net income (loss) applicable to common shareholders, including assumed conversions	$ (6,698)	$ 1,235	$ (40,309)	$ 13,725
Basic weighted average common shares outstanding	42,153	40,175	41,974	39,967
Common stock equivalents	—	10,140	—	6,370
Incremental shares from assumed conversion of series D preferred stock	—	—	—	27,252
Diluted weighted average shares outstanding	42,153	50,315	41,974	73,589
Basic net income (loss) per share applicable to common shareholders	$ (0.16)	$ 0.03	$ (0.96)	$ 0.22
Diluted net income (loss) per share applicable to common shareholders	$ (0.16)	$ 0.02	$ (0.96)	$ 0.19

The following potential common shares were excluded from the calculation of diluted weighted average shares outstanding as their effect would be anti-dilutive (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2004	2003	2004	2003
Convertible preferred stock	36,336	36,336	36,336	—
Options and warrants	20,362	6,366	20,362	6,366
Convertible debt	1,071	1,392	1,071	1,392
Preferred stock dividend, to be settled in common stock	2,243	—	2,243	—
Total	60,012	44,094	60,012	7,758

6. Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The components

of comprehensive income (loss) for the three and six months ended December 31, 2004 and 2003 are as follows (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2004	2003	2004	2003
Net income (loss)	$ (3,109)	$ 4,587	$ (33,192)	$ 8,212
Foreign currency adjustment	9	2,056	(82)	3,591
Comprehensive income (loss)	$ (3,100)	$ 6,643	$ (33,274)	$ 11,803

7. Restructuring Charges and FTC Legal Costs

Restructuring charges and FTC legal costs consist of the following (in thousands):

	Three months ended December 31,		Six months ended December 31,	
	2004	2003	2004	2003
Restructuring charges	$ 219	$ —	$ 21,886	$ —
FTC legal costs	—	2,000	(159)	2,000
	$ 219	$ 2,000	$ 21,727	$ 2,000

During the three months ended September 30, 2004, the Company recorded $21.7 million in restructuring charges. Of this amount $14.4 million relates to headcount reductions and facility consolidations associated with the June 2004 restructuring plan that did not qualify for accrual at June 30, 2004. The remaining $7.3 million related to an extension of a prior restructuring plan which was initiated in October 2002. During the three months ended December 31, 2004, the Company recorded another $0.2 million in restructuring charges related to accretion of the discounted restructuring accrual.

(a) Q4 FY04 and Q1 FY05

In June 2004, the Company initiated a plan to reduce its operating expenses in order to better align its operating cost structure with the current economic environment and to improve its operating margins. The plan to reduce operating expenses resulted in the consolidation of facilities, headcount reductions, and the termination of operating contracts, which occurred over several months. These actions resulted in the recording of restructuring charges of $23.8 million in the fourth quarter of fiscal 2004.

During the three months ended September 30, 2004, the Company recorded a $14.4 million charge related to headcount reductions and facility consolidations associated with the June 2004 restructuring plan that did not qualify for accrual at June 30, 2004. During the three months ended December 31, 2004, the Company recorded another $0.2 million in restructuring charges related to accretion of the discounted restructuring accrual.

As of December 31, 2004, there was $11.4 million remaining in accrued expenses relating to the remaining severance obligations and lease payments. During the six months ended December 31, 2004, the following activity was recorded (in thousands):

	Closure/ Consolidation of Facilities and Contract exit costs	Employee Severance, Benefits, and Related Costs	Impairment of Assets	Total
Accrued expenses, June 30, 2004	$ 12,049	$ 911	$ —	$ 12,960
Restructuring charge	9,132	4,349	968	14,449
Impairment of assets	—	—	(968)	(968)
Payments	(10,588)	(2,717)	—	(13,305)
Accrued expenses, September 30, 2004	10,593	2,543	—	13,136
Payments	(530)	(1,414)	—	(1,944)
Restructuring charge—Accretion	216	3	—	219
Accrued expenses, December 31, 2004	$ 10,279	$ 1,132	$ —	$ 11,411
Expected final payment date	September 2112	June 2005		

The components of the additional restructuring activities completed in fiscal 2005 are as follows:

Closure/consolidation of facilities: Approximately $9.1 million of the restructuring charge relates to the closing of facilities and other lease related costs. These cost did not qualify for accrual as of June 30, 2004. The facility leases had remaining terms ranging from several months to seven years. The amount accrued is an estimate of the remaining obligation under the lease, reduced by expected income from the sublease of the underlying properties.

Employee severance, benefits and related costs: Approximately $4.4 million of the restructuring charge relates to the reduction in headcount. Approximately 112 employees, or 7% of the workforce, were eliminated under the restructuring plan implemented by management. These employees had not been notified as of June 30, 2004. A majority of the employees were located in North America and Europe. All business units were affected, including services, sales and marketing, research and development, and general and administrative.

Impairment of assets: Approximately $1.0 million of the restructuring charge relates to charges associated with the impairment of fixed assets associated with the closed and consolidated facilities. These assets were reviewed for impairment in accordance with SFAS No. 144, and were considered to be impaired because their carrying values were in excess of their fair values.

(b) Q2 FY03

In October 2002, management initiated a plan to further reduce operating expenses in response to first quarter revenue results that were below expectations and in response to general economic uncertainties. In addition, the Company revised revenue expectations for the remainder of the fiscal year and beyond, primarily related to the manufacturing / supply chain product line, which had been affected the most by economic conditions. The plan to reduce operating expenses resulted in headcount

reductions, consolidation of facilities and discontinuation of development and support for certain non-critical products. These actions resulted in an aggregate restructuring charge of $28.1 million. During fiscal 2004, the Company recorded a $4.9 million decrease to the accrual related to revised assumptions associated with lease exit costs, particularly the buyout of a remaining lease obligation and severance obligations. In September 2004, we recorded a $7.3 million increase to the accrual due to a change in the estimate of the facility vacancy term, extending to the term of the lease.

As of December 31, 2004, there was $13.5 million remaining in accrued expenses and other liabilities relating to the remaining severance obligations, lease payments and disposition costs. During the six months ended December 31, 2004, the following activity was recorded (in thousands):

	Closure/ Consolidation of Facilities	Employee Severance, Benefits, and Related Costs	Impairment of Assets and Disposition Costs	Total
Accrued expenses, June 30, 2004	$ 6,725	$292	$ 676	$ 7,693
Restructuring charge—Revised plan	7,303	—	(38)	7,265
Payments	(565)	—	(138)	(703)
Accrued expenses, September 30, 2004	13,463	292	500	14,255
Payments	(619)	(39)	(50)	(708)
Accrued expenses December 31, 2004	$12,844	$253	$ 450	$ 13,547
Expected final payment date	February 2111	April 2005	April 2005	

(c) Q4 FY02

In the fourth quarter of fiscal 2002, the Company initiated a plan to reduce its operating expenses and to restructure operations around its two primary product lines, engineering software and manufacturing/supply chain software. The Company reduced worldwide headcount by approximately 10% or 200 employees, closed-down and consolidated facilities, and disposed of certain assets, resulting in an aggregate restructuring charge of $14.4 million.

As of December 31, 2004, there was $1.1 million remaining in accrued expenses and other liabilities relating to the remaining severance obligations and lease payments. During the six months ended December 31, 2004, the following activity was recorded (in thousands):

	Closure/ Consolidation of Facilities	Employee Severance, Benefits, and Related Costs	Total
Accrued expenses, June 30, 2004	$1,683	$308	$ 1,991
Payments	(298)	(82)	(380)
Accrued expenses, September 30, 2004	$1,385	$226	$ 1,611
Payments	(382)	(97)	(479)
Accrued expenses, December 31, 2004	$1,003	$129	$ 1,132
Expected final payment date	December 2010	April 2005	

(d) Q4 FY99

In the fourth quarter of fiscal 1999, the Company undertook certain actions to restructure its business. The restructuring resulted from a lower than expected level of license revenues which adversely affected fiscal year 1999 operating results. The license revenue shortfall resulted primarily from delayed decision making driven by economic difficulties among customers in certain of the Company's core vertical markets. The restructuring plan resulted in a pre-tax restructuring charge totaling $17.9 million. In September 2004, the Company recorded an adjustment to the restructuring accrual due to revisions in sublease assumptions.

As of December 31, 2004, there was no remaining balance in accrued expenses relating to the restructuring. During the six months ended December 31, 2004, the following activity was recorded (in thousands):

	Closure/ Consolidation of Facilities
Accrued expenses, June 30, 2004	$ 90
Change in estimate—revised sub-lease assumptions	(47)
Sublease receipts, net of lease payments	2
Accrued expenses, September 30, 2004	45
Sublease receipts, net of lease payments	(45)
Accrued expenses, December 31, 2004	$ —

8. Commitments and Contingencies

(a) FTC Settlement

On December 21, 2004, the Federal Trade Commission approved the Company's proposed consent decree, which constituted a complete and final settlement of the FTC's complaint against the Company relating to its acquisition of Hyprotech in May 2002. The FTC's approval also constituted approval of the transactions contemplated by the purchase and sale agreement that the Company and its subsidiaries Hyprotech Company, AspenTech Canada Ltd., AspenTech Ltd. and Hyprotech UK Ltd. entered into on October 6, 2004 with Honeywell International, Inc. and its subsidiaries Honeywell Control Systems Limited and Honeywell Limited-Honeywell Limitee. The Company previously completed the sale of its AXSYS product line to Bentley Systems Incorporated on July 21, 2004, as set forth in the FTC consent decree. The Company recorded a $0.3 million gain related to this sale in the three months ended September 30, 2004.

On December 23, 2004, the Company and its subsidiaries completed the transactions with Honeywell contemplated by the October 6, 2004 purchase agreement, which relates to the sale of the Company's operator training business and ownership of rights to the intellectual property to the Hyprotech engineering products to Honeywell International. Under the terms of the transactions:

- the Company retains a perpetual, worldwide, royalty-free license to the entire Hyprotech engineering software product line and has the right to continue to develop and sell the Hyprotech engineering products, other than AXSYS which was sold to Bentley Systems;
- the Company retains its customer licenses for HYSYS and related products;
- the Company's Aspen RefSYS and Aspen Oil & Gas solutions were not transferred as part of the transactions;
- the Company agreed to a cash payment of approximately $6.0 million from Honeywell in consideration of the transfer of the Company's operator training services business, the Company's covenant not-to-compete in the operator training business for three years, and the transfer of ownership of the intellectual property of the Company's Hyprotech engineering products, $1.2 million of which payment will be released to the Company in June 2005 (less any adjustments for uncollected billed accounts receivable and unbilled accounts receivable);
- the Company transferred and Honeywell assumed, as of the closing date, approximately $4 million in accounts receivable relating to the operator training business; and
- the Company has entered into a two-year support agreement with Honeywell under which the Company agrees to provide Honeywell with source code to new releases of the Hyprotech products provided to customers under standard software maintenance services agreements.

The Honeywell transaction resulted in a deferred gain of $0.2 million, which is subject to a potential increase of $1.2 million upon resolution of the holdback payment and will be amortized over the two-year life of the support agreement.

(b) KBC Settlement

On October 1, 2004, the Company, together with its subsidiaries AspenTech, Inc. and Hyprotech Company, entered into a Settlement Agreement with KBC Advanced Technologies Plc, KBC Advanced

Technologies Inc. and AEA Technology Plc. Pursuant to the settlement agreement, the parties agreed to settle (1) the arbitration proceedings in England relating to a contract dispute involving the parties and (2) the legal proceedings filed by KBC in state district court in Houston, Texas against the Company and Hyprotech Company.

As part of the settlement, KBC has agreed to recognize the Company's right to develop, market and license Aspen RefSYS, and the Company has agreed to recognize KBC's right to develop, market and license HYSYS.Refinery, their respective refinery-wide simulation products. The Company also will license commercial, object code, copies of Aspen HYSYS, Aspen PIMS, and Aspen Orion to KBC for use as part of KBC's consulting services business, without the right to sublicense. In addition, the Company paid KBC $3.75 million in lieu of costs incurred in the dispute.

(c) Litigation

U.S. Attorney's Office Investigation

On October 29, 2004, the Company announced that it had received a subpoena from the U.S. Attorney's Office for the Southern District of New York requesting documents relating to transactions to which the Company was a party during the 2000 to 2002 time frame, associated documents dating from January 1, 1999, and additional materials. The Company intends to cooperate fully with the subpoena requests and in the investigation by the U.S. Attorney's Office.

Class Action Suits

In November 2004, two putative class action lawsuits were filed against the Company in the United States District Court District of Massachusetts, captioned, respectively, Fener v. Aspen Technology, Inc., et. al., Civil Action No. 04-12375 (D. Mass.) (filed Nov. 9, 2004) and Stockmaster v. Aspen Technology, Inc., et. al., Civil Action No. 04-12387 (D. Mass.) (filed Nov. 10, 2004) (the "Class Actions"). The Class Actions allege, among other things, that the Company violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder in connection with various statements about its financial condition for fiscal years 2000 through 2004. The time for the defendants to move, answer or otherwise respond to the complaints has been extended to sixty days following the filing of a consolidated amended complaint. On February 2, 2005, the Court consolidated the cases under the caption Aspen Technology, Inc. Securities Litigation, Civil Action No. 04-12375 (D. Mass.), and appointed The Operating Engineers and Construction Industry and Miscellaneous Pension Fund (Local 66) and City of Roseville Employees' Retirement System as lead plaintiff, purporting to represent a putative class of persons who purchased Aspen Technology, Inc. common stock between January 25, 2000 and October 29, 2004. No consolidated amended complaint has been filed and no class has been certified. The Company believes that plaintiffs' claims lack merit and intends to litigate the dispute vigorously. The Company is currently unable to determine whether resolution of these matters will have a material adverse impact on its financial position or results of operations, or reasonably estimate the amount of the loss, if any, that may result from resolution of these matters. However, the ultimate outcome could have a material adverse effect on the Company's financial position or results of operations.

Derivative Action

On December 1, 2004, a purported derivative action was filed in the United States District Court District of Massachusetts, captioned Caviness v. Evans, et. al., Civil Action No. 04-12524 (D. Mass.). The complaint alleges, among other things, that the former and current director and officer defendants caused the Company to issue false and misleading financial statements, and brings derivative claims for the following: (1) breach of fiduciary duty for insider trading; (2) breach of fiduciary duty; (3) abuse of control; (4) gross mismanagement; (5) waste of corporate assets; (6) unjust enrichment. The Company has moved to dismiss the complaint pursuant to Fed. R. Civ. P. 23.1 for failure to make a demand on the board of the Company and for failing to allege particularized facts showing why plaintiff's failure to make a demand should be excused. The time for plaintiff to respond to the motions to dismiss or, in the alternative, to file an amended complaint has been extended until March 30, 2005. The Company believes that plaintiff's claims lack merit and intends to litigate the dispute vigorously. The Company is currently unable to determine whether resolution of these matters will have a material adverse impact on its financial position or results of operations, or reasonably estimate the amount of the loss, if any, that may result from resolution of these matters. However, the ultimate outcome could have a material adverse effect on the Company's financial position or results of operations.

9. Preferred Stock Financing

In August 2003, the Company issued and sold 300,300 shares of Series D-1 convertible preferred stock (Series D-1 Preferred), along with warrants to purchase up to 6,006,006 shares of common stock at a price of $3.33 per share, in a private placement to several investment partnerships managed by Advent International Corporation for an aggregate purchase price of $100.0 million and incurred issuance costs of $10.7 million. Concurrently, the Company paid cash of $30.0 million and issued 63,064 shares of Series D-2 convertible preferred stock (Series D-2 Preferred), along with warrants to purchase up to 1,261,280 shares of common stock at a price of $3.33 per share, to repurchase all of the outstanding Series B-I and B-II convertible preferred stock. In addition the Company exchanged existing warrants to purchase 791,044 shares of common stock at an exercise price ranging from $20.64 to $23.99 held by the Series B Preferred holders, for new warrants to purchase 791,044 shares of common stock at an exercise price of $4.08.

The value of total consideration paid to the Series B Preferred holders, consisting of cash, Series D Preferred and warrants, was less than the carrying value of the Series B preferred stock at the time of retirement. This resulted in a gain of $6.5 million, which the Company recorded in the accretion of preferred stock discount and dividend line of the accompanying consolidated condensed statement of operations.

Each share of Series D Preferred initially is convertible into 100 shares of common stock, and in the aggregate, the Series D Preferred are convertible into 36,336,400 shares of common stock.

In the accompanying consolidated condensed statements of operations, the accretion of preferred stock discount and dividend consist of the following (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2004	2003	2004	2003
Accrual of dividend on Series D preferred stock	$ (2,646)	$ (2,444)	$ (5,240)	$ (3,654)
Accretion of discount on Series D preferred stock	(943)	(908)	(1,877)	(1,359)
Accrual of dividend on Series B preferred stock	—	—	—	(296)
Accretion of discount on Series B preferred stock	—	—	—	(643)
Gain on retirement of Series B preferred stock	—	—	—	6,452
Total	$ (3,589)	$ (3,352)	$ (7,117)	$ 500

10. Segment Information

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," establishes standards for reporting information about operating segments in companies' financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the Chief Executive Officer of the Company.

The Company is organized geographically and by line of business. The Company has three major lines of business operating segments: license, consulting services and maintenance and training. The Company also evaluates certain subsets of business segments by vertical industries as well as by product categories. While the Executive Management Committee evaluates results in a number of different ways, the line of business management structure is the primary basis for which it assesses financial performance and allocates resources.

The accounting policies of the line of business operating segments are the same as those described in the Company's Amendment No. 1 to Annual Report on Form 10-K for the fiscal year ended June 30, 2004. The Company does not track assets or capital expenditures by operating segments.

Consequently, it is not practical to show assets, capital expenditures, depreciation or amortization by operating segments. The following table presents a summary of operating segments (in thousands):

	License	Consulting Services	Maintenance and Training	Total
Three Months Ended December 31, 2004—				
Revenues from external customers	$ 36,732	$ 15,636	$ 19,257	$ 71,625
Controllable expenses	16,024	14,439	4,106	34,569
Controllable margin(1)	$ 20,708	$ 1,197	$ 15,151	$ 37,056
Three Months Ended December 31, 2003—				
Revenues from external customers	$ 38,856	$ 23,555	$ 19,331	$ 81,742
Controllable expenses	16,380	16,534	3,639	36,553
Controllable margin,(1)	$ 22,476	$ 7,021	$ 15,692	$ 45,189
Six Months Ended December 31, 2004—				
Revenues from external customers	$ 62,005	$ 34,754	$ 38,136	$ 134,895
Controllable expenses	31,491	29,549	7,795	68,835
Controllable margin(1)	$ 30,514	$ 5,205	$ 30,341	$ 66,060
Six Months Ended December 31, 2003—				
Revenues from external customers	$ 77,000	$ 46,855	$ 38,296	$ 162,151
Controllable expenses	33,336	32,830	6,926	73,092
Controllable margin(1)	$ 43,664	$ 14,025	$ 31,370	$ 89,059

(1) The controllable margins reported reflect only the expenses of the line of business and do not represent the actual margins for each operating segment since they do not contain an allocation for selling and marketing, general and administrative, development and other corporate expenses incurred in support of the line of business.

Profit Reconciliation (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2004	2003	2004	2003
Total controllable margin for reportable segments	$ 37,056	$ 45,189	$ 66,060	$ 89,059
Selling and marketing	(19,813)	(21,280)	(38,674)	(42,181)
General and administrative and overhead	(21,709)	(17,122)	(41,390)	(36,348)
Restructuring and Other charges	(219)	(2,000)	(21,727)	(2,000)
Interest and other income and expense, net	1,003	1,478	1,626	1,771
Income (loss) before provision for income taxes and equity in earnings from joint ventures	$ (3,682)	$ 6,265	$ (34,105)	$ 10,301

11. Recent Accounting Pronouncements

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123R, Share-Based Payment ("SFAS No. 123R"). This Statement is a revision of SFAS No. 123, Accounting for Stock-Based Compensation, and supersedes Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and its related implementation guidance. SFAS No. 123R focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. The Statement requires entities to recognize stock compensation expense for awards of equity instruments to employees based on the grant-date fair value of those awards (with limited exceptions). SFAS No. 123R is effective for the first interim or annual reporting period that begins after June 15, 2005. The Company expects to adopt SFAS No. 123R using the Statement's modified prospective application method. Adoption of SFAS No. 123R is expected to increase stock compensation expense. Assuming the continuation of current programs, the Company's preliminary estimate is that additional stock compensation expense for fiscal 2006 will be in the range of $4 million to $5 million. In addition, SFAS No. 123R requires that the excess tax benefits related to stock compensation be reported as a financing cash inflow rather than as a reduction of taxes paid in cash from operations.

12. Restatement of Consolidated Condensed Financial Statements

In October 2004, subsequent to the issuance of the Company's financial statements for the year ended June 30, 2004, the audit committee of the Company's board of directors commenced a detailed investigation of the accounting for certain software license and service agreement transactions entered into with certain alliance partners and other customers during fiscal years 2000 through 2002. The scope of the audit committee's investigation was later expanded to include certain transactions entered into during fiscal years 1999, 2003 and 2004. Based upon the audit committee's investigation, the audit committee and Company management determined that certain transactions entered into in fiscal years 1999 through 2002 were accounted for improperly, and concluded that license revenue associated with the transactions was misstated in fiscal years 1999 through 2004. Additionally, the audit committee and Company management concluded, based on information discovered during the investigation, that the accounting for software license sales to resellers should have been recorded on a sell-through or consignment basis of accounting rather than a sell-in or upfront basis of accounting, resulting in the deferral of license revenue from the period in which it was originally recorded to the period in which the software licenses were sold by the reseller to end users.

In addition, the Company determined that its previous accounting for tax withholdings involving transactions in Japan required restatement, that the timing of certain reductions in software license revenues should be restated, and that equity in earnings from joint ventures and loss (gain) on sales and disposals of assets should be reclassified. The restatement also includes the recording of previously identified errors that were previously not recorded because in each case and in aggregate the Company believed the amount of any such error was not material to the Company's consolidated condensed financial statements.

As a result of the foregoing, the Company has restated its financial statements for the three and six months ended December 31, 2003. The foregoing restatement adjustments did not affect the Company's reported cash, cash equivalents and short-term investments balance during these reported periods.

Revenue and Expense Adjustments

Set forth below, are the adjustments to the Company's previously issued statements of operations for the three and six months ended December 31, 2003.

Software license revenue

	Three Months Ended December 31, 2003	Six Months Ended December 31, 2003
	(In thousands)	
License revenue, as previously reported	$ 37,759	$ 72,822
Revenue restatement adjustments:		
Arrangements outside of contractual terms	645	1,991
Sell-through basis of revenue recognition	229	964
Revenue recognition timing adjustments	—	811
Foreign withholding taxes	223	412
Total revenue restatement adjustments	1,097	4,178
License revenue, as restated	$ 38,856	$ 77,000

Arrangements outside of contractual terms—Through the course of the audit committee investigation, instances of unauthorized side arrangements with customers were identified. Generally, these side arrangements were executed contemporaneously with the software license transaction and provided customers with various rights that were not considered in the original revenue recognition assessment. The consideration provided to customers included terms such as (i) rights to terminate the arrangement; (ii) variable pricing; (iii) rights to unspecified future products; and (iv) commitments made by the Company to provide consideration in the future. Had these elements to the arrangements been taken into consideration or known at the time the transactions were recorded, a portion or all of the revenue would have been deferred until the contingencies had lapsed, the additional products were provided, or other consideration was provided by the Company. Accordingly, the Company has restated revenue on these transactions for the three and six months ended December 31, 2003 to properly reflect all elements of the transactions.

Restatement to sell-through basis of revenue recognition—The Company sells certain of its products through distributors and other resellers. Previously, business arrangements with the Company's distributors and resellers were believed to require payment within a customary collection period and provide no return rights. Accordingly, revenue was recognized upon shipment, on a sell-in or upfront basis, given that management believed all other criteria of SOP No. 97-2 had been met. The Company has determined that, as sales pertained to distributors or resellers, it did not meet the criteria of SOP No. 97-2 that required the vendor's obligation to the buyer to be complete and the fees to be fixed or determinable at the time of product shipment. The Company had provided concessions to various distributors and resellers, including return rights outside the contractual terms, and in some instances facilitated the resale of the Company's software by its distributors. In addition, in some instances, distributors and resellers were not obligated to pay for delivered software licenses until they had been sold through to an end user. Accordingly, the Company has

adjusted revenue on all distributor and reseller transactions for the three and six months ended December 31, 2003 to reflect the sell-through or consignment basis of revenue recognition.

Revenue recognition timing adjustments and receivable write-offs —Due to the errors discovered during the investigation, the Company undertook a comprehensive review of revenue recognition and identified timing issues related to the recording of revenue in the period in which it was earned. In addition, the Company has identified a number of receivable write-offs that were recorded as reductions in license revenue that should have been recorded as bad debt expense.

Foreign withholding taxes—Software license and maintenance revenues earned from customers in Japan which were previously recorded net of the 10% Japanese withholding taxes are being restated for the three and six months ended December 31, 2003 to record the gross amount of the revenue and the related 10% income tax expense.

Impact of the Financial Statement Adjustments on the Consolidated Condensed Statements of Operations

The following table presents the impact of the financial statement adjustments on the Company's previously reported consolidated condensed statements of operations for the three and six months ended December 31, 2003 (in thousands, except per share data).

Consolidated Condensed Statements of Operations

	Three Months Ended December 31, 2003		Six Months Ended December 31, 2003	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Software licenses	$ 37,759	$ 38,856	$ 72,822	$ 77,000
Service and other	42,661	42,886	84,612	85,151
Total revenues	80,420	81,742	157,434	162,151
Cost of software licenses	4,315	4,315	7,932	7,932
Cost of service and other	24,246	24,246	48,878	48,628
Amortization of technology related intangibles	1,842	1,842	3,674	3,674
Total Cost of Revenues	30,403	30,403	60,484	60,234
Gross Profit	50,017	51,339	96,950	101,917
Operating Costs:				
Selling and marketing	23,589	23,651	47,463	47,608
Research and development	14,294	14,294	30,300	30,300
General and administrative	6,325	6,607	13,233	13,479
Restructuring charges and FTC legal costs	2,000	2,000	2,000	2,000
Gain on sales of assets	—	(377)	—	(679)
Total Operating Costs	46,208	46,175	92,996	92,708
Income from operations	3,809	5,164	3,954	9,209
Other income (expense), net	523	246	295	(445)
Interest income, net	895	855	1,617	1,537
Income before provision for income taxes and equity in earnings from joint ventures	5,227	6,265	5,866	10,301
Provision for income taxes	(1,315)	(1,578)	(1,503)	(1,989)
Equity in earnings from joint ventures	—	(100)	—	(100)
Net income	3,912	4,587	4,363	8,212
Accretion of preferred stock discount and dividend	(3,352)	(3,352)	500	500
Net income applicable to common shareholders	$ 560	$ 1,235	$ 4,863	$ 8,712
Basic net income per share applicable to common shareholders	$ 0.01	$ 0.03	$ 0.12	$ 0.22
Diluted net income per share applicable to common shareholders	$ 0.01	$ 0.02	$ 0.10	$ 0.19
Weighted average shares outstanding—Basic	40,175	40,175	39,967	39,967
Weighted average shares outstanding—Diluted	50,315	50,315	46,337	46,337

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

THE FOLLOWING DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH OUR CONSOLIDATED FINANCIAL STATEMENTS AND THE RELATED NOTES APPEARING ELSEWHERE IN THIS QUARTERLY REPORT ON FORM 10-Q AND IN AMENDMENT NO. 1 ON FORM 10-K/A TO OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED JUNE 30, 2004. THIS DISCUSSION AND ANALYSIS CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS, UNCERTAINTIES AND ASSUMPTIONS. OUR ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF A NUMBER OF FACTORS, INCLUDING THOSE SET FORTH UNDER "FACTORS THAT MAY AFFECT FUTURE RESULTS AND THE TRADING PRICE OF OUR COMMON STOCK" AND ELSEWHERE IN THIS QUARTERLY REPORT.

The following discussion and analysis gives effect to the restatement discussed in Note 12 to the Consolidated Condensed Financial Statements.

Overview

Since our founding in 1981, we have developed and marketed software and services to companies in the process industries. In addition to internally generated growth, we have acquired a number of businesses, including Hyprotech on May 31, 2002. We acquired Hyprotech in a transaction accounted for as a purchase. Our operating results include the operating results of Hyprotech only for periods subsequent to the date of acquisition.

Divestitures

In June 2002, we received a letter from the FTC notifying us that it had commenced an investigation of the competitive effects of the Hyprotech acquisition. On August 7, 2003, the FTC announced that it had authorized its staff to file a civil administrative complaint alleging that our acquisition of Hyprotech was anti-competitive in violation of Section 5 of the Federal Trade Commission Act and Section 7 of the Clayton Act. The FTC staff filed its complaint the same day. On December 21, 2004, the Federal Trade Commission approved a consent decree with us, which consent decree constitutes a complete and final settlement of the FTC's complaint against us relating to our acquisition of Hyprotech in May 2002. The FTC's approval also constitutes approval of the transactions contemplated by the purchase and sale agreement that we and our subsidiaries Hyprotech Company, AspenTech Canada Ltd., AspenTech Ltd. and Hyprotech UK Ltd. entered into on October 6, 2004 with Honeywell International, Inc. and its subsidiaries Honeywell Control Systems Limited and Honeywell Limited-Honeywell Limitee, as well as the transactions contemplated by the purchase and sale agreement that we entered into with Bentley Systems Incorporated.

The sale of the AXSYS product line to Bentley Systems Incorporated was completed on July 21, 2004. We do not retain any rights to the AXSYS product line, and, through July 20, 2006, we are prohibited from soliciting business to replace AXSYS licenses held by certain customers, although we may accept Zyqad orders from such customers so long as we do not violate our non-solicitation obligations.

The sale of our operator training business and ownership of rights to the intellectual property to the Hyprotech engineering products to Honeywell were completed on December 23, 2004. Under the terms of the transactions with Honeywell we retain a perpetual, worldwide, royalty-free license to the entire Hyprotech engineering software product line and have the right to continue to develop and sell the Hyprotech engineering products, other than AXSYS, which was sold to Bentley Systems; we agreed not to compete in the operator training business for three years; we retain our customer licenses for HYSYS and related products; we entered into a two-year support agreement to provide Honeywell with

source code to new releases of the Hyprotech products provided to customers under standard software maintenance services agreements; we agreed to a cash payment of approximately $6.0 million from Honeywell to us, $1.2 million of which will be released to us in six months from the closing less any adjustments for uncollected billed accounts receivable and unbilled accounts receivable; and we transferred and Honeywell assumed, as of the closing date, approximately $4 million in accounts receivable relating to the operator training business.

Significant Events—Three Months Ended December 31, 2004

In November 2004, our board of directors accepted the resignation of Mr. David L. McQuillin, our former president and chief executive officer. In December 2004, we entered into an employment agreement with Mr. Mark Fusco, pursuant to which Mr. Fusco agreed to serve as our president and chief executive officer, effective January 3, 2005.

On December 21, 2004, the Federal Trade Commission approved our proposed consent decree, which constituted a complete and final settlement of the FTC's complaint against us relating to our acquisition of Hyprotech in May 2002. The FTC's approval also constitutes approval of the transactions contemplated by the purchase and sale agreement that we and our subsidiaries Hyprotech Company, AspenTech Canada Ltd., AspenTech Ltd. and Hyprotech UK Ltd. entered into on October 6, 2004 with Honeywell International, Inc. and its subsidiaries Honeywell Control Systems Limited and Honeywell Limited-Honeywell Limitee.

On December 23, 2004, we and our subsidiaries completed the transactions with Honeywell contemplated by this purchase agreement, which relates to the sale of our operator training business and ownership of rights to the intellectual property to the Hyprotech engineering products to Honeywell International. Under the terms of the transactions:

- we retain a perpetual, worldwide, royalty-free license to the entire Hyprotech engineering software product line and have the right to continue to develop and sell the Hyprotech engineering products, other than AXSYS which was sold to Bentley Systems;
- we retain our customer licenses for HYSYS and related products;
- our Aspen RefSYS and Aspen Oil & Gas solutions were not transferred as part of the transactions;
- we agreed to a cash payment of approximately $6.0 million from Honeywell in consideration of the transfer of our operator training services business, our covenant not-to-compete in the operator training business for three years, and the transfer of ownership of the intellectual property of our Hyprotech engineering products, $1.2 million of which payment will be released to us in June 2005 (less any adjustments for uncollected billed accounts receivable and unbilled accounts receivable);
- we transferred and Honeywell assumed, as of the closing date, approximately $4 million in accounts receivable relating to the operator training business; and
- we have entered into a two-year support agreement with Honeywell under which we agreed to provide Honeywell with source code to new releases of the Hyprotech products provided to customers under standard software maintenance services agreements.

The Honeywell transaction resulted in a deferred gain of $0.2 million, which is subject to a potential increase of $1.2 million upon resolution of the holdback payment and will be amortized over the two-year life of the support agreement.

Significant Events—Three Months Ended September 30, 2004

During the three months ended September 30, 2004, we recorded $21.7 million in restructuring charges. Of this amount, $14.4 million related to headcount reductions and facility consolidations associated with the June 2004 restructuring plan that did not qualify for accrual at June 30, 2004, as well as $7.3 million in revisions to prior restructuring accruals, offset in part by a $0.2 million adjustment related to accretion of the discounted restructuring accrual.

On July 21, 2004, we completed the sale of the AXSYS product line to Bentley Systems as set forth in the FTC consent decree. We did not retain any rights to the AXSYS product line, and, through July 20, 2006, are prohibited from soliciting business to replace AXSYS licenses held by certain customers, although we may accept Zyqad orders from such customers so long as we do not violate our non-solicitation obligations. We recorded a gain of $0.3 million in the accompanying consolidated condensed statement of operations for the three months ended September 30, 2004 associated with the sale of this product line.

Summary of Restructuring Accruals

Fiscal 2004 and Fiscal 2005

In June 2004, we initiated a plan to reduce our operating expenses in order to better align our operating cost structure with the current economic environment and to improve our operating margins. The plan to reduce operating expenses resulted in the consolidation of facilities, headcount reductions, and the termination of operating contracts. These actions resulted in an aggregate restructuring charge of $23.8 million, recorded in the fourth quarter of fiscal 2004. During the three months ended September 30, 2004, we recorded $14.4 million related to headcount reductions and facility consolidations associated with the June 2004 restructuring plan that did not qualify for accrual at June 30, 2004. In addition, during the three months ended December 31, 2004 we recorded another $0.2 million in restructuring charges related to accretion of the discounted restructuring accrual.

As of December 31, 2004, there was $11.4 million remaining in accrued expenses relating to the remaining severance obligations and lease payments. During the six months ended December 31, 2004, the following activity was recorded (in thousands):

	Closure/ Consolidation of Facilities and Contract exit costs	Employee Severance, Benefits, and Related Costs	Impairment of Assets	Total
Accrued expenses, June 30, 2004, as restated	$ 12,049	$ 911	$ —	$ 12,960
Restructuring charge	9,132	4,349	968	14,449
Impairment of assets	—	—	(968)	(968)
Payments	(10,588)	(2,717)	—	(13,305)
Accrued expenses, September 30, 2004	10,593	2,543	—	13,136
Payments	(530)	(1,414)	—	(1,944)
Restructuring charge—Accretion	216	3	—	219
Accrued expenses, December 31, 2004	$ 10,279	$ 1,132	$ —	$ 11,411
Expected final payment date	September 2112	June 2005		

Fiscal 2003

In October 2002, we initiated a plan to further reduce operating expenses in response to first quarter revenue results that were below expectations and in response to general economic

uncertainties. In addition, we revised revenue expectations for the remainder of the fiscal year and beyond, primarily related to the manufacturing/supply chain product line, which has been affected the most by the current economic conditions. The plan to reduce operating expenses resulted in headcount reductions, consolidation of facilities, and discontinuation of development and support for certain non-critical products. These actions resulted in an aggregate restructuring charge of $28.1 million. During fiscal 2004, we recorded a $4.9 millon decrease to the accrual related to revised assumptions associated with lease exit costs, particularly the buyout of a remaining lease obligation, and severance obligations. In September 2004, we recorded a $7.3 million increase to the accrual due to a change in the estimate of the facility vacancy term, extending to the term of the lease.

As of December 31, 2004, there was $13.5 million remaining in accrued expenses and other liabilities relating to the remaining severance obligations, lease payments and disposition costs. During the six months ended December 31, 2004, the following activity was recorded (in thousands):

	Closure/ Consolidation of Facilities	Employee Severance, Benefits, and Related Costs	Impairment of Assets and Disposition Costs	Total
Accrued expenses, June 30, 2004	$ 6,725	$292	$ 676	$ 7,693
Change in estimate—Revised plan	7,303	—	(38)	7,265
Payments	(565)	—	(138)	(703)
Accrued expenses, September 30, 2004	13,463	292	500	14,255
Payments	(619)	(39)	(50)	(708)
Accrued expenses December 31, 2004	$12,844	$253	$ 450	$ 13,547
Expected final payment date	February 2111	April 2005	April 2005	

Fiscal 2002

In the fourth quarter of fiscal 2002, we initiated a plan to reduce operating expenses and to restructure operations around our two primary product lines, engineering software and manufacturing/supply chain software. We reduced worldwide headcount by approximately 10%, or 200 employees, closed and consolidated facilities, and disposed of certain assets, resulting in an aggregate restructuring charge of $14.4 million.

As of December 31, 2004, there was $1.1 million remaining in accrued expenses and other liabilities relating to the remaining severance obligations and lease payments. During the six months ended December 31, 2004, the following activity was recorded (in thousands):

	Closure/ Consolidation of Facilities	Employee Severance, Benefits, and Related Costs	Total
Accrued expenses, June 30, 2004	$1,683	$308	$ 1,991
Payments	(298)	(82)	(380)
Accrued expenses, September 30, 2004	$1,385	$226	$ 1,611
Payments	(382)	(97)	(479)
Accrued expenses, December 31, 2004	$1,003	$129	$ 1,132
Expected final payment date	December 2010	April 2005	

Fiscal 1999

In the fourth quarter of fiscal 1999, we undertook certain actions to restructure our business. The restructuring resulted from a lower than expected level of license revenues which adversely affected fiscal 1999 operating results. The license revenue shortfall resulted primarily from delayed decision making driven by economic difficulties among customers in certain of our core vertical markets. The restructuring plan resulted in a pre-tax restructuring charge totaling $17.9 million. In September 2004, we recorded an adjustment to the restructuring accrual due to revisions in sub-lease assumptions.

As of December 31, 2004, there was no remaining balance in accrued expenses relating to the restructuring. During the six months ended December 31, 2004, the following activity was recorded (in thousands):

	Closure/ Consolidation of Facilities
Accrued expenses, June 30, 2004	$ 90
Change in estimate—revised sub-lease assumptions	(47)
Sublease receipts, net of lease payments	2
Accrued expenses, September 30, 2004	45
Sublease receipts, net of lease payments	(45)
Accrued expenses, December 31, 2004	$ —

Critical Accounting Estimates and Judgments

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The significant accounting policies that we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

- Revenue recognition for both software licenses and fixed-fee consulting services,
- Impairment of long-lived assets, goodwill and intangible assets,
- Accrual of legal fees associated with outstanding litigation,
- Accounting for income taxes, and
- Allowance for doubtful accounts.

Revenue Recognition—Software Licenses

We recognize software license revenue in accordance with SOP No. 97-2, "Software Revenue Recognition", as amended by SOP No. 98-4 and SOP No. 98-9, as well as the various interpretations and clarifications of those statements. These statements require that four basic criteria must be satisfied before software license revenue can be recognized:

- persuasive evidence of an arrangement between ourselves and a third party exists;
- delivery of our product has occurred;

- the sales price for the product is fixed or determinable; and

- collection of the sales price is probable.

Our management uses its judgment concerning the satisfaction of these criteria, particularly the criteria relating to the determination of whether the fee is fixed and determinable and the criteria relating to the collectibility of the receivables, particularly the installments receivable, relating to such sales. In addition, our management uses its judgment in applying these two criteria to reseller transactions, in which revenue is recognized upon delivery to the end user, and the determination of whether the fee is fixed or determinable and whether collection if probable is more difficult. Should changes and conditions cause management to determine that these criteria are not met for certain future transactions, all or substantially all of the software license revenue recognized for such transactions could be deferred.

Revenue Recognition—Consulting Services

We recognize revenue associated with fixed-fee service contracts in accordance with the proportional performance method, measured by the percentage of costs (primarily labor) incurred to date as compared to the estimated total costs (primarily labor) for each contract. When a loss is anticipated on a contract, the full amount of the anticipated loss is provided currently. Our management uses its judgment concerning the estimation of the total costs to complete the contract, considering a number of factors including the experience of the personnel that are performing the services and the overall complexity of the project. We have a significant amount of experience in the estimation of the total costs to complete a contract and have not typically recorded material losses related to these estimates. We do not expect the accuracy of our estimates to change significantly in the future. Should changes and conditions cause actual results to differ significantly from management's estimates, revenue recognized in future periods could be adversely affected.

Impairment of Long-lived Assets, Goodwill and Intangible Assets

In accordance with Statement of Financial Accounting Standards, or SFAS, No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," we review the carrying value of long-lived assets when circumstances dictate that they should be reevaluated, based upon the expected future operating cash flows of our business. These future cash flow estimates are based on historical results, adjusted to reflect our best estimate of future markets and operating conditions, and are continuously reviewed based on actual operating trends. Historically, actual results have occasionally differed from our estimated future cash flow estimates. In the future, actual results may differ materially from these estimates, and accordingly cause a full impairment of our long-lived assets.

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," we conduct at least an annual assessment on January 1st of the carrying value of our goodwill assets. We obtain a third-party valuation of the reporting units associated with the goodwill assets, which is based on either estimates of future income from the reporting units or estimates of the market value of the units, based on comparable recent transactions. These estimates of future income are based upon historical results, adjusted to reflect our best estimate of future markets and operating conditions, and are continuously reviewed based on actual operating trends. Historically, actual results have occasionally differed from our estimated future cash flow estimates. In the future, actual results may differ materially from these estimates. In addition, the relevancy of recent transactions used to establish market value for our reporting units is based on management's judgment.

The timing and size of future impairment charges involves the application of management's judgment and estimates and could result in the impairment of all or substantially all of our long-lived assets, intangible assets and goodwill, which totaled $68.2 million as of December 31, 2004.

Accrual of Legal Fees Associated with Outstanding Litigation

We accrue estimated future legal fees associated with outstanding litigation for which management has determined that it is probable that a loss contingency exists. This requires management to estimate the amount of legal fees that will be incurred in the defense of the litigation. These estimates are based heavily on our expectations of the scope, length to complete and complexity of the claims. Historically, as these factors have changed after our original estimates, we have adjusted our estimates accordingly. In the future, additional adjustments may be recorded as the scope, length or complexity of outstanding litigation changes.

Accounting for Income Taxes

As part of the process of preparing our consolidated financial statements we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax liabilities together with the assessment of temporary differences resulting from differing treatment of items, such as deferred revenue, for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet. Tax assets also result from net operating losses, research and development tax credits and foreign tax credits. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase or decrease this allowance in a period, the impact will be included in the tax provision in our statement of operations.

Significant management judgment is required in determining our deferred tax assets and liabilities and any valuation allowance recorded against these amounts. The valuation allowance is based on our estimates of taxable income by jurisdiction in which we operate and the period over which our deferred tax assets will be recoverable. In the event that actual results differ from these estimates or we adjust these estimates in future periods we may need to establish an additional valuation allowance which could result in a tax provision equal to the carrying value of our deferred tax assets.

Allowance for Doubtful Accounts

We make judgments as to our ability to collect outstanding receivables and provide allowances for the portion of receivables for which collection is doubtful. Provisions are made based upon a specific review of all significant outstanding invoices. In determining these provisions, we analyze our historical collection experience and current economic trends. If the historical data we use to calculate the allowance provided for doubtful accounts do not reflect the future ability to collect outstanding receivables, additional provisions for doubtful accounts may be required for all or substantially all of certain receivable balances.

Results of Operations

The following table sets forth the percentages of total revenues represented by certain consolidated condensed statement of operations data for the periods indicated:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2004	2003	2004	2003
Revenues:				
Software licenses	51.3%	47.5%	46.0%	47.5%
Service and other	48.7	52.5	54.0	52.5
Total revenues	100.0	100.0	100.0	100.0
Cost of revenues:				
Cost of software licenses	6.6	5.3	6.4	4.9
Cost of service and other	30.6	29.7	32.6	30.0
Amortization of technology related intangible assets	2.5	2.3	2.6	2.3
Total cost of revenues	39.7	37.2	41.7	37.1
Gross profit	60.3	62.8	58.3	62.9
Operating costs:				
Selling and marketing	32.7	28.9	33.9	29.4
Research and development	16.2	17.5	17.6	18.7
General and administrative	17.7	8.1	17.1	8.3
Restructuring charges and FTC legal costs	0.3	2.4	16.1	1.2
Gain on sales and disposals of assets	0.0	(0.5)	(0.3)	(0.4)
Total operating costs	66.9	56.5	84.5	57.2
Income (loss) from operations	(6.5)	6.3	(26.2)	5.7
Interest income	2.2	2.4	2.4	2.5
Interest expense	(1.2)	(1.4)	(1.4)	(1.5)
Other income (expense), net	0.5	0.3	0.0	(0.3)
Income (loss) before provision for income taxes and equity in earnings from joint ventures	(5.1)%	7.7%	(25.3)%	6.4%

Comparison of the Three and Six Months Ended December 31, 2004 and 2003

Total Revenues

Revenues are derived from software licenses, consulting services and maintenance and training. Total revenues for the three months ended December 31, 2004 decreased 12.4% to $71.6 million from $81.7 million in the three months ended December 31, 2003. Total revenues for the six months ended December 31, 2004 decreased 16.8% to $134.9 million from $162.2 million in the six months ended December 31, 2003. Total revenues from customers outside the United States were $41.2 million and $81.5 million, or 57.6% and 60.7% of total revenues for the three and six months ended December 31, 2004, respectively, as compared to $48.9 million and $88.1 million, or 59.8% and 54.3% of total revenues for the three and six months ended December 31, 2003, respectively. The geographical mix of revenues can vary from period to period.

Software License Revenues

Software license revenues are attributable to software license renewals covering existing users, the expansion of existing customer relationships through licenses covering additional users, licenses of additional software products, and, to a lesser extent, to the addition of new customers. Software license revenues represented 51.3% of total revenues for the three months ended December 31, 2004, as compared to 47.5% in the three months ended December 31, 2003. Revenues from software licenses for the three months ended December 31, 2004 decreased 5.6% to $36.7 million from $38.9 million in the three months ended December 31, 2003.

Software license revenues represented 45.9% of total revenues for the six months ended December 31, 2004, as compared to 47.5% in the six months ended December 31, 2003. Revenues from software licenses for the six months ended December 31, 2004 decreased 19.5% to $62.0 million from $77.0 million in the six months ended December 31, 2003.

The decreases in the three and six months ended December 31, 2004 were primarily due to distractions caused by the ongoing uncertainty of the FTC proceedings, changes in sales management and delays in purchasing from customers interested in licensing manufacturing/supply chain products. For the six months ended December 31, 2004 and 2003, approximately 70% and 30% of our license revenue was derived from products in the engineering product line and manufacturing/supply chain product line, respectively.

Service and Other Revenues

Revenues from service and other consist of consulting services, post-contract support on software licenses, training and sales of documentation. Revenues from service and other for the three months ended December 31, 2004 decreased 18.6% to $34.9 million from $42.9 million in the three months ended December 31, 2003. Revenues from service and other for the six months ended December 31, 2004 decreased 14.4% to $72.9 million from $85.2 million in the six months ended December 31, 2003.

These decreases were attributable primarily to the consulting services business. Consulting services decreased due to a year over year $1.4 million decline in reimbursable expenses and to the general low-level of licenses of our manufacturing/supply chain products during the two most recent fiscal years. Our consulting services are more heavily linked to the implementation of our manufacturing/supply chain products than they are to our engineering products.

Cost of Software Licenses

Cost of software licenses consists of royalties, amortization of previously capitalized software costs, costs related to delivery of software, including disk duplication and third-party software costs, printing of manuals and packaging. Cost of software licenses for the three months ended December 31, 2004

increased 9.6% to $4.7 million from $4.3 million in the three months ended December 31, 2003. Cost of software licenses for the six months ended December 31, 2004 increased 9.3% to $8.7 million from $7.9 million in the six months ended December 31, 2003. Cost of software licenses as a percentage of revenues from software licenses was 12.9% and 14.0% for the three and six months ended December 31, 2004, respectively, as compared to 11.1% and 10.3% for the three and six months ended December 31, 2003, respectively.

The cost increase was primarily due to a $0.5 million increase in the six months ended December 31, 2004 as the result of amortization of computer software development costs, related to two significant product releases, AES 12.1 and AMS 6.0, during the three months ended December 31, 2003.

Cost of Service and Other

Cost of service and other consists of the cost of execution of application consulting services, technical support expenses and the cost of training services. Cost of service and other for the three months ended December 31, 2004 decreased 9.6% to $21.9 million from $24.2 million in the three months ended December 31, 2003. Cost of service and other for the six months ended December 31, 2004 decreased 9.5% to $44.0 million from $48.6 million in the six months ended December 31, 2003. Cost of service and other as a percentage of service and other revenues was 62.8% and 60.4% in the three and six months ended December 31, 2004, respectively, as compared to 56.5% and 57.1% in the three and six months ended December 31, 2003, respectively.

The decrease in cost for the three months was primarily due to decreased payroll costs of $1.0 million related to reductions in headcount, as well as a decrease in reimbursable expenses of $1.4 million. The decrease in cost for the six months was attributable to decreased payroll costs of $3.0 million and decreased facilities related costs of $2.0 million related to restructuring plans, offset in part by an increase in billable consulting fees of $0.5 million.

Amortization of Technology Related Intangibles

Amortization of technology related intangibles for the three months ended December 31, 2004 and 2003 was $1.8 million, and for the six months ended December 31, 2004 and 2003 was $3.6 million and $3.7 million, respectively. As a percentage of total revenues, amortization of technology related intangibles was 2.5% and 2.6% for the three and six months ended December 31, 2004, respectively, as compared to 2.3% for the three and six months ended December 31, 2003.

Selling and Marketing Expenses

Selling and marketing expenses for the three months ended December 31, 2004 decreased 1.1% to $23.4 million from $23.7 million in the three months ended December 31, 2003. Selling and marketing expenses for the six months ended December 31, 2004 decreased 3.8% to $45.8 million from $47.6 million in the six months ended December 31, 2003. As a percentage of total revenues, selling and marketing expenses were 32.7% and 33.9% for the three and six months ended December 31, 2004, respectively, as compared to 28.9% and 29.4% for the three and six months ended December 31, 2003, respectively. The decrease in dollars in the six month periods was primarily due to a $1.5 million decrease in commission expense directly attributable to the decrease in license revenue over the same period.

Research and Development Expenses

Research and development expenses consist of personnel and outside consultancy costs required to conduct our product development efforts. Research and development expenses during the three months ended December 31, 2004 decreased 19.0% to $11.6 million from $14.3 million in the three months

ended December 31, 2003. Research and development expenses during the six months ended December 31, 2004 decreased 21.6% to $23.8 million from $30.3 million in the six months ended December 31, 2003. As a percentage of revenues, research and development costs were 16.2% and 17.6% for the three and six months ended December 31, 2004, respectively, as compared to 17.5% and 18.7% for the three and six months ended December 31, 2003, respectively. The decrease in costs for the three months ended December 31, 2004 was primarily attributable to a $1.2 million decrease in salary and benefit costs and a $0.9 million decrease in facilities related costs associated with the reductions in headcount from the June 2004 restructuring plan, as well as a $0.6 million decrease in consulting fees. The decrease in costs for the six months ended December 31, 2004 was attributable to a $2.5 million decrease in salary and benefit costs and a $1.6 million decrease in facilities related costs associated with the reductions in headcount from the June 2004 restructuring plan, as well as a $1.2 million decrease in consulting fees and a $0.5 million decrease in travel and entertainment costs.

We capitalized software development costs that amounted to 13.9% and 16.9% of our total research and development costs during the three and six months ended December 31, 2004, respectively, as compared to 13.6% and 16.8% during the three and six months ended December 31, 2003, respectively.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries of administrative, executive, financial and legal personnel, outside professional fees, and amortization of other intangible assets. General and administrative expenses for the three months ended December 31, 2004 increased 92.1% to $12.7 million from $6.6 million for the three months ended December 31, 2003. General and administrative expenses for the six months ended December 31, 2004 increased 71.5% to $23.1 million from $13.5 million for the six months ended December 31, 2003. The increases were attributable primarily to $3.4 million in costs related to the audit committee investigation, $1.4 million in litigation defense and settlement costs related to KBC, and $2.3 million in other litigation defense costs recorded in September 2004.

Interest Income

Interest income is generated from investment of excess cash in short-term and long-term investments and from the license of software pursuant to installment contracts. Under these installment contracts, we offer a customer the option to make annual payments for its term licenses instead of a single license fee payment at the beginning of the license term. Historically, a substantial majority of the asset optimization customers have elected to license these products through installment contracts. Included in the annual payments is an implicit interest rate established by us at the time of the license. As we sell more perpetual licenses for value chain solutions, these sales are being paid for in forms that are generally not installment contracts. If the mix of sales moves away from installment contracts, interest income in future periods will be reduced.

We sell a portion of the installment contracts to unrelated financial institutions. The interest earned by us on the installment contract portfolio in any one year is the result of the implicit interest rate established by us on installment contracts and the size of the contract portfolio. Interest income was $1.5 million and $3.3 million for the three and six months ended December 31, 2004, respectively, as compared to $2.0 million and $4.0 million for the three and six months ended December 31, 2003, respectively. This decrease primarily was due to the aggressive collection of receivables and the increased sale of receivables, resulting in a decrease in the installments receivable balance.

Interest Expense

Interest expense is generated from interest charged on our convertible debentures, notes payable and capital lease obligations. Interest expense was $0.9 million and $2.0 million for the three and six months ended December 31, 2004, as compared to $1.1 million and $2.5 million for the three and six months ended December 31, 2003, respectively. This decrease in interest expense resulted from the elimination of a portion of the interest bearing debt, due to the repurchase and retirement of a portion of our convertible debentures.

Tax Rate

The tax benefit recorded during the three and six months ended December 31, 2004 primarily related to losses incurred in foreign locations. We did not record a domestic income tax benefit for the three and six months ended December 31, 2004, as we provided a full valuation against the domestic tax net operating loss carryforwards that were generated during the periods. The effective tax rate used for the three and six months ended December 31, 2003 was approximately 25% and 20% of pretax income, respectively.

Liquidity and Capital Resources

During the six months ended December 31, 2004, operating activities used $15.7 million of cash primarily due to the operating loss. Investing activities used $7.7 million of cash primarily as a result of the purchase of property and equipment and the capitalization of computer software development costs. Financing activities provided $2.2 million of cash primarily due to the issuance of shares under our employee stock purchase plan and due to the exercise of stock options.

Historically, we have financed our operations principally through cash generated from public offerings of our convertible debentures and common stock, private offerings of our preferred stock and common stock, operating activities, and the sale of installment contracts to third parties.

In August 2003, we issued and sold 300,300 shares of Series D-1 preferred, along with WD warrants to purchase up to 6,006,006 shares of common stock, for an aggregate purchase price of $100.0 million. Concurrently, we paid $30.0 million and issued 63,064 shares of Series D-2 preferred, along with WB and WD warrants to purchase up to 1,261,280 shares of common stock, to repurchase all of the outstanding Series B preferred. The Series D preferred earns cumulative dividends at an annual rate of 8%, that are payable when and if declared by the board, in cash or, subject to certain conditions, common stock. Each share of Series D preferred currently is convertible into 100 shares of common stock, subject to anti-dilution and other adjustments. As a result, the shares of Series D preferred currently are convertible into an aggregate of 36,336,400 shares of common stock. The Series D preferred is subject to redemption at the option of the holders as follows: 50% on or after August 14, 2009 and 50% on or after August 14, 2010.

An aggregate of $45 million of working capital may be used to repay a portion of our convertible debentures at or prior to maturity.

We have had arrangements to sell installments receivable to three financial institutions, General Electric Capital Corporation, Fleet Business Credit Corporation and Silicon Valley Bank. We sold certain installment contracts for aggregate proceeds of approximately $25.6 million and $51.2 million during the three and six months ended December 31, 2004, respectively, and $34.9 million and $51.8 million during the three and six months ended December 31, 2003, respectively. As of December 31, 2004, there was approximately $65 million in additional availability under the arrangements. We expect to continue to have the ability to sell receivables, as the collection of the sold receivables will reduce the outstanding balance, and the availability under the arrangements can be

increased. At December 31, 2004, we had a partial recourse obligation that was within the range of $1.4 million to $3.5 million.

In January 2003, we executed a Loan Arrangement with Silicon Valley Bank. This arrangement provides a line of credit of up to the lesser of (1) $15.0 million or (2) 70% of eligible domestic receivables, and a line of credit of up to the lesser of (1) $10.0 million or (2) 80% of eligible foreign receivables. The lines of credit bear interest at the bank's prime rate (5.25% at December 31, 2004). We need to maintain a $4.0 million compensating cash balance with the bank, or we will be subject to an unused line fee and collateral handling fees. The lines of credit will initially be collateralized by nearly all of our assets, and upon achieving certain net income targets, the collateral will be reduced to a lien on our accounts receivable. We are required to meet certain financial covenants, including minimum tangible net worth, minimum cash balances and an adjusted quick ratio. As of December 31, 2004, there were $8.6 million in letters of credit outstanding under the line of credit, and there was $9.3 million available for future borrowing. As of December 31, 2004, we were in default of the tangible net worth covenant. On January 28, 2005, the Company executed an amendment to the Loan Arrangement that adjusted the terms of certain financial covenants, cured the default as of December 31, 2004, and extended the expiration date of the arrangement to April 1, 2005. We are currently negotiating a renewal of this facility with the bank.

As of December 31, 2004, we had cash and cash-equivalents totaling $86.9 million. Our commitments as of December 31, 2004 consisted primarily of the maturity of the convertible debentures on June 15, 2005, royalty commitments owed to Accenture, capital lease obligations, and leases on our headquarters and other facilities. Other than these, there were no other commitments for capital or other expenditures. Our obligations related to these items at December 31, 2004 are as follows (in thousands):

	2005	2006	2007	2008	2009	Thereafter	Total
Operating leases	$ 6,372	$ 10,489	$ 9,561	$ 8,186	$ 7,597	$ 25,273	$ 67,478
Capital leases and debt obligations	925	963	224	183	181	401	2,877
Accenture royalty commitment	2,620	—	—	—	—	—	2,620
Maturity of convertible debentures	56,745	—	—	—	—	—	56,745
Total commitments	$ 66,662	$ 11,452	$ 9,785	$ 8,369	$ 7,778	$ 25,674	$ 129,720

We believe our current cash balances together with availability of sales of our installment contracts and cash flows from our operations will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months. However, we may need to obtain additional financing thereafter or earlier, if our current plans and projections prove to be inaccurate or our expected cash flows prove to be insufficient to fund our operations because of lower-than-expected revenues, unanticipated expenses or other unforeseen difficulties, due to normal operations or FTC-related costs. In addition, we may seek to take advantage of favorable market conditions by raising additional funds from time to time through public or private security offerings, debt financings, strategic alliances or other financing sources. Our ability to obtain additional financing will depend on a number of factors, including market conditions, our operating performance and investor interest. These factors may make the timing, amount, terms and conditions of any financing unattractive. They may also result in our incurring additional indebtedness or accepting stockholder dilution. If adequate funds are not available or are not available on acceptable terms, we may have to forego strategic acquisitions or investments, reduce or defer our development activities, or delay our introduction of new products and services. Any of these actions may seriously harm our business and operating results.

Factors that may affect our operating results and stock price

INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND UNCERTAINTIES DESCRIBED BELOW BEFORE PURCHASING OUR COMMON STOCK. THE RISKS AND UNCERTAINTIES DESCRIBED BELOW ARE NOT THE ONLY ONES FACING OUR COMPANY. ADDITIONAL RISKS AND UNCERTAINTIES MAY ALSO IMPAIR OUR BUSINESS OPERATIONS. IF ANY OF THE FOLLOWING RISKS ACTUALLY OCCUR, OUR BUSINESS, FINANCIAL CONDITION OR RESULTS OF OPERATIONS WOULD LIKELY SUFFER. IN THAT CASE, THE TRADING PRICE OF OUR COMMON STOCK COULD FALL, AND YOU MAY LOSE ALL OR PART OF THE MONEY YOU PAID TO BUY OUR COMMON STOCK.

Risks Related to Recent Accounting Investigations and Reviews

We have identified a material weakness in our internal controls with respect to software license revenue recognition that, if not remedied effectively, could result in material misstatements in our financial statements in future periods and our stock price could fall.

In October 2004, the audit committee of our board of directors began an investigation into the accounting treatment of a number of transactions we entered into with alliance partners and other customers during our fiscal years ended June 30, 2000 through 2002. Based on a report by the audit committee to our board in connection with the investigations and on a report by Deloitte & Touche LLP, our independent registered public accounting firm, to the audit committee in connection with the preparation of the restated financial statements included in an amendment to our Annual Report on Form 10-K/A filed with the SEC on March 15, 2005, we concluded that as of December 31, 2004 a material weakness existed in the design and operation of our internal controls over financial reporting with respect to software license revenue recognition. A material weakness is defined by the Public Company Accounting Oversight Board (United States) as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. A significant deficiency is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Our management concluded that the following factors contributed significantly to the material weakness with respect to our software license revenue recognition controls:

(a) need for improved and redundant procedures and cross-checks to reasonably assure the identification of arrangements including both software license and services components;

(b) need for improved and redundant procedures and cross-checks to reasonably assure the detection and prevention of unauthorized arrangements with customers entered into contemporaneously with software license agreements;

(c) inadequate systems to track sales by resellers of software licenses to end-users;

(d) lack of a sufficient number of qualified finance personnel to review and provide guidance on revenue recognition for complex software license transactions; and

(e) need for routinization of our processes to assess the creditworthiness of new or existing customers.

Based on the reports of the audit committee and our independent registered public accounting firm, we are implementing a number of policies and procedures designed to address the material weaknesses and reportable conditions described above. We believe these initiatives, which we expect to

complete by June 30, 2005, will address and resolve the material weakness in our internal controls with respect to software license revenue recognition. If these remedial initiatives are insufficient to address this material weakness, however, our financial statements may contain material misstatements, we may fail to meet our future reporting obligations on a timely basis, we may be subject to class action litigation, and our common stock may be delisted from the Nasdaq National Market. Internal control deficiencies could also cause investors to lose confidence in our reported financial information. We can give no assurance that the measures we have taken to date or any future measures will remediate the material weakness identified or that any additional material weaknesses will not arise in the future due to a failure to implement and maintain adequate internal controls over financial reporting or circumvention of these controls. In addition, even if we are successful in strengthening our controls and procedures, those controls and procedures may not be adequate to prevent or identify irregularities or facilitate the fair presentation of our financial statements or SEC reporting.

Our assessment of the effectiveness of our internal controls over financial reporting as required by Section 404 of the Sarbanes-Oxley Act may identify additional material weaknesses, which, if not remediated effectively, could result in material misstatements in our financial statements in future periods.

Pursuant to rules promulgated by the SEC under Section 404 of the Sarbanes-Oxley Act, we are required to include in our future Form 10-K filings, beginning with our Form 10-K for our fiscal year ending June 30, 2005, a report by our management on our internal control over financial reporting, along with a report by our independent auditors attesting as to management's internal control report. We have undertaken a program, deploying internal and external resources, to document, test and assess the effectiveness of our internal control over financial reporting, but there can be no assurance that we will complete our documentation, testing and assessment by the filing date for our annual report on Form 10-K for fiscal year 2005. We are focusing our efforts on those control processes that are most significant to our business and financial reporting. There can be no assurance, however, that there will be sufficient time and resources available before the filing date for this Form 10-K for our independent auditors and us to complete the assessment and testing of all of our key business processes, consistent with the Committee of Sponsoring Organization Standards. We are subject to the internal control report rules for the first time in fiscal 2005 and, therefore, have no experience predicting the time required to comply with their requirements. Our internal controls assessment may identify material weaknesses in addition to the ones we have previously disclosed. Consequently, our financial statements may contain material misstatements, we may fail to meet our future reporting obligations on a timely basis, we may be subject to class action litigation, and our common stock may be delisted. In addition, our work may result in an attestation with an adverse, or a disclaimer of an, opinion from our independent auditors as to the adequacy of our internal control over financial reporting. Each of these consequences of our Section 404 assessment may have an adverse effect on investor perceptions of our company and cause a decline in the market price of our common stock.

We face risks related to securities litigation and investigations that could have a material adverse effect on our business, financial condition and results of operations.

Following the announcement in October 2004 of the investigation by the audit committee of our board of directors into the accounting treatment of certain software license transactions in prior fiscal years, we and certain of our former officers and directors were named as defendants in securities class action lawsuits filed in Massachusetts federal district court, alleging violations of the Exchange Act and claiming we made material misstatements concerning our financial condition. In addition, a derivative lawsuit alleging breaches of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment, was also filed in Massachusetts federal district court. Defending against existing and potential litigation relating to the restatement of our consolidated financial statements will likely require significant attention and resources of management. Regardless of the outcome, such litigation and investigation will result in significant legal expenses and may cause our customers, employees and investors to lose confidence in our company.

On October 29, 2004, we announced that we had received a subpoena from the U.S. Attorney's Office for the Southern District of New York requesting documents relating to transactions to which the Company was a party during the 2000 to 2002 time frame, associated documents dating from January 1, 1999, and additional materials. We are cooperating fully with the subpoena requests and in the investigation by the U.S. Attorney's Office. However, we may in the future become the subject of investigation by other regulatory agencies such as the SEC.

We may be required to indemnify our current and former directors and officers who are named as defendants in some of these lawsuits, and such indemnification commitments may be costly. Our director and officer liability insurance policies provide only limited liability protection relating to the securities class action and derivative lawsuits against us and certain of our officers and directors and may not cover director and officer indemnification. If these policies do not adequately cover expenses and certain liabilities relating to these lawsuits, or if we are unable to achieve a favorable settlement of these lawsuits, our financial condition could be materially harmed. Increased premiums could materially harm our financial results in future periods. The inability to obtain this coverage due to prohibitively expensive premiums would make it more difficult to retain and attract officers and directors and expose us to potentially self-funding any potential future liabilities ordinarily mitigated by director and officer liability insurance.

If we are not current in our SEC filings, we will face several adverse consequences.

If we are unable to remain current in our financial filings, investors in our securities will not have information regarding our business and financial condition with which to make decisions regarding investment in our securities. In addition, we will not be able to have a registration statement under the Securities Act of 1933, covering a public offering of securities, declared effective by the SEC, and we will not be able to make offerings pursuant to existing registration statements or pursuant to certain "private placement" rules of the SEC under Regulation D to any purchasers not qualifying as "accredited investors." We also will not be eligible to use a "short form" registration statement on Form S-3 for a period of 12 months after the time we become current in our filings. These restrictions may impair our ability to raise funds should we desire to do so and may adversely affect our financial condition.

Our common stock may be delisted from the Nasdaq National Market and transferred to the National Quotation Service Bureau, or "Pink Sheets," which may, among other things, reduce the price of our common stock and the levels of liquidity available to our stockholders.

Nasdaq has notified us that we must timely file, without regard to any applicable 12b-25 extension period, all periodic reports with the SEC and Nasdaq for all reporting periods ending on or before January 31, 2005. If we fail to keep current in our SEC filings or to comply with Nasdaq's continued listing requirements, our common stock may be delisted from the Nasdaq National Market and subsequently would trade on the Pink Sheets. The trading of our common stock on the Pink Sheets may reduce the price of our common stock and the levels of liquidity available to our stockholders. In addition, the trading of our common stock on the Pink Sheets would materially adversely affect our access to the capital markets, and the limited liquidity and potentially reduced price of our common stock could materially adversely affect our ability to raise capital through alternative financing sources on terms acceptable to us or at all. Stocks that trade on the Pink Sheets are no longer eligible for margin loans, and a company trading on the Pink Sheets cannot avail itself of federal preemption of state securities or "blue sky" laws, which adds substantial compliance costs to securities issuances, including pursuant to employee option plans, stock purchase plans and private or public offerings of securities. If we are delisted in the future from the Nasdaq National Market and transferred to the Pink Sheets, there may also be other negative implications, including the potential loss of confidence by suppliers, customers and employees, the loss of institutional investor interest in our company.

Risks Related to Our Business

Our lengthy sales cycle makes it difficult to predict quarterly revenue levels and operating results.

Because license and implementation fees for our software products are substantial and the decision to purchase our products typically involves members of our customers' senior management, the sales process for our solutions is lengthy and can exceed one year. Accordingly, the timing of our license revenues is difficult to predict, and the delay of an order could cause our quarterly revenues to fall substantially below our expectations and those of public market analysts and investors. Moreover, to the extent that we succeed in shifting customer purchases away from individual software products and toward more costly integrated suites of software and services, our sales cycle may lengthen, which could increase the likelihood of delays and cause the effect of a delay to become more pronounced. Delays in sales could cause significant shortfalls in our revenues and operating results for any particular period.

Fluctuations in our quarterly revenues, operating results and cash flow may cause the market price of our common stock to fall.

Our revenues, operating results and cash flow have fluctuated in the past and may fluctuate significantly in the future as a result of a variety of factors, many of which are outside of our control, including:

- demand for our products and services;
- our customers' purchasing patterns;
- the length of our sales cycle;
- changes in the mix of our license revenues and service revenues;
- the timing of introductions of new solutions and enhancements by us and our competitors;
- seasonal weakness in the first quarter of each fiscal year (which for us is the quarter ended September 30), primarily caused by a slowdown in business in some of our international markets;
- the timing of our investments in new product development;
- the mix of domestic and international sales;
- changes in our operating expenses; and
- fluctuating economic conditions, particularly as they affect companies in the oil and gas, chemicals, petrochemicals and petroleum industries.

We ship software products within a short period after receipt of an order and typically do not have a material backlog of unfilled orders for software products. Consequently, revenues from software licenses in any quarter are substantially dependent on orders booked and shipped in that quarter. Historically, a majority of each quarter's revenues from software licenses has come from license agreements that have been entered into in the final weeks of the quarter. Therefore, even a short delay in the consummation of an agreement may cause our revenues to fall below expectations of public market analysts and investors for that quarter.

Since our expense levels are based in part on anticipated revenues, we may be unable to adjust our spending quickly enough to compensate for any revenue shortfall and any revenue shortfall would likely have a disproportionately adverse effect on our operating results. We expect that the factors listed above will continue to affect our operating results for the foreseeable future. Because of the factors listed above, we believe that period-to-period comparisons of our operating results are not necessarily meaningful and should not be relied upon as indications of future performance.

If, due to one or more of the foregoing factors or an unanticipated cause, our operating results fail to meet the expectations of public market analysts and investors in a future quarter, the market price of our common stock would likely decline.

We derive a majority of our total revenues from customers in the oil and gas, chemicals, petrochemicals and petroleum industries, which are highly cyclical, and our operating results may suffer if these industries experience an economic downturn.

We derive a majority of our total revenues from companies in the oil and gas, chemicals, petrochemicals and petroleum industries. Accordingly, our future success depends upon the continued demand for manufacturing optimization software and services by companies in these process manufacturing industries. The oil and gas, chemicals, petrochemicals and petroleum industries are highly cyclical and highly reactive to the price of oil, as well as general economic conditions. In the past, worldwide economic downturns and pricing pressures experienced by oil and gas, chemical, petrochemical and petroleum companies have led to consolidations and reorganizations. These downturns, pricing pressures and restructurings have caused delays and reductions in capital and operating expenditures by many of these companies. These delays and reductions have reduced demand for products and services like ours. A recurrence of these industry patterns, as well as general domestic and foreign economic conditions and other factors that reduce spending by companies in these industries, could harm our operating results in the future.

New accounting standards or interpretations of existing accounting standards could adversely affect our operating results.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, the AICPA, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change.

For example, we recognize software license revenue in accordance with SOP 97-2, *Software Revenue Recognition,* as amended by SOP 98-9, *Software Revenue Recognition with Respect to Certain Transactions*. The AICPA and the SEC continue to issue interpretations and guidance for applying the relevant accounting standards to a wide range of sales contract terms and business arrangements that are prevalent in software licensing arrangements.

Certain factors have in the past and may in the future cause us to defer recognition for license fees beyond delivery, such as the inclusion of material non-standard terms in our licensing agreements. Because of these factors and other specific requirements under accounting principles generally accepted in the United States for software revenue recognition, we must have very precise terms in our software arrangements in order to recognize revenue when we initially deliver software or perform services. Negotiation of mutually acceptable terms and conditions can extend our sales cycle, and we may accept terms and conditions that do not permit revenue recognition at the time of delivery.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123R, Share-Based Payment, or SFAS No. 123R. SFAS No. 123R is a revision of SFAS No. 123, Accounting for Stock-Based Compensation, and supersedes Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and its related implementation guidance. SFAS No. 123R focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123R requires entities to recognize stock compensation expense for awards of equity instruments to employees based on the grant-date fair value of those awards (with limited exceptions). SFAS No. 123R is effective for the first interim or annual reporting period that begins after June 15, 2005. We expect to adopt SFAS No. 123R using the Statement's modified prospective application method. Adoption of SFAS No. 123R is expected to increase stock compensation expense. Assuming the continuation of current programs, our preliminary estimate is that

additional stock compensation expense for fiscal 2006 will be in the range of $4 million to $5 million. In addition, SFAS No. 123R requires that the excess tax benefits related to stock compensation be reported as a financing cash inflow rather than as a reduction of taxes paid in cash from operations.

We face increased competition as a result of the sale of our operator training business and Hyprotech intellectual property to Honeywell International and the settlement of the KBC proceedings, in addition to competition we have faced in the past, and if we do not compete successfully, we may lose market share.

As a result of the consent decree we entered into with the FTC and the related transactions with Honeywell and Bentley Systems described in "Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations," we transferred our AXSYS product line, our operator training business, and rights to the intellectual property of the Hyprotech product line. The ability of Honeywell International to compete against our Hyprotech engineering product, the loss of our and operator training business, the ability of Bentley Systems to compete against our Zyqad product line, and the increased costs of our support obligations to Honeywell under the two year support agreement may have a material adverse effect on our operations. The Hyprotech engineering products are material to our current business and strategy, and any decrease in our revenues from these products may have a material adverse impact on our results of operations. Because Honeywell may license the Hyprotech engineering products on more favorable terms than we may offer, sell the Hyprotech engineering products to companies that are customers of both Honeywell and us, and bundle the Hyprotech engineering products with its other products for the process industries, Honeywell may harm our ability to compete in the marketplace, including our ability to negotiate license renewals with our current customers.

In addition, as part of our settlement with KBC Advanced Technologies, we agreed to recognize KBC's right to develop, market and license HYSYS.Refinery, KBC's refinery-wide simulation product which competes with our refinery-wide simulation product, Aspen RefSYS. As a result of this settlement, increased competition from KBC may harm our market share and our revenues.

In addition, our markets in general are highly competitive. Our engineering software competes with products of other businesses such as Simulation Sciences (a division of Invensys), Chemstations, Bentley Systems, ABB, MDC Technology, Aveva Group (formerly Cadcentre), WinSim (formerly ChemShare) and Process Systems Enterprise. Our manufacturing/supply chain software competes with products of companies such as Honeywell, Invensys, ABB, Rockwell, i2 Technologies, Manugistics and components of SAP's supply chain offering. As we expand our engineering solutions into the collaborative process lifecycle management market and the EOM market, we may face competition from companies that we have not typically competed against in the past or competition from companies in areas where we have not competed in the past, such as Agile, Parametric Technology, SAP, Honeywell, ABB, Invensys, Siemens and EDS. We also face competition in all areas of our business from large companies in the process industries that have internally developed their own proprietary software solutions.

Many of our competitors have greater financial, marketing and other resources than we have. In addition, many of our competitors have established, and may in the future continue to establish, cooperative relationships with third parties to improve their product offerings and to increase the availability of their products to the marketplace. In addition, competitors may make strategic acquisitions to increase their ability to gain market share or improve the quality or marketability of their products. These cooperative relationships and strategic acquisitions could reduce our market share, require us to lower our prices, or both. Increased competition may result in price reductions, reduced profitability and loss of market share. We cannot assure you that we will be able to compete successfully against existing or future competitors.

If economic conditions and the markets for our products do not continue to improve, sales of our product lines, particularly our manufacturing and supply chain product suites, will be adversely affected.

Adverse changes in the economy and global economic and political uncertainty have previously caused delays and reductions in information technology spending by our customers and a consequent deterioration of the markets for our products and services, particularly our manufacturing/supply chain product suites. If adverse economic conditions worsen or do not continue to improve, we will experience further reductions, delays, and postponements of customer purchases that will negatively impact our revenue and operating results. If economic and political conditions and the market for our products do not continue to improve and our revenues decline, our business could be harmed, and we may not be able to further reduce our costs to align them with these decreased revenues.

If we do not continue to make the technological advances required by the marketplace, our business could be seriously harmed.

Enterprises are requiring their application software vendors to provide greater levels of functionality and broader product offerings. Moreover, competitors continue to make rapid technological advances in computer hardware and software technology and frequently introduce new products, services and enhancements. We must continue to enhance our current product line and develop and introduce new products and services that keep pace with increasingly sophisticated customer requirements and the technological developments of our competitors. Our business and operating results could suffer if we cannot successfully respond to the technological advances of others or if our new products or product enhancements and services do not achieve market acceptance.

Under our business plan, we are investing significantly in the development of new business process products that are intended to anticipate and meet the emerging needs of our target market. We are focusing significantly on development of these new products, which means we will not invest as substantially in the continued enhancement of our current products. We cannot assure you that our new product development will result in products that will meet market needs and achieve significant market acceptance.

If we are unable to successfully market our products to senior executives of potential customers, our revenue growth may be limited.

With the development of our integrated manufacturing/supply chain solutions and our EOM solutions, we frequently must focus on selling the strategic value of our technology to the highest executive levels of customer organizations, typically the chief executive officer, chief financial officer or chief information officer. If we are not successful at selling and marketing to senior executives, our revenue growth and operating results could be materially and adversely affected.

If we are unable to develop or maintain relationships with strategic partners, our revenue growth may be harmed.

An element of our growth strategy is to strategically partner with a few select third-party implementation partners that market and integrate our products. If our current partners terminate their existing relationships with us, or if we do not adequately train a sufficient number of systems integrator partners, or if potential partners focus their efforts on integrating or co-selling competing products to the process industries, our future revenue growth could be limited and our operating results could be materially and adversely affected. If our partners fail to implement our solutions for our customers properly, the reputations of our products and services and our company could be harmed and we might be subject to claims by our customers. We intend to continue to establish business relationships with technology companies to accelerate the development and marketing of our products and services. To the extent that we are unsuccessful in maintaining our existing relationships and developing new relationships, our revenue growth may be materially and adversely affected.

We may suffer losses on fixed-price engagements.

We derive a substantial portion of our total revenues from service engagements and a significant percentage of these engagements have been undertaken on a fixed-price basis. Under these fixed-price engagements, we bear the risk of cost overruns and inflation, and as a result, any of these engagements may be unprofitable. In the past, we have had cost overruns on fixed-price service engagements. In addition, to the extent that we are successful in shifting customer purchases to our integrated suites of software and services and we price those engagements on a fixed-price basis, the size of our fixed-price engagements may increase, which could cause the impact of an unprofitable fixed-price engagement to have a more pronounced impact on our operating results.

Our business may suffer if we fail to address the challenges associated with international operations.

We derived approximately one-half of our total revenues from customers outside the United States in each of the fiscal years ended June 30, 2002, 2003 and 2004. We anticipate that revenues from customers outside the United States will continue to account for a significant portion of our total revenues for the foreseeable future. Our operations outside the United States are subject to additional risks, including:

- unexpected changes in regulatory requirements, exchange rates, tariffs and other barriers;
- political and economic instability;
- less effective protection of intellectual property;
- difficulties in managing distributors and representatives;
- difficulties in staffing and managing foreign subsidiary operations;
- difficulties and delays in translating products and product documentation into foreign languages;
- difficulties and delays in negotiating software licenses compliant with accounting revenue recognition requirements in the United States;
- difficulties in collecting trade accounts receivable in other countries; and
- potentially adverse tax consequences.

The impact of future exchange rate fluctuations on our operating results cannot be accurately predicted. In recent years, we have increased the extent to which we denominate arrangements with international customers in the currencies of the countries in which the software or services are provided. From time to time we have engaged in, and may continue to engage in, hedges of a significant portion of installment contracts denominated in foreign currencies. Any hedging policies implemented by us may not be successful, and the cost of these hedging techniques may have a significant negative impact on our operating results.

We may not be able to protect our intellectual property rights, which could make us less competitive and cause us to lose market share.

We regard our software as proprietary and rely on a combination of copyright, patent, trademark and trade secret laws, license and confidentiality agreements, and software security measures to protect our proprietary rights. We have registered or have applied to register several of our significant trademarks in the United States and in certain other countries. We generally enter into non-disclosure agreements with our employees and customers, and historically have restricted access to our software products' source codes, which we regard as proprietary information. In a few cases, we have provided copies of the source code for some of our products to customers solely for the purpose of special product customization and have deposited copies of the source code for some of our products in third-party escrow accounts as security for ongoing service and license obligations. In these cases, we rely on non-disclosure and other contractual provisions to protect our proprietary rights.

The steps we have taken to protect our proprietary rights may not be adequate to deter misappropriation of our technology or independent development by others of technologies that are substantially equivalent or superior to our technology. Any misappropriation of our technology or development of competitive technologies could harm our business, and could force us to incur substantial costs in protecting and enforcing our intellectual property rights. The laws of some countries in which our products are licensed do not protect our products and intellectual property rights to the same extent as the laws of the United States.

Third-party claims that we infringe upon the intellectual property rights of others may be costly to defend or settle and could damage our business.

We cannot be certain that our software and services do not infringe issued patents, copyrights, trademarks or other intellectual property rights of third parties. Litigation regarding intellectual property rights is common in the software industry, and we may be subject to legal proceedings and claims from time to time, including claims of alleged infringement of intellectual property rights of third parties by us or our licensees concerning their use of our software products and integration technologies and services. Although we believe that our intellectual property rights are sufficient to allow us to market our software without incurring liability to third parties, third parties may bring claims of infringement against us. Because our software is integrated with our customers' networks and business processes, as well as other software applications, third parties may bring claims of infringement against us, as well as our customers and other software suppliers, if the cause of the alleged infringement cannot easily be determined. Such claims may be with or without merit. Claims of alleged infringement may have a material adverse effect on our business and may discourage potential customers from doing business with us on acceptable terms, if at all. Defending against claims of infringement may be time-consuming and may result in substantial costs and diversion of resources, including our management's attention to our business. Furthermore, a party making an infringement claim could secure a judgment that requires us to pay substantial damages. A judgment could also include an injunction or other court order that could prevent us from selling our software or require that we re-engineer some or all of our products. Claims of intellectual property infringement also might require us to enter costly royalty or license agreements. We may be unable, however, to obtain royalty or license agreements on terms acceptable to us or at all. Our business, operating results and financial condition could be harmed significantly if any of these events occurred, and the price of our common stock could be adversely affected. Furthermore, former employers of our current and future employees may assert that our employees have improperly disclosed confidential or proprietary information to us. In addition, we have agreed, and may agree in the future, to indemnify certain of our customers against claims that our software infringes upon the intellectual property rights of others. We could incur substantial costs in defending ourselves and our customers against infringement claims. In the event of a claim of infringement, we, as well as our customers, may be required to obtain one or more licenses from third parties, which may not be available on acceptable terms, if at all. Defense of any lawsuit or failure to obtain any such required licenses could harm our business, operating results and financial condition and the price of our common stock. In addition, although we carry general liability insurance, our current insurance coverage may not apply to, and likely would not protect us from, all liability that may be imposed under these types of claims.

Because some of our software products incorporate technology licensed from, or provided by, third parties, the loss of our right to use that technology or defects in that third party technology could harm our business.

Some of our software products contain technology that is licensed from, or provided by, third parties. Any significant interruption in the supply or support of any such third-party software could adversely affect our sales, unless and until we can replace the functionality provided by the third-party software. Because some of our software incorporates software developed and maintained by third parties, we depend on these third parties to deliver and support reliable products, enhance our current software, develop new software on a timely and cost-effective basis and respond to emerging industry

standards and other technological changes. In other instances we provide third-party software with our current software, and we depend on these third parties to deliver reliable products, provide underlying product support and respond to emerging industry standards and other technological changes. The failure of these third parties to meet these criteria could harm our business.

Our software is complex and may contain undetected errors.

Like many other complex software products, our software has on occasion contained undetected errors or "bugs." Because new releases of our software products are initially installed only by a selected group of customers, any errors or "bugs" in those new releases may not be detected for a number of months after the delivery of the software. These errors could result in loss of customers, harm to our reputation, adverse publicity, loss of revenues, delay in market acceptance, diversion of development resources, increased insurance costs or claims against us by customers.

We may be subject to significant expenses and damages because of liability claims.

The sale and implementation of certain of our software products and services, particularly in the areas of advanced process control and optimization, may entail the risk of product liability claims. Our software products and services are often integrated with our customers' networks and software applications and are used in the design, operation and management of manufacturing processes at large facilities, often for mission critical applications. Any errors, defects, performance problems or other failure of our software could result in significant claims against us for damages or for violations of environmental, safety and other laws and regulations. In addition, the failure of our software to perform to customer expectations could give rise to warranty claims. Our agreements with our customers generally contain provisions designed to limit our exposure to potential product liability claims. It is possible, however, that the limitation of liability provisions in our agreements may not be effective as a result of federal, state or local laws or ordinances or unfavorable judicial decisions. A substantial product liability claim against us could materially and adversely harm our operating results and financial condition. Even if our software is not at fault, a product liability claim brought against us could be time consuming, costly to defend and harmful to our operations. In addition, although we carry general liability insurance, our current insurance coverage may be insufficient to protect us from all liability that may be imposed under these types of claims.

Implementation of our products can be difficult and time-consuming, and customers may be unable to implement our products successfully or otherwise achieve the benefits attributable to our products.

Our products are intended to work with complex business processes. Some of our software, such as customized scheduling applications and integrated supply chain products, must integrate with the existing computer systems and software programs of our customers. This can be complex, time-consuming and expensive. As a result, some customers may have difficulty in implementing or be unable to implement these products successfully or otherwise achieve the benefits attributable to these products. Customers may also make claims against us relating to the functionality, performance or implementation of this software. Delayed or ineffective implementation of the software products or related services may limit our ability to expand our revenues and may result in customer dissatisfaction, harm to our reputation and may result in customer unwillingness to pay the fees associated with these products.

If we are not successful in attracting and retaining management team members and other highly qualified individuals in our industry, we may not be able to successfully implement our business strategy.

Our ability to establish and maintain a position of technology leadership in the highly competitive software market depends in large part upon our ability to attract and retain highly qualified managerial, sales and technical personnel. We have recently had a number of changes in our senior management. We announced the resignation of our senior vice president of global sales in August 2004 and the

resignation of our president and chief executive officer in November 2004, and we also announced the retirement from our board of directors of Mr. Lawrence B. Evans, our founder who was serving as chairman of our board, in January 2005. Mr. Mark Fusco, who became our president and chief executive officer on January 3, 2005, had been serving as a member of our board of directors for one year and has not previously served as the chief executive officer of a publicly traded company. In addition, several of our executive officers have not entered into an employment agreements with us. In the future, we may experience the departure of senior executives due to competition for talent from start-ups and other companies. Our future success depends on a continued, successful management transition and will also depend on our continuing to attract, retain and motivate highly skilled employees. Competition for employees in our industry is intense. We may be unable to retain our key employees or attract, assimilate or retain other highly qualified employees in the future. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications.

Our common stock may experience substantial price and volume fluctuations.

The equity markets have from time to time experienced extreme price and volume fluctuations, particularly in the high technology sector, and those fluctuations have often been unrelated to the operating performance of particular companies. In addition, factors such as our financial performance, announcements of technological innovations or new products by us or our competitors, as well as market conditions in the computer software or hardware industries, may have a significant impact on the market price of our common stock.

In the past, following periods of volatility in the market price of a public company's securities, securities class action litigation has often been instituted against companies. This type of litigation could result in substantial costs and a diversion of management's attention and resources.

Our common stockholders may experience further dilution as a result of provisions contained in our outstanding Series D convertible preferred stock and warrants.

The terms of our outstanding securities may result in substantial dilution to existing common stockholders. In August 2003, we issued 300,300 shares of Series D-1 convertible preferred stock, or Series D-1 preferred, and delivered cash and 63,064 shares of Series D-2 convertible preferred stock, or Series D-2 preferred, in consideration for the surrender of all of our outstanding Series B-I and B-II convertible preferred stock, or Series B preferred. Each share of our Series D-1 preferred and Series D-2 preferred, which we refer to collectively as Series D preferred, is currently convertible, at the holder's option, into 100 shares of our common stock and may be converted into additional shares of our common stock upon certain events as a result of antidilution provisions in our charter. In addition, we issued warrants to purchase up to 7,267,286 shares of common stock, which we refer to as the WD warrants, and exchanged existing warrants to purchase 791,044 shares of common stock for warrants to purchase 791,044 shares of common stock, which we refer to as the WB warrants. The WD warrants and WB warrants are currently exercisable for an aggregate of 8,058,330 shares of our common stock and may be converted into additional shares upon certain events as a result of antidilution provisions in the warrants. The Series D preferred, together with the WD warrants and WB warrants, were issued to several investment partnerships managed by Advent International Corporation and to holders of our Series B preferred. We refer to these transactions as the Series D financing.

In addition to the Series D preferred and the WD and WB warrants, we currently have additional warrants outstanding that are exercisable to purchase 1,023,474 shares of common stock at an exercise price of $9.76 per share and 9,720 shares of common stock at an exercise price of $120.98. Our common stockholders would be subject to substantial dilution if the Series D preferred is converted into common stock or if our outstanding warrants are exercised for common stock.

Each share of Series D preferred is entitled to a cumulative dividend of 8.0% of the stated value per share of such Series D preferred per year, payable at the discretion of the board of directors or

upon conversion of the Series D preferred to common stock or redemption of the Series D preferred. Accumulated dividends, when and if declared by our board, could be paid in cash or, subject to specified conditions, common stock. If we elect to pay dividends in shares of common stock, we will issue a number of shares of common stock equal to the quotient obtained by dividing the dividend payment by the volume weighted average of the sale prices of the common stock on the Nasdaq National Market for 20 consecutive trading days, ending on the fourth trading day prior to the required dividend payment date.

We are obligated to register for public sale shares of common stock issuable pursuant to our outstanding Series D preferred and warrants, and sales of those shares may result in a decrease in the price of our common stock.

We have granted rights to require that we register under the Securities Act the shares of common stock issuable upon the conversion of, or as dividends on, the Series D preferred and upon the exercise of either the WB warrants or WD warrants:

- *Series D-1 preferred.* The holders of the Series D-1 preferred have the right to demand that we file on their behalf up to four registration statements covering shares of common stock issuable upon (a) conversion of the Series D-1 preferred and (b) exercise of the WD warrants issued to the holders of the Series D-1 preferred.

- *Series D-2 preferred.* We previously filed a registration statement that covers all of the shares of common stock issuable upon (a) conversion of the Series D-2 preferred and (b) exercise of the WB and WD warrants issued to the initial holders of the Series D-2 preferred.

In addition, to the extent we elect to pay dividends on the Series D preferred in shares of our common stock, we are required to register such shares. Any sale of common stock into the public market by the holders of the Series D preferred pursuant to a registration statement could cause a decline in the trading price of our common stock.

Our repayment obligations under our convertible debentures could have a material adverse effect on our financial condition.

As of March 1, 2005, we had outstanding $56,745,000 in aggregate principal amount of our 5 1/4% convertible subordinated debentures that will mature on June 15, 2005. We will be required to dedicate a substantial portion of our cash flows from operations, including from the sale of receivables, to repay the principal of and interest on the outstanding convertible debentures. Our repayment of the convertible debentures will reduce the cash we have available to fund operations, research and product development, capital expenditures and other general corporate purposes. We have incurred net losses in the past and may incur losses in the future that may impair our ability to generate the cash required to meet our obligations under the convertible debentures. If we cannot generate sufficient cash to meet these obligations, we may be required to incur additional indebtedness or raise additional capital.

We may need to raise additional capital in the future and may not be able to secure adequate funds on terms acceptable to us or at all.

We expect that our current cash balances, cash-equivalents, short-term investments, proceeds from sales of installment contracts, funds available under our bank line of credit, and cash flows from operations will be sufficient to meet our working capital and capital expenditure requirements for at least the next twelve months. We may need to obtain additional financing thereafter or earlier, however, if our current plans and projections prove to be inaccurate or our expected cash flows prove to be insufficient to fund our operations because of lower-than-expected revenues, unanticipated expenses, including those related to the class action lawsuits or their outcome or settlement, or other unforeseen difficulties.

Our sales of receivables are an important part of our cash management program. Historically, we have had arrangements to sell long-term contracts to two financial institutions, General Electric Capital Corporation and Fleet Business Credit Corporation, and in December 2003 we entered into a third such arrangement with Silicon Valley Bank. These contracts represent amounts due over the life of existing term licenses. During the six months ended December 31, 2004, our installments receivable balance decreased to $85.7 million at December 31, 2004 from $90.8 million at June 30, 2004. Under the three arrangements, we sold installments receivable of $51.2 million during the six months ended December 31, 2004. Our ability to continue these arrangements or replace them with similar arrangements is important to maintain adequate funding.

Our ability to obtain additional financing will depend on a number of factors, including market conditions, our operating performance and investor interest. These factors may make the timing, amount, terms and conditions of any financing unattractive. In addition, the uncertain outcome of the class action lawsuits impairs our ability to obtain additional financing. Until these lawsuits are resolved, or if any resolution is materially adverse to us, we expect our ability to obtain additional financing will be substantially impaired. If adequate funds are not available or are not available on acceptable terms, we may have to forego strategic acquisitions or investments, reduce or defer our development activities, or delay our introduction of new products and services. Any of these actions may seriously harm our business and operating results.

The holders of our Series D preferred and WB and WD warrants own a substantial portion of our capital stock that may afford them significant influence over our affairs.

As of December 31, 2004, the Series D preferred (as converted to common stock) represented 41.9% of our outstanding common stock and the WB and WD warrants were exercisable for a number of shares representing 9.3% of our outstanding common stock (ignoring certain limitations on the ability to convert such shares or exercise such warrants). As a result, the holders of the Series D preferred and the WB and WD warrants, if acting together, would have the ability to delay or prevent a change in control of our company that may be favored by other stockholders and otherwise exercise significant influence over all corporate actions requiring stockholder approval, irrespective of how our other stockholders may vote, including:

- any amendment of our certificate of incorporation or bylaws;
- the approval of some mergers and other significant corporate transactions, including a sale of substantially all of our assets; or
- the defeat of any non-negotiated takeover attempt that might otherwise benefit the public stockholders.

In addition, the holders of the Series D-1 preferred have elected three of our non-employee board members. Accordingly, the holders of our Series D-1 preferred may be able to exert substantial influence over matters submitted for board approval.

Our corporate documents and provisions of Delaware law may prevent a change in control or management that stockholders may consider desirable.

Section 203 of the Delaware General Corporation Law and our charter and by-laws contain provisions that might enable our management to resist a takeover of our company. These provisions could have the effect of delaying, deferring, or preventing a change in control of our company or a change in our management that stockholders may consider favorable or beneficial. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors and take other corporate actions. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Information relating to quantitative and qualitative disclosure about market risk is set forth in note 3 of the Notes to Consolidated Condensed Financial Statements and below under the caption "Foreign Exchange Hedging."

Investment Portfolio

We do not use derivative financial instruments in our investment portfolio. We place our investments in instruments that meet high credit quality standards, as specified in our investment policy guidelines; the policy also limits the amount of credit exposure to any one issuer and the types of instruments approved for investment. We do not expect any material loss with respect to our investment portfolio. The following table provides information about our investment portfolio. For investment securities, the table presents principal cash flows and related weighted average interest rates by expected maturity dates.

Principal (Notional) Amounts by Expected Maturity in U.S. Dollars ($ in thousands)

	Fair Value at December 31, 2004	Maturing in FY2005
Cash Equivalents	$ 86,887	$ 86,887
Weighted Average Interest Rate	1.72%	1.72%

Impact of Foreign Currency Rate Changes

During the first six months of fiscal 2005, the U.S. dollar generally remained stable as compared to the Asia/Pacific, European and Canadian currencies. The translation of our intercompany receivables and foreign entities assets and liabilities did not have a material impact on our consolidated results. Foreign exchange forward contracts are only purchased to hedge certain customer accounts and installment receivable amounts denominated in a foreign currency.

Foreign Exchange Hedging

We enter into foreign exchange forward contracts to reduce our exposure to currency fluctuations on customer accounts receivables denominated in foreign currency. The objective of these contracts is to neutralize the impact of foreign currency exchange rate movements on our operating results. We do not use derivative financial instruments for speculative or trading purposes. We had $26.1 million of foreign exchange forward contracts denominated in British, Japanese, Swiss, Euro and Canadian currencies, which represented underlying customer accounts receivable transactions at December 31, 2004. At December 31, 2004 and 2003, the foreign exchange forward contracts and the related installments receivable denominated in foreign currency are revalued based on the current market exchange rates. Resulting gains and losses are included in earnings or deferred as a component of other comprehensive income. These deferred gains and losses are recognized in income in the period in which the underlying anticipated transaction occurs. Gains and losses related to these instruments for the three and six months ended December 31, 2004 and 2003 were not material to our financial position . We do not anticipate any material adverse effect on our consolidated financial position, results of operations, or cash flows resulting from the use of these instruments. However, we cannot assure you that these strategies will be effective or that transaction losses can be minimized or forecasted accurately.

The following table provides information about our foreign exchange forward contracts at December 31, 2004. The table presents the value of the contracts in U.S. dollars at the contract exchange rate as of the contract maturity date. The average contract rate approximates the weighted

average contractual foreign currency exchange rate and the forward position in U.S. dollars approximates the fair value of the contract at December 31, 2004.

Forward Contracts to Sell Foreign Currencies for U.S. Dollars Related to Customer Installments Receivable:

Currency	Average Contract Rate	Forward Amount in U.S. Dollars	Contract Origination Date	Contract Maturity Date
		(in thousands)		
Euro	0.82	$ 14,081	Various: Mar 04—Dec 04	Various: Jan 05—Nov 05
Japanese Yen	108.1	4,240	Various: Apr 02—Oct 04	Various: Jan 05—Aug 05
Canadian Dollar	1.35	2,674	Various: Mar 04—Nov 04	Various: Jan 05—Oct 05
Swiss Franc	1.23	1,271	Jul 04	Various: Jan 05—Jul 05
British Pound Sterling	0.57	875	Various: Mar 04—Nov 04	Various: Jan 05—Jul 05
Total		$ 23,141		

Item 4. *Controls and Procedures*

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act) as of December 31, 2004.

As part of this evaluation, our management considered a report provided under interim standards established by the Public Company Accounting Oversight Board ("PCAOB") regarding certain elements of our system of internal controls made in September 2004 to our board's audit committee by our independent registered public accounting firm, Deloitte & Touche LLP, of a "material weakness" with respect to our controls and procedures involving accounting for taxes. Deloitte & Touche LLP noted errors in (a) our computations of the provision for sales taxes, (b) our computations of the domestic and foreign provision for income taxes, and (c) our computation and classification of deferred income taxes. Deloitte & Touche LLP also noted a "reportable condition" with respect to our property record-keeping processes that did not constitute a material weakness. This material weakness and reportable condition were previously disclosed in our Annual Report on Form 10-K as originally filed with the SEC on September 13, 2004. Reportable conditions under the PCAOB interim standards involve matters relating to significant deficiencies in the design or operation of the Company's internal control over financial reporting that could adversely affect the Company's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A material weakness under the PCAOB interim standards is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

In February 2005, as part of its previously described accounting investigation, the audit committee made a report to our board relating to certain accounting and internal controls issues. In March 2005, in connection with its review of the restated financial statements included in this Form 10-Q, Deloitte & Touche LLP made a report (again under the interim standards of the PCAOB regarding certain elements of our system of internal controls) to the audit committee of (1) a "material weakness" with respect to our software license revenue recognition controls and (2) a "reportable condition" with respect to our processes for recording restructuring accruals that did not constitute a

material weakness. Our management concluded that the following factors contributed significantly to the material weakness with respect to our software license revenue recognition controls:

(a) need for improved and redundant procedures and cross-checks to reasonably assure the identification of arrangements including both software license and services components;

(b) need for improved and redundant procedures and cross-checks to reasonably assure the detection and prevention of unauthorized arrangements with customers entered into contemporaneously with software license agreements;

(c) inadequate systems to track sales by resellers of software licenses to end-users;

(d) lack of a sufficient number of qualified finance personnel to review and provide guidance on revenue recognition for complex software license transactions; and

(e) need for routinization of our processes to assess the creditworthiness of new or existing customers.

In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and our management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on their evaluation, our chief executive officer and chief financial officer concluded that, as a result of the material weaknesses in our internal controls over financial reporting described above, our disclosure controls and procedures were not effective as of December 31, 2004.

Based on the recommendations made by the audit committee to our board and by Deloitte & Touche LLP in its reports to the audit committee, we have undertaken a number of initiatives to address the material weaknesses and reportable conditions described above. To date, we have completed the following actions:

- We have hired a director of internal audit.
- We have hired a director of tax.
- We have purchased a fixed asset accounting and tracking system.

In addition, we have undertaken the following additional steps, all of which we anticipate will be completed by June 30, 2005:

- We are establishing a cross-functional group to manage and monitor software license arrangements that also involve consulting services in order to assess the revenue recognition implications.
- We are formulating checklists to define revenue recognition criteria and to document related transactional information.
- We are implementing processes and documentation procedures to effectively track sales by our resellers to end users.
- We are in the process of hiring additional revenue recognition accounting personnel.
- We are establishing processes to assess the creditworthiness of customers on a periodic basis and to ensure that such assessments are documented and reviewed before entering into agreements with customers containing extended payment terms.
- We are requiring quarterly certifications from all of our sales personnel to assist in detecting issues that may impact revenue recognition and the accuracy of our financial statements.

- We are providing clearer designation and allocation of responsibilities and supervision within our finance department.
- We are initiating additional training of our sales organization regarding revenue recognition rules and best practices.
- We are initiating additional training of all our employees on the standards and expectations set forth in our Code of Conduct and Business Ethics.
- We are implementing our new fixed asset accounting and tracking system and are in the process of completing a full physical inventory of all property and equipment.

We have designed these various initiatives to address all of the material weaknesses and reportable conditions described above. The actual efficacy of the initiatives is subject to continuing review by our management, supported by confirmation and testing by our management and internal and external auditors. In addition, we are in the process of developing and implementing a formal set of internal controls and procedures for financial reporting, in accordance with the SEC's rules, to adopt the internal control report requirements included in Section 404 of the Sarbanes-Oxley Act. We expect that additional changes will be made to our internal controls and procedures as a result of these various procedures.

Other than the foregoing initiatives, no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal year ended June 30, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The certifications of our principal executive officer and principal financial officer required in accordance with Section 302 of the Sarbanes-Oxley Act are attached as exhibits to this Form 10-Q. The disclosures set forth in this Item 4 contain information concerning the evaluation of our disclosure controls and procedures, and changes in internal control over financial reporting, referred to in paragraph 4 of the certifications. This Item 4 should be read in conjunction with the officer certifications for a more complete understanding of the topics presented.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

FTC Settlement

On December 21, 2004, the Federal Trade Commission approved our proposed consent decree, which constituted a complete and final settlement of the FTC's complaint against us relating to our acquisition of Hyprotech in May 2002. The FTC's approval also constituted approval of the transactions contemplated by the purchase and sale agreement that we and our subsidiaries Hyprotech Company, AspenTech Canada Ltd., AspenTech Ltd. and Hyprotech UK Ltd. entered into on October 6, 2004 with Honeywell International, Inc. and its subsidiaries Honeywell Control Systems Limited and Honeywell Limited-Honeywell Limitee.

On July 21, 2004, we completed the sale of the AXSYS product line to Bentley Systems as set forth in the FTC consent decree. We did not retain any rights to the AXSYS product line, and, through July 20, 2006, we are prohibited from soliciting business to replace AXSYS licenses held by certain customers, although we may accept Zyqad orders from such customers so long as we do not violate our non-solicitation obligations.

On December 23, 2004, we and our subsidiaries completed the transactions with Honeywell contemplated by the October 6, 2004 purchase agreement, which relates to the sale of our operator training business and ownership of rights to the intellectual property to the Hyprotech engineering products to Honeywell. Under the terms of the transactions:

- we retain a perpetual, worldwide, royalty-free license to the entire Hyprotech engineering software product line and have the right to continue to develop and sell the Hyprotech engineering products, other than AXSYS which was sold to Bentley Systems;
- we retain our customer licenses for HYSYS and related products;
- our Aspen RefSYS and Aspen Oil & Gas solutions were not transferred as part of the transactions;
- we agreed to a cash payment of approximately $6.0 million from Honeywell in consideration of the transfer of our operator training services business, our covenant not-to-compete in the operator training business for three years, and the transfer of ownership of the intellectual property of our Hyprotech engineering products, $1.2 million of which payment will be released to us in June 2005 (less any adjustments for uncollected billed accounts receivable and unbilled accounts receivable);
- we transferred and Honeywell assumed, as of the closing date, approximately $4 million in accounts receivable relating to the operator training business; and
- we have entered into a two-year support agreement with Honeywell under which we agreed to provide Honeywell with source code to new releases of the Hyprotech products provided to customers under standard software maintenance services agreements.

KBC Settlement

On October 1, 2004, we, together with our subsidiaries AspenTech, Inc. and Hyprotech Company, entered into a Settlement Agreement with KBC Advanced Technologies Plc, KBC Advanced Technologies Inc. and AEA Technology Plc. Pursuant to the settlement agreement, the parties agreed to settle (1) the arbitration proceedings in England relating to a contract dispute involving the parties and (2) the legal proceedings filed by KBC in state district court in Houston, Texas against us and Hyprotech Company.

As part of the settlement, KBC has agreed to recognize our right to develop, market and license Aspen RefSYS, and we have agreed to recognize KBC's right to develop, market and license HYSYS.Refinery, their respective refinery-wide simulation products. We also will license commercial, object code, copies of Aspen HYSYS, Aspen PIMS, and Aspen Orion to KBC for use as part of KBC's consulting services business, without the right to sublicense. In addition, we paid KBC $3.75 million in lieu of costs incurred in the dispute.

U.S. Attorney's Office Investigation

On October 29, 2004, we announced that we had received a subpoena from the U.S. Attorney's Office for the Southern District of New York requesting documents relating to transactions to which we were party during the 2000 to 2002 time frame, associated documents dating from January 1, 1999, and additional materials. We intend to cooperate fully with the subpoena requests and in the investigation by the U.S. Attorney's Office.

Class Action Suits

In November 2004, two putative class action lawsuits were filed against us in the United States District Court District of Massachusetts, captioned, respectively, Fener v. Aspen Technology, Inc., et. al., Civil Action No. 04-12375 (D. Mass.) (filed Nov. 9, 2004) and Stockmaster v. Aspen Technology, Inc., et. al., Civil Action No. 04-12387 (D. Mass.) (filed Nov. 10, 2004). The class actions allege, among other things, that we violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder in connection with various statements about our financial condition for fiscal years 2000 through 2004. The time for the defendants to move, answer or otherwise respond to the complaints has been extended to sixty days following the filing of a consolidated amended complaint. On February 2, 2005, the Court consolidated the cases under the caption Aspen Technology, Inc. Securities Litigation, Civil Action No. 04-12375 (D. Mass.), and appointed The Operating Engineers and Construction Industry and Miscellaneous Pension Fund (Local 66) and City of Roseville Employees' Retirement System as lead plaintiff, purporting to represent a putative class of persons who purchased our common stock between January 25, 2000 and October 29, 2004. No consolidated amended complaint has been filed and no class has been certified. We believe that plaintiffs' claims lack merit and intend to litigate the dispute vigorously. We are currently unable to determine whether resolution of these matters will have a material adverse impact on our financial position or results of operations, or reasonably estimate the amount of the loss, if any, that may result from resolution of these matters. However, the ultimate outcome could have a material adverse effect on our financial position or results of operations.

Derivative Action

On December 1, 2004, a purported derivative action was filed in the United States District Court District of Massachusetts, captioned Caviness v. Evans, et. al., Civil Action No. 04-12524 (D. Mass.) against certain of our current and former directors and officers. The complaint alleges, among other things, that the former and current director and officer defendants caused us to issue false and misleading financial statements, and brings derivative claims for the following: (1) breach of fiduciary duty for insider trading; (2) breach of fiduciary duty; (3) abuse of control; (4) gross mismanagement; (5) waste of corporate assets; (6) unjust enrichment. We have moved to dismiss the complaint for failure to make a demand on our board and for failing to allege particularized facts showing why plaintiff's failure to make a demand should be excused. The time for plaintiff to respond to the motions to dismiss or, in the alternative, to file an amended complaint has been extended until March 30, 2005. We believe that plaintiff's claims lack merit and intend to litigate the dispute vigorously. We currently are unable to determine whether resolution of these matters will have a material adverse impact on our financial position or results of operations, or reasonably estimate the

amount of the loss, if any, that may result from resolution of these matters. However, the ultimate outcome could have a material adverse effect on our financial position or results of operations.

Item 6. ***Exhibits and Reports on Form 8-K***

(a) ***Exhibits***

Exhibit Number	Description
10.1+	Purchase and Sale Agreement, dated October 6, 2004, by and among Aspen Technology, Inc., Hyprotech Company, AspenTech Canada Ltd., and Hyprotech UK Ltd. (collectively, the "AspenTech Parties") and Honeywell International Inc., Honeywell Control Systems Limited and Honeywell Limited-Honeywell Limitee (collectively, the "Honeywell Parties").
10.2+	Amendment No. 1 to the Purchase and Sale Agreement, dated October 6, 2004 by and among the AspenTech Parties and the Honeywell Parties.
10.3+	Hyprotech License Agreement, dated as of December 23, 2004, by and between Aspen Technology, Inc. and Honeywell International, Inc.
10.4+	Hyprotech License Agreement, dated as of December 23, 2004, by and between AspenTech Canada Ltd. and Honeywell Limited-Honeywell Limitee.
10.5+	Hyprotech License Agreement, dated as of December 23, 2004, by and between Hyprotech Company and Honeywell Limited-Honeywell Limitee.
10.6+	Hyprotech License Agreement, dated as of December 23, 2004, by and between AspenTech Ltd. and Honeywell Control Systems Limited.
10.7+	Hyprotech License Agreement, dated as of December 23, 2004, by and between Hyprotech UK Ltd. and Honeywell Control Systems Limited.
10.8	Third Amendment to Non-Recourse Receivables Purchase Agreement, dated as of December 31, 2004, by and between Silicon Valley Bank and Aspen Technology, Inc.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

+ Confidential treatment requested with respect to certain portions, which portions are omitted and filed separately with the Commission.

(b) ***Reports on Form 8-K***

On October 6, 2004, we filed a current report on Form 8-K reporting under Item 1.01 that we, together with our subsidiaries AspenTech, Inc. and Hyprotech Company, entered into a Settlement

Agreement with KBC Advanced Technologies Plc, KBC Advanced Technologies Inc. and AEA Technology Plc.

On October 7, 2004, we filed a current report on Form 8-K reporting under Item 1.01 that we, together with our subsidiaries Hyprotech Company, AspenTech Canada Ltd., AspenTech Ltd., and Hyprotech UK Ltd., entered into a purchase and sale agreement with Honeywell International Inc., Honeywell Control Systems Limited and Honeywell Limited-Honeywell Limitee relating to the sale of our operator training business and the intellectual property to our Hyprotech engineering products and our retention of a license to the Hyprotech engineering products.

On October 28, 2004, we filed a current report on Form 8-K reporting under Item 2.02 that our audit committee was conducting a detailed investigation of the accounting treatment for certain software license and services agreement transactions which we entered into with certain alliance partners and other customers during previous fiscal years.

On November 4, 2004, we filed a current report on Form 8-K reporting under Item 8.01 that we had received a subpoena from the United States Attorney's Office for the Southern District of New York requesting documents relating to transactions to which we were a party during the 2000 to 2002 time frame, and associated documents dating from January 1, 1999.

On November 19, 2004, we filed a current report on Form 8-K reporting under Item 3.01 that we had received a letter from the Nasdaq Stock Market indicating that we are not in compliance with Nasdaq's requirements for continued listing and under Item 8.01 and that we are delaying the date for our 2004 Annual Meeting of Stockholders.

On November 29, 2004, we filed a current report on Form 8-K reporting under Item 3.01 that we had requested a hearing with the Nasdaq Listing Qualifications Panel for continued listing on the Nasdaq National Market; providing an update under Item 4.02 on the audit committee's investigation and reporting that our previously issued financial statements for our fiscal years ended June 30, 2000 through 2004 should not be relied upon; and reporting under Item 5.02 the resignation of Mr. David L. McQuillin, our former president and chief executive officer.

On December 13, 2004, we filed a current report on Form 8-K reporting under Items 1.01 and 5.02 that we had entered into an employment agreement with Mr. Mark Fusco, pursuant to which Mr. Fusco has agreed to serve as our president and chief executive officer and that Mr. Fusco had been appointed our president and chief executive officer, effective January 3, 2005.

On December 27, 2004, we filed a current report on Form 8-K reporting under Item 8.01 that the FTC had accepted our proposed consent decree and that we had closed the transactions contemplated by the purchase and sale agreement with Honeywell International.

SIGNATURES

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

ASPEN TECHNOLOGY, INC.

Date: March 15, 2005

By: /s/ MARK FUSCO

Mark Fusco
President and Chief Executive Officer

Date: March 15, 2005

By: /s/ CHARLES F. KANE

Charles F. Kane
Senior Vice President and Chief Financial Officer

QuickLinks

Exhibit 10.1

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

PURCHASE AND SALE AGREEMENT

AMONG

Aspen Technology, Inc.

and

Hyprotech Company,

and

AspenTech Canada Ltd.

and

AspenTech Ltd.

and

Hyprotech UK Ltd.

(individually and collectively, the "SELLER")

and

Honeywell International Inc.

and

Honeywell Control Systems Limited

and

Honeywell Limited-Honeywell Limitee

(individually and collectively, the "BUYER")

October 6, 2004

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PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (the "AGREEMENT") is entered into as of October 6, 2004 by and among Aspen Technology, a Delaware corporation ("ASPENTECH"), Hyprotech Company, a limited liability company organized under the laws of Nova Scotia, Canada ("HYPROTECH"), AspenTech Canada Ltd., a corporation organized under the laws of Alberta, Canada ("ASPENTECH CANADA"), AspenTech Ltd., a limited liability company organized under the laws of England ("ASPENTECH UK"), Hyprotech UK Ltd., a limited liability company organized under the laws of England, ("HYPROTECH UK"), AspenTech, Hyprotech, AspenTech Canada and AspenTech UK, individually and collectively, the "SELLER"), and Honeywell International Inc., a Delaware corporation ("HONEYWELL"), Honeywell Control Systems Limited, a company organized under the laws of the United Kingdom ("HONEYWELL CONTROL"), and Honeywell Limited-Honeywell Limitee, a Canadian company ("HONEYWELL LIMITED", Honeywell, Honeywell Control and Honeywell Limited, individually and collectively, the "BUYER"). The Seller and the Buyer

are referred to individually herein as a "PARTY" and collectively herein as the "PARTIES."

INTRODUCTION

The Buyer desires to purchase from the Seller, and the Seller desires to sell to the Buyer, subject to the rights and licenses set forth in the Hyprotech License Agreements, certain rights and assets as set forth herein related to (i) the Seller's business of researching, developing, designing, marketing, selling, licensing, providing, maintaining, servicing, supporting, improving, enhancing and updating the Hyprotech Process Engineering Simulation Software (as defined in Section 1.1(a)(i) below) (the "HYPROTECH BUSINESS"), and (ii) the Seller's business of researching, developing, designing, marketing, licensing, selling, providing, maintaining, servicing, supporting, improving, enhancing, and updating software and providing services to the extent used for the development and implementation of a computer system connected to a real or emulated distributed control system that simulates by use of dynamic simulation models the performance and reactions of a designated process plant for the training of process plant operators (the "OTS BUSINESS", the services provided by such OTS Business, the "OPERATOR TRAINING SERVICES", and together with the Hyprotech Business, the "BUSINESS").

The Seller intends, as a condition of such sale, to seek and obtain a decision from the United States Federal Trade Commission (the "FTC") accepting the Buyer and the transactions contemplated hereunder pursuant to the terms of a consent decree (the "CONSENT DECREE") that fully resolves the pending litigation between the FTC and the Seller, FTC Docket Number 9310 ("PENDING CASE").

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I
ASSET PURCHASE

1.1 PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES.

(a) TRANSFER OF ASSETS. Subject to the satisfaction or waiver of the conditions set forth in this Agreement, and subject to the rights and licenses set forth in the Hyprotech License Agreements, at the Closing, the Seller shall sell, convey, assign, transfer and deliver to the Buyer, and the Buyer shall purchase and acquire from the Seller, all of the Seller's right, title and interest in and to the following specified assets used or held for use in the Business (collectively, the "ENGINEERING SOFTWARE ASSETS"):

(i) a complete copy of the currently existing computer programs (including code in source code, object code and executable code forms), interfaces, tools (including, without limitation, internal development and migration tools), development environments, configuration history and source files and data for third party development environments and tools, flow charts, libraries, modules, add-ons, patches, bug fixes, object libraries, test programs, regression test software, proprietary programming languages, enhancements, customizations, DCS interfaces, process specific equipment, operating unit modules, process specific physical property calculations, scripts, utilities, databases, data and algorithms constituting or embodied in the computer software products that, in each case, are used by the Seller in development, maintenance, support or enhancement and that comprise (A) the products and interfaces sold or licensed by the Seller under the HYSYS name and identified in Schedule 1.1(a)(i)(A), and the related batch process development, conceptual engineering, heat exchanger and hydraulics software identified in Schedule 1.1(a)(i)(A) (collectively the "HYPROTECH PROCESS ENGINEERING SIMULATION SOFTWARE" or "HYPROTECH PRODUCTS"), and (B) the operator training products identified on Schedule 1.1(a)(i)(B) (the "Operator Training Products",

and together with the Hyprotech Products, the "Assigned Product(s)"), including, in each case, (1) all alpha and beta versions of such Assigned Products and (2) every version thereof that has been commercially released (which shall include versions developed for specific customers, if any, under the Assigned Contracts except as set forth on Schedule 1.1(a)(i)(C)) by Seller within the last three years, including, without limitation, all currently archived demonstration or evaluation versions thereof and a complete copy of any corresponding comments and annotations to the source code for such items; provided, however, Assigned Products shall not include the software, tools, modules or other items that are described in Schedule 1.1(a)(i)(C);

(ii) all currently archived research and development work product (analyses, prototypes, presentations, etc.) comprising the Hyprotech project known as "Genesis" (the "GENESIS PROJECT MATERIALS") as of June 30, 2002 and all Intellectual Property Rights embodied therein (the "GENESIS IP");

(iii) a complete copy of all technical, design, manufacturing, engineering, support and user documentation, product documentation, manuals, product brochures, technical specifications, installation procedures, acceptance procedures, test procedures, testing and quality control information (including list of known bugs), test results, source language statements, demonstration disks and other materials that embody or document

the source code of the Assigned Products, that are, in each of the foregoing cases, (A) in the possession of or under control of the Seller or its Affiliates and (B) exclusively or primarily used in connection with development, maintenance, support or enhancement of any Assigned Products (the "DOCUMENTATION", and collectively with the Assigned Products and the Records (as defined below), the "IT PROPERTY");

(iv) all (A) registered and unregistered statutory and common law copyrights, whether published or unpublished, works of authorship, and all registrations, applications for registration, and renewals thereof, (B) trade secrets, know-how, confidential information, processes and formulas, (C) patents and patent applications, invention disclosures, industrial or utility models, and inventors certificates throughout the world and all inventions contained therein, all provisional, divisional, continuation, continuation-in-part, or substitute applications based on the foregoing, any patents that shall issue on any of foregoing or on any improvements, reissues, or reexaminations thereof, and patents and patent applications, including, without limitation, to patents of importation, improvement, or addition, utility models, and inventors certificates, corresponding in whole or in part to any of the above-described patent and patent applications that are issued, filed, or to be filed in any and all countries, and any patents that shall subsequently issue therefrom including any renewals, divisions, reissues, continuations, or extensions thereof, (D) data rights and information, (E) the Assigned Trademarks and (F) other intellectual property and proprietary rights whether patented or unpatented, or registered or unregistered, owned by Seller and (1) embodied in the IT Property or (2) used by Seller solely in the operation of the OTS Business or solely in the operation of the Hyprotech Business, together with all claims, damages and rights for past, present and future infringement or misappropriation thereof (collectively, the "ASSIGNED INTELLECTUAL PROPERTY");

(v) the rights under all customer contracts relating solely to the OTS Business, which contracts are listed on Schedule 1.1(a)(v) and each contract relating solely to the OTS Business entered into after the date hereof which is approved in writing by Buyer, as described in Section 4.3 (each, an "ASSIGNED CONTRACT", and collectively the "ASSIGNED CONTRACTS"), except as provided in Section 1.4; PROVIDED, HOWEVER, that to the extent that the work on any Assigned Contract is substantially completed prior to Closing, Buyer shall have the option at Closing not to assume such contract by notifying Seller in writing, and such contract shall be deemed a Retained OTS Contract hereunder (and a Retained AspenTech Contract for purposes of the Subcontract Agreement attached hereto as Exhibit J);

(vi) for material that relates solely to the OTS Business, all marketing and sales materials used by Seller anywhere in the world, including, but not limited to, all advertising materials, training materials (including all electronic files of training materials), sales materials (including product data, price lists, and mailing lists), promotional and marketing materials, marketing information, educational materials, competitor information (including research data, market intelligence reports, and statistical programs), customer information (including customer sales information, customer lists, customer files, customer contact information, and customer support log data bases), sales forecasting models, Website content, and advertising and display materials; PROVIDED, HOWEVER, that Seller may retain a copy of such material to the extent necessary for tax, accounting, or legal purposes, including as required by applicable laws and regulations (the "OTS RECORDS");

(vii) (A) for material that relates both to the OTS Business and to any other business of the Seller or its Affiliates, a copy of all marketing and sales materials used by Seller anywhere in the world (but only to the extent that such materials relate to the OTS Business), including, but not limited to, all advertising materials, training materials (including all electronic files of training materials), sales materials (including product data, price lists, and mailing lists), promotional and marketing materials, marketing information, educational materials, competitor information (including research data, market intelligence reports, and statistical programs), customer information (including customer sales information, customer lists, customer files, customer contact information, and customer support log data bases), sales forecasting models, Website content, and advertising and display materials, and (B) a copy of all books, records, and financial files insofar as they relate to the OTS Business (the "OTS-RELATED RECORDS");

(viii) a copy of all marketing and sales materials used anywhere in the world to the extent such materials relate to the Hyprotech Business, including, but not limited to, all advertising materials, training materials (including all electronic files of training materials), sales materials, promotional and marketing materials, marketing information, educational materials, Website content, and advertising and display materials (the "HYPROTECH RECORDS", and together with the OTS Records and the OTS-Related Records", the "RECORDS"); PROVIDED HOWEVER, to the extent that any of the Records are in an electronic form, Seller shall only be required to deliver such Records in an electronic format;

(ix) all compact discs and other media in the possession or control of Seller on which the Operator Training Products are stored (other than copies permitted to be retained by Seller under the Hyprotech License Agreements), and the equipment and other tangible personal property owned by the Seller and necessary to the operation of the OTS Business, and which is described on Schedule 1.1(a)(ix) (the "SELLER EQUIPMENT");

(x) a list of all Hyprotech Process Engineering Simulation Product customers as of May 31, 2002 and, if different, as of the date of the Closing Date, which latter list shall include (i) the name and address of the customer, (ii) the name of a contact person, his or her mailing address, e-mail address, and telephone number, (iii) the products licensed or serviced and (iv) the termination date of the customer's contract;

(xi) business names, registered and unregistered trademarks, service marks, trade names, logos, Internet domain names, and corporate names and applications, registrations and renewals related thereto (or portions thereof), and associated goodwill, described on Schedule 1.1(a)(xi) (the "ASSIGNED TRADEMARKS");

(xii) all goodwill of the OTS Business; and

(xiii) all accounts receivable (billed and unbilled) of the

OTS Business at Closing (the "ACCOUNTS RECEIVABLE").

(b) EXCLUDED ASSETS. Except for the assets specifically enumerated in Section 1.1(a) above, and without limiting the terms and conditions of the Ancillary Agreements, the

Seller conveys no right or interest in or to any other asset or intellectual property of the Seller hereunder, including, without limitation, any trademark, patent or other intellectual property right of any kind ("EXCLUDED ASSETS"). The Seller does not assign, license or otherwise convey (and shall not be deemed to have assigned, licensed or conveyed) any rights and interest (whether by implication, estoppel, inference or otherwise, or by any conduct of a Party under this Agreement) other than as expressly set forth in this Agreement. Without limiting the generality of the foregoing, and notwithstanding anything in Section 1.1(a) above, the following rights and assets shall be considered Excluded Assets hereunder:

(i) all (A) agreements with distributors or customers relating to use of the Assigned Products in object code form and (B) all other agreements set forth on Schedule 1.1(b)(i) hereto under which Seller has granted a license to a third party (other than a customer or distributor) to use or resell an Assigned Product, in each case, other than Assigned Contracts (the "HYSYS CONTRACTS");

(ii) each agreement under which the Seller has agreed to provide Operator Training Services or licensed or distributed any Assigned Product and that is identified on Schedule 1.1(b)(ii), including, without limitation, all Multi-Product Agreements as that term is defined in Section 2.7(c) and such other customer agreements related solely to the OTS Business that Seller enters into after the date hereof and prior to Closing and which Buyer elects not to assume pursuant to Section 4.3 hereof ("RETAINED OTS CONTRACTS", and together with the HYSYS Contracts, the "RETAINED CONTRACTS");

(iii) the Third Party Licenses as that term is defined in Section 2.7(b) and all software, materials, technology or intellectual property licensed under such Third Party Licenses;

(iv) the software, tools, and other technology owned by the Seller and listed on Schedule 1.1(b)(iv) (the "SELLER RETAINED DEVELOPMENT TOOLS");

(v) except for the Assigned Trademarks, any business names, registered and unregistered trademarks, service marks, trade names, logos, Internet domain names, and corporate names and applications, registrations and renewals related thereto (or portions thereof), and associated goodwill owned, licensed, used or held for use by the Seller or its Affiliates;

(vi) the products listed on Schedule 1.1(b)(vi), and all Intellectual Property Rights embodied in such products (the "EXCLUDED HYPROTECH PROCESS ENGINEERING SIMULATION SOFTWARE");

(vii) performance bonds of the Seller relating to the Assigned Contracts;

(viii) any other of the Seller's products or software that interface with the Assigned Products, except as expressly set forth in Schedule 1.1(a)(i)(A) or Schedule 1.1(a)(i)(B); and

(ix) materials related to the pricing or discounting of Hyprotech Process Engineering Simulation Software, including, but not limited to, pricing or discount lists, plans, policies, practices, forecasts, strategies, or analyses.

(c) ASSUMED LIABILITIES. Subject to the satisfaction or waiver of the conditions set forth in this Agreement, at the Closing, the Buyer shall assume and agree to pay, perform and discharge when due the following liabilities and obligations of the Seller (collectively, the "ASSUMED LIABILITIES"), of every kind, nature, character and description (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due):

(i) all liabilities and obligations under the Assigned Contracts, except as provided in Section 1.4 and except for liabilities and obligations with respect to any breach or default by the Seller occurring on or prior to the Closing Date of any of such Assigned Contracts or any condition existing on or prior to the Closing Date which, with the passage of time, would constitute such breach or default;

(ii) all liabilities and obligations in respect of the Engineering Software Assets incurred by Buyer after the Closing Date except to the extent arising out of (A) the ownership or use of the Engineering Software Assets or operation of the Business on or prior to the Closing Date or (B) Seller's use after the Closing Date of the Engineering Software Assets under the Ancillary Agreements;

(iii) all liabilities and obligations which arise on account of the manufacture, license or sale of any products manufactured, licensed and/or sold by the Buyer or its Affiliates after the Closing Date or services provided by Buyer or its Affiliates after the Closing Date other than the liabilities and obligations defined in Section 1.1(d)(ix);

(iv) liabilities and obligations in respect of employees or employee benefits which are specifically assumed by the Buyer pursuant to Article IX;

(v) all liabilities and obligations for any Taxes for which the Buyer is liable pursuant to Article VII;

(vi) all liabilities and obligations arising out of or relating to Deferred Items (as defined in Section 1.4) under Section 1.4;

(vii) subject to the exception in Section 1.1(c)(iii), and except to the extent arising out of the ownership or use of the Engineering Software Assets or operation of the Business prior to Closing Date, all liabilities with respect to all actions, suits, proceedings, disputes, claims or investigations arising out of or related to the Engineering Software Assets incurred after the Closing Date;

(viii) all liabilities and obligations arising out of or relating to the repair, rework, replacement or return of, or any claim for breach of warranty in respect of or refund of the purchase price of, products manufactured, licensed or sold by or services provided by Buyer or its Affiliates after the Closing Date; PROVIDED, HOWEVER, that the assumption by Buyer under

Section 10.3 hereof of any service and maintenance obligations to any customer of the Seller shall not be deemed to obligate Buyer for any liabilities and obligations arising under such customer's related license with Seller;

(ix) all liabilities and obligations arising out of or relating to any product liability claim, including without limitation injury to or death of persons and damage to or destruction of property relating to any product manufactured, licensed or sold by or service rendered by the Buyer after the Closing Date; and

(x) [**] with respect to the [**], provided that [**] to

be [**] in the [**] as set forth in the [**].

(d) EXCLUDED LIABILITIES. The Buyer shall not assume and will not be deemed to have assumed, any other obligation or liability of the Seller whatsoever with respect to the Business or the Engineering Software Assets except as expressly set forth in Section 1.1(c) or Article IX, and the Seller expressly agrees to retain all other liabilities, including all liabilities arising out of the Engineering Software Assets and/or the operation of the Business prior to Closing (the "EXCLUDED LIABILITIES"). For avoidance of doubt, "Excluded Liabilities" shall include without limitation:

(i) all liabilities and obligations arising out of the Engineering Software Assets and/ or the operation of the Business, in each case, on or prior to the Closing Date, including all accounts payable;

(ii) any liabilities and obligations arising out of Seller's use after the Closing Date of the Engineering Software Assets under the Ancillary Agreements;

(iii) all liabilities and obligations arising out of the Excluded Assets;

(iv) all liabilities and obligations arising out of or relating to the repair, rework, replacement or return of, or any claim for breach of warranty in respect of or refund of the purchase price of, products manufactured, licensed or sold or services provided by the Seller on or prior to the Closing Date;

(v) all worker's compensation claims filed by or on behalf an Employee to the extent attributable to events, occurrences or exposures while such Employee was employed by Seller;

(vi) all liabilities and obligations in respect of employees or employee benefits unless specifically assumed by the Buyer pursuant to Article IX;

(vii) all liabilities and obligations under the Assigned Contracts to the extent arising out of or relating to a breach or default thereof by the Seller on or prior to Closing Date or arising out of or relating to any condition existing on or prior to the Closing Date which, with the passage of time, would constitute such breach or default;

(viii) all liabilities and obligations under any agreement (including any oral or written agreement with any consultant, including those Persons identified in Section 2.9(e) of the Disclosure Schedule) not listed as an Engineering Software Asset on a schedule to Section 1.1(a); and

(ix) all liabilities and obligations arising from any third party claim of infringement, misappropriation or violation of Intellectual Property Rights made prior to, on or after the Closing Date due to the Buyer's or any of its Affiliate's sale, offer for sale, manufacture, reproduction, distribution, development, modification or use after the Closing Date of the IT Property or the Assigned Intellectual Property or any Intellectual Property Rights licensed pursuant to this Agreement, except to the extent that such claim arises after the Closing Date from (A) any improvement or adaptation of or modification to the IT Property, other than improvements, adaptations or modifications made by the Seller or an authorized contractor of the Seller (other than Buyer); provided, however, that configuration of IT Property in accordance with the Documentation of the Seller existing as of the Closing shall not be deemed an improvement, adaptation or modification of the IT Property for purposes of this clause (A), (B) any combination of the IT Property with any other product or technology other than combinations that are supplied by Seller or clearly contemplated by the applicable Documentation of the Seller existing as of the Closing or (C) the use of the IT Property other than in any industry in which Seller or any of Seller's customers who have a license to the IT

Property (which customers are set forth on Schedule 1.1(d)(ix)(C) hereto) are utilizing such IT Property at any time prior to the Closing Date (and, for the avoidance of doubt, liabilities and obligations arising from claims described in the foregoing subsections (A) through (C) shall be deemed to be Assumed Liabilities of the Buyer hereunder).

1.2 PURCHASE PRICE AND RELATED MATTERS.

(a) PURCHASE PRICE. In consideration for the sale and transfer of the Engineering Software Assets, the Buyer shall at the Closing: (i) assume the Assumed Liabilities as provided in Section 1.1(c), and (ii) pay to the Seller in cash in immediately available funds the Purchase Price. For purposes of this Agreement:

"PURCHASE PRICE" shall equal the Initial Purchase Price, as adjusted pursuant to Section 1.2(b)(iii).

"INITIAL PURCHASE PRICE" shall equal Six Million dollars (US $6,000,000.00).

"HOLDBACK AMOUNT" shall equal One Million Two Hundred Thousand Dollars (US $1,200,000). The Holdback Amount shall be distributed as set forth in Section 1.2(b)(iv) hereof.

(b) ACCOUNTS RECEIVABLE PURCHASE PRICE ADJUSTMENT.

(i) BILLED ACCOUNTS RECEIVABLE. On or before the Closing Date, Seller shall deliver to Buyer a closing statement of the OTS Business showing the billed Accounts

Receivable (including from Assigned Contracts and Retained OTS Contracts) as at the Closing Date (the "BILLED ACCOUNTS RECEIVABLE").

(ii) NET UNBILLED ACCOUNTS RECEIVABLE. On or before the Closing Date, Seller and Buyer shall use commercially reasonable efforts to agree upon a closing statement of the OTS Business as at the Closing Date showing the net unbilled Accounts Receivable as at the Closing Date (including from Assigned Contracts and Retained OTS Contracts), which shall be equal to Unbilled Receivables (as defined in Section 2.21 of the Disclosure Schedule) minus Unearned Revenue (as defined in Section 2.21 of the Disclosure Schedule) as at the Closing Date (the "NET UNBILLED ACCOUNTS RECEIVABLE"). The closing statement showing the Net Unbilled Accounts Receivable as at the Closing shall be prepared in accordance with Seller's accounting methodologies as set forth in Section 2.21 of the Disclosure Schedule (the "ACCOUNTING METHODOLOGIES"). In the course of cooperating with Buyer to determine the Net Unbilled Accounts Receivable as at the Closing Date, Seller shall provide access to Buyer and Buyer's accountants, at no cost to Buyer, to any books, records (including without limitation, any detailed workpapers and other key information) and personnel of the OTS Business used by Seller (including Seller independent accountants) to prepare its calculation of Net Unbilled Accounts Receivable. Buyer's final calculation of Net Unbilled Accounts Receivable pursuant to this Section 1.2(b)(ii) shall be referred to herein as "BUYER'S CALCULATION."

(iii) CALCULATION AND PAYMENT OF PURCHASE PRICE AT CLOSING.

(A) If Buyer and Seller agree upon the Net Unbilled Accounts Receivable at or prior to Closing pursuant to Section 1.2(b)(ii), the Purchase Price payable by Buyer to Seller at Closing shall be calculated as follows:

(1) If the Net Unbilled Accounts Receivable plus the Billed Accounts Receivable (the sum of such amounts being referred to herein as the "REALIZED ACCOUNTS RECEIVABLE")

is equal to Four Million dollars (US $4,000,000.00) (the "TARGET REALIZED ACCOUNTS RECEIVABLE"), the Purchase Price payable by Buyer to Seller at Closing shall equal (x) the Initial Purchase Price minus (y) the Holdback Amount.

(2) If the Realized Accounts Receivable is in excess of the Target Realized Accounts Receivable, the Purchase Price payable by Buyer to Seller at Closing shall equal (x) the Initial Purchase Price minus (y) the Holdback Amount plus (z) the amount of the difference between the Realized Accounts Receivable and the Target Realized Accounts Receivable.

(3) If the Realized Accounts Receivable is less than the Target Realized Accounts Receivable, the Purchase Price payable by Buyer to Seller at Closing shall

equal (x) the Initial Purchase Price minus (y) the Holdback Amount minus (z) the difference between the Realized Accounts Receivable and the Target Realized Accounts Receivable.

(B) If Buyer and Seller fail to agree upon the Net Unbilled Accounts Receivable at or prior to Closing pursuant to Section 1.2(b)(ii) (an "UNRESOLVED DISPUTE"), the Purchase Price payable by Buyer to Seller at Closing shall equal (x) the Initial Purchase Price minus (y) the Holdback Amount. Any Unresolved Dispute shall be resolved pursuant to Section 1.2(b)(iv).

(iv) RELEASE OF HOLDBACK AMOUNT.

(A) On or prior to the six month anniversary of the Closing Date (the "HOLDBACK RELEASE DATE"), Buyer shall review the Net Unbilled Accounts Receivable in order to determine whether any of the Net Unbilled Accounts Receivable as determined in accordance with the Accounting Methodologies and without regard to any act, omission or event occurring after the Closing (provided, that, an event which arises due to a pre-Closing act, omission or event but only becomes known after Closing shall not automatically be deemed to occur after the Closing), were overstated. No later than the Holdback Release Date, Buyer shall notify Seller in writing of its revised calculation of the Net Unbilled Accounts Receivable (the "REVISED NET UNBILLED ACCOUNTS RECEIVABLE"), together with a written description of the reasons for any change from the mutually-agreed upon Net Unbilled Accounts Receivable pursuant to Section 1.2(b)(ii) or, if there was an Unresolved Dispute, from the amount set forth in the Buyer's Calculation.

(B) If Seller agrees in writing to Buyer's Revised Net Unbilled Accounts Receivable or fails to deliver an objection in writing to Buyer within thirty (30) days after receipt of Buyer's calculation of Revised Net Unbilled Accounts Receivable (the "HOLDBACK REVIEW PERIOD"), Buyer's calculation of Revised Net Unbilled Accounts Receivable shall be deemed binding on the parties. If Seller objects in writing within the Holdback Review Period, Seller and Buyer shall use good faith efforts to reach agreement on the final calculation of Revised Net Unbilled Accounts Receivable in accordance with the Accounting Methodologies.

(C) If the parties are unable to reach agreement

within thirty (30) days after the end of the Holdback Review Period, the parties shall submit the dispute to a nationally-recognized, "big four" accounting firm reasonably acceptable to Seller and Buyer (the "INDEPENDENT ACCOUNTANT"). The Independent Accountant shall be instructed to render its decision in accordance with the terms hereof and the Accounting Methodologies in order to determine the Net Unbilled Accounts Receivable as at the Closing Date, without regard to any act, omission or event occurring after the Closing (provided, that, an event which arises due to a

pre-Closing act, omission or event but only becomes known after Closing shall not automatically be deemed to occur after the Closing). The determination of the Independent Accountant shall be final and binding on the parties and shall not be subject to dispute, appeal, litigation, or challenge for any reason. The determination of the Independent Accountant for any item in dispute cannot, however, be in excess of, nor less than, the greatest or lowest value, respectively, claimed for that particular item by Seller or the Buyer, as the case may be. One half of the total cost of determination by the Independent Accountant shall be paid by Seller and one half by the Buyer. Not later than thirty (30) days after the engagement of the Independent Accountant (as evidenced by its written acceptance by facsimile or otherwise to the parties), the parties shall submit simultaneous briefs to the Independent Accountant (with a copy to the other parties) setting forth their respective positions regarding the issues in dispute, and not later than thirty (30) days after the submission of such briefs the parties shall submit simultaneous reply briefs (with a copy to the other parties). The Independent Accountant shall render its decision resolving the dispute within thirty (30) days after submission of the reply briefs. If additional briefing, a hearing, or other information is required by the Independent Accountant, the Independent Accountant shall give notice thereof to the parties as soon as practicable before the expiration of such thirty (30) day period, and the parties shall promptly respond with a view to minimizing any delay in the decision date. The finally determined Net Unbilled Accounts Receivable, whether determined pursuant to subsection (B) above or this subsection (C) shall be deemed the "FINAL NET UNBILLED ACCOUNTS RECEIVABLE."

(D) If Seller and Buyer mutually agreed on the Net Unbilled Accounts Receivable at Closing pursuant to Section 1.2(b)(ii), upon final determination of the Final Net Unbilled Accounts Receivable, Buyer shall pay to Seller the Holdback Amount, less: (x) any Billed Accounts Receivable not collected by Buyer (or by Seller and remitted to Buyer) (y) if the Final Net Unbilled Accounts Receivable is less than the Net Unbilled Accounts Receivable mutually-agreed upon at Closing by more than $50,000 (the "SHORTFALL"), the amount of such Shortfall. If the Holdback Amount is less than the sum of (x) the uncollected (and unremitted to Buyer) Billed Accounts Receivable and (y) the Shortfall, Seller shall pay to Buyer the difference.

(E) If there is an Unresolved Dispute, upon final determination of the Final Net Unbilled Accounts Receivable, Buyer shall pay to Seller the Holdback Amount, and

(1) if the sum of the collected (and remitted to Buyer) Billed Accounts Receivable and the Final Net Unbilled Accounts Receivable (the "FINAL RECEIVABLES") equals the Target Realized Accounts Receivable, no payment other than the Holdback Amount will be made.

(2) if the amount of the Final Receivables is less than the Target Realized Accounts Receivable by more than $50,000, Buyer shall subtract the difference between the Final Receivables and the Target Realized Accounts Receivable from its payment to Seller under this subsection (E). If the Holdback Amount is less than the difference between the Target Realized Accounts Receivable and the Final Receivables, Seller shall pay to Buyer the shortfall.

(3) if the amount of the Final Receivables is greater than the Target Realized Accounts Receivable by more than $50,000, Buyer shall increase its payment to Seller under this subsection (E) by the difference between the Final Receivables and the Target Realized Accounts Receivable.

(F) All payments under this paragraph (iv) shall be made within five (5) business days after the final determination of the Unbilled Accounts Receivable by wire transfer in immediately available funds to an account designated in advance by the payee and shall include interest from the Closing Date through date of payment at a rate equal to the London Interbank Offer Rate for six month U.S. dollar deposits as published in the Wall Street Journal on the Closing Date.

(G) Buyer shall use commercially reasonable efforts to collect all of the Realized Accounts Receivable from Assumed Contracts, and Seller shall use commercially reasonable efforts to collect, and promptly remit to Buyer, all of the Realized Accounts Receivable from Retained OTS Contracts. In the event that Buyer fails to collect on any Billed Accounts Receivable arising from Assumed Contracts on or before the Holdback Release Date, Buyer shall assign all of its rights in and to such uncollected amounts to Seller and Buyer shall, at Seller's request, execute and deliver such further documentation or instruments necessary to effect and demonstrate such assignment.

(c) PURCHASE PRICE ALLOCATION. The Buyer and the Seller agree to allocate the Purchase Price and the Assumed Liabilities (and all other capitalizable costs) among each Buyer and Seller and further to allocate the amounts so allocated to each Buyer and Seller among the Engineering Software Assets and the non-solicitation and non-competition covenants set forth in Sections 9.7 and 10.1 for all purposes (including financial accounting and Tax purposes) in accordance with the allocation schedule attached hereto as SCHEDULE 1.2(c) (the "ALLOCATION SCHEDULE"). Within 30 days after an adjustment to the Purchase Price under Section 1.2(b) is finally determined, the Buyer and the Seller shall adjust the allocation on Schedule 1.2(c) to reflect any adjustment to the Purchase Price pursuant to Section 1.2(b) and the Engineering Software Assets and Assumed Liabilities as finally determined pursuant to Section 1.2(b). In the event of any such adjustment to the Purchase Price, such adjustment shall be allocated on a dollar for dollar basis to the particular class of Engineering Software Assets or Assumed

Liabilities that gave rise to such adjustment. The Parties acknowledge that the Allocation Schedule was prepared in compliance with Section 1060 of the Internal Revenue Code of 1986, as amended (the "CODE"), and any comparable provisions of state, local, foreign, or other applicable Tax laws. Except to the extent otherwise required by applicable laws, the Buyer and the Seller will file all Tax Returns (as defined below) in a manner consistent with the Allocation Schedule and will not make any inconsistent statement or adjustment on any returns or during the course of any Tax audit. For purposes of this Agreement, "TAXES" (and with correlative meaning, "TAX") means all taxes, including without

limitation income, gross receipts, ad valorem, value-added, excise, real property, personal property, sales, use, transfer, withholding, employment, social security charges and franchise taxes imposed by the United States of America or any state, local or foreign government, or any agency thereof, or other political subdivision of the United States or any such government, and any interest, penalties, assessments or additions to tax resulting from, attributable to or incurred in connection with any tax or any contest or dispute thereof. For purposes of this Agreement, "TAX RETURNS" means all reports, returns, declarations, statements, forms or other information required to be supplied to a Governmental Entity (as defined below) in connection with Taxes. For purposes of this Agreement, "GOVERNMENTAL ENTITY" means any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency.

(d) VALUE ADDED TAX.

(i) DEFINITIONS.

(A) "GST SELLERS" means one or more of AspenTech Canada and Hyprotech.

(B) "VAT SELLERS" means one or more of AspenTech UK and Hyprotech UK.

(C) "UK VAT" means United Kingdom Value Added Tax.

(D) "CANADIAN GST" means the Canadian Goods and Services Tax and Harmonized Sales Tax and any equivalent or corresponding provision under any applicable provincial or territorial legislation imposing a similar value added or multi-stage tax.

(ii) That part of the Purchase Price which is paid to the VAT Sellers and the GST Sellers is exclusive of UK VAT and Canadian GST (should either be applicable). If UK VAT should be chargeable in respect of the sale and transfer of the Engineering Software Assets that are owned by the VAT Sellers to the Buyer hereunder, the Buyer agrees that within fourteen (14) days of production by the VAT Sellers of a valid value added tax invoice, it will pay the amount of such value added tax to the VAT Sellers. If Canadian GST should be chargeable in respect of the sale and transfer of the Engineering Software Assets that are owned by the GST Sellers to the Buyer hereunder, the Buyer agrees that it will pay the amount of such Canadian GST to the GST Sellers on Closing.

1.3 THE CLOSING.

(a) TIME AND LOCATION. The closing of the transactions contemplated by this Agreement (the "CLOSING") shall take place at the offices of Wilmer Cutler Pickering Hale and Dorr LLP in Boston, Massachusetts, commencing at 10:00 a.m., local time, on November 22, 2004, or, if all of the conditions to the obligations of the Parties to consummate the transactions contemplated hereby (excluding the delivery of any documents to be delivered at the Closing by any of the Parties, it being understood that the occurrence of the Closing shall remain subject to the delivery of such documents) have not been satisfied in full or waived by such date, on such mutually agreeable later date as soon as practicable (but in no event more than three Business Days (as defined below)) after the first date on which the conditions to the obligations of the Parties to consummate the transactions contemplated hereby (excluding the delivery of any documents to be delivered at the Closing by any of the Parties, it being understood that the occurrence of the Closing shall remain subject to the delivery of such documents) have been satisfied or waived (the "CLOSING DATE"). The Closing shall be deemed to be effective as of 11:59 p.m. on the Closing Date in each time zone in which Engineering Software Assets are located. For purposes of this Agreement, a "BUSINESS DAY" shall be any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions located in

Boston, Massachusetts are permitted or required by law, executive order or governmental decree to remain closed.

(b) ACTIONS AT THE CLOSING.

At the Closing:

(i) the Seller shall deliver (or cause to be delivered) to the Buyer the various certificates, instruments and documents required to be delivered under Section 5.1;

(ii) the Buyer shall deliver (or cause to be delivered) to the Seller the various certificates, instruments and documents required to be delivered under Section 5.2;

(iii) the Seller shall execute and deliver (or cause to be delivered) a Bill of Sale in substantially the form attached hereto as EXHIBIT A;

(iv) the Seller shall deliver separately executed and acknowledged assignments, in recordable form and reasonably acceptable to the Buyer, sufficient to transfer the Assigned Intellectual Property to Buyer, and powers of attorney in forms reasonably acceptable to the Buyer executed by the Seller permitting the Buyer to prosecute any pending applications (if any) for Assigned Intellectual Property; PROVIDED, HOWEVER, that with respect to any non-US Assigned Intellectual Property, in the event any required governmental certifications have not been obtained by the Closing, such certifications shall be delivered as promptly as practicable after the receipt thereof;

(v) the Seller and the Buyer shall execute and deliver (or cause to be delivered) a Trademark License Agreement in substantially the form attached hereto as EXHIBIT B;

(vi) the Seller and the Buyer shall execute and deliver (or cause to be delivered) a Transition Services Agreement in substantially the form attached hereto as EXHIBIT C;

(vii) the Seller and the Buyer shall execute and deliver (or cause to be delivered) such other instruments of conveyance as the Buyer may reasonably request in order to effect the sale, transfer, conveyance and assignment to the Buyer of valid ownership of the Engineering Software Assets;

(viii) the Buyer shall execute and deliver (or cause to be delivered) to the Seller an Assumption Agreement in substantially the form attached hereto as EXHIBIT D;

(ix) the Buyer and the Seller shall execute and deliver (or cause to be delivered) such other instruments as the Seller may reasonably request in order to effect the assumption by the Buyer of the Assumed Liabilities;

(x) the Seller and the Buyer shall execute and deliver (or cause to be delivered) the AspenTech UK License Agreement substantially in the form attached hereto as EXHIBIT E;

(xi) the Seller and the Buyer shall execute and deliver (or cause to be delivered) the Hyprotech Canada License Agreement substantially in the form attached hereto as EXHIBIT F and the AspenTech Canada License Agreement substantially in the form attached hereto as EXHIBIT G;

(xii) the Seller and the Buyer shall execute and deliver (or cause to be delivered) the Hyprotech UK License Agreement substantially in the form attached hereto as EXHIBIT H (together with the AspenTech UK License Agreement, the Hyprotech Canada License Agreement and the AspenTech Canada License Agreement, the "HYPROTECH LICENSE AGREEMENTS");

(xiii) the Seller and the Buyer shall execute and deliver (or cause to be delivered) the Software Support Agreement substantially in the form attached hereto as EXHIBIT I;

(xiv) the Seller and the Buyer shall execute and deliver (or cause to be delivered) the Subcontract Agreement substantially in the form attached hereto as EXHIBIT J;

(xv) the Seller shall deliver (or cause to be delivered) to the Buyer a complete list of the Seller's current end user customers of the Assigned Products, and to the extent available, contact names for such customers and an indication of the calendar quarter in which each such customer's contract with the Seller expires;

(xvi) the Buyer shall pay to the Seller the Purchase Price, as calculated pursuant to Section 1.2(b)(iii) hereof, in cash by wire transfer of immediately available funds into an account designated by the Seller;

(xvii) the Seller shall deliver (or cause to be delivered) to the Buyer, or otherwise put the Buyer in possession and control of, all of the Engineering Software Assets of a tangible nature; PROVIDED, HOWEVER, that:

(A) except as set forth [**] shall have [**] for which [**];

(B) with respect to the Hyprotech Products, Seller shall only be obligated to deliver (or cause to be delivered) to the Buyer, or otherwise put the Buyer in possession and control of, (1) at Closing, (x) the source code for the current version of the Hyprotech Products without any Third Party Source Code and (y) the source code [**] for each other version that was commercially released at any time during the three-year period prior to the Closing and (2) after Closing, as set forth in this Agreement, including, without limitation, in Section 10.14; and

(C) Seller shall have [**] under this Agreement [**];

(xviii) the Seller and the Buyer shall execute and deliver (or cause to be delivered) a Technology License Agreement substantially in the form attached hereto as EXHIBIT K; and

(xix) the Parties shall execute and deliver (or cause to be delivered) to each other a cross-receipt evidencing the transactions referred to above.

The agreements and instruments referred to in clauses (iii) through (xiv) and (xviii) above are referred to herein as the "ANCILLARY AGREEMENTS".

1.4 CONSENTS TO ASSIGNMENT. If (a) any Assigned Contract may not be assigned and transferred by the Seller to the Buyer (as a result of either the provisions thereof or applicable law) without the consent or approval of a third party (including, for example, a Governmental Entity) and (b) such consent or approval has not been obtained prior to the Closing, then, with respect to each such Assigned Contract, (i) notwithstanding any other provision of this Agreement, such Assigned Contract shall not be assigned and transferred by the Seller to the Buyer at the Closing, (ii) the Seller will use reasonable efforts, and the Buyer will cooperate using commercially reasonable efforts, to obtain the necessary consent or approval after the Closing, (iii) if and when such consent or approval is obtained, the Seller and the Buyer shall execute such further instruments of conveyance (in substantially the form executed at the Closing) as may be necessary to assign and transfer such Assigned Contract to the Buyer and (iv) from and after the Closing until the assignment of such Assigned Contract pursuant to clause (iii) above, the Seller shall use

reasonable efforts, and the Buyer shall cooperate with Seller, using commercially reasonable efforts, (including in each case entering into a subcontracting or subleasing arrangement, if permitted), to provide to the Buyer all of the benefits under such Assigned Contract and to cause the Buyer to fulfill and satisfy all of the liabilities and obligations under such Assigned Contract at Buyer's expense. The Parties acknowledge and agree that, although Seller may have to retain such Assigned Contract for some period of time

after Closing as provided under this Section 1.4, upon and after Closing, Buyer shall assume the role of primary contact with the customer under such Assigned Contract.

1.5 FURTHER ASSURANCES.

(a) At any time and from time to time after the Closing Date, as and when requested by any Party hereto and at such Party's expense, the other Party shall promptly execute and deliver, or cause to be executed and delivered, all such documents, instruments and certificates and shall take, or cause to be taken, all such further or other actions as are necessary to evidence and effectuate the transactions contemplated by this Agreement, provided the requesting Party shall be responsible only for the other Party's out-of-pocket costs under this Section 1.5 and shall not be responsible for reimbursing the other Party or its officers, directors, employees and agents for their time spent in such cooperation. After the Closing Date, Seller shall reasonably cooperate, and shall cause its officers, employees, agents, contractors and others under its direction or control to reasonably cooperate with, the Buyer, at Buyer's expense, in prosecuting any registrations or applications relating to the Assigned Intellectual Property, and in executing assignments and other documents as may be reasonably be required by Buyer for evidencing or recording its ownership thereof, provided the Buyer shall be responsible only for the Seller's out-of-pocket costs under this Section 1.5 and shall not be responsible for reimbursing the Seller or its officers, directors, employees and agents for their time spent in such cooperation. If, at Closing, Seller has not secured all consents, approvals and waivers from all persons that are necessary for the divestiture of the Assigned Intellectual Property to Buyer pursuant to this Agreement, the Seller shall substitute functionally equivalent assets or arrangements. In addition, Seller shall in good faith cooperate with Buyer in order to provide the Buyer with the benefit of any right or asset, whether by transfer, license, subcontract or otherwise, used by Seller exclusively or primarily in the OTS Business but not included in the Engineering Software Assets, or covered by the Subcontract or the Technology License Agreement.

(b) Without limiting the provisions of Section 1.5(a), to the extent that Buyer and/or any Affiliate of Buyer discovers after Closing any additional intellectual property assets that are owned by Seller and are solely used in the OTS Business or solely used in the Hyprotech Business which were omitted but should have been transferred to Buyer as Assigned Intellectual Property or IT Property ("OMITTED ASSIGNED IP"), Seller shall, and shall procure that its Affiliates shall, cooperate with Buyer in order to execute and deliver any instruments of transfer or assignment reasonably necessary to transfer and assign such Omitted Assigned IP as Assigned Intellectual Property and/or Engineering Software Assets to Buyer and/or its designee, and Seller shall be solely responsible for all costs relating to the preparation and the filing or other recordation of any such instruments of transfer, assignment or license, as applicable.

(c) Without limiting the provisions of Section 1.5(b), prior to the effective transfer of ownership of such Omitted Assigned IP to Buyer or its designee, Seller and its Affiliates grant to Buyer a license to such Omitted Assigned IP pursuant to the terms and conditions of Section 2(a)(i) of the Technology License Agreement ("OMITTED IP LICENSE"). To the extent that there is

a dispute between Seller and Buyer as to whether any intellectual property constitutes Omitted Assigned IP, upon Buyer's reasonable request, Seller shall grant Buyer a

license under the Technology License Agreement to such disputed intellectual property pending resolution of the dispute. If it is determined by agreement or otherwise that any disputed piece of intellectual property is not Omitted Assigned IP, Buyer's license to such intellectual property shall terminate, and Buyer shall pay to Seller a commercially reasonable royalty for the license during the period during which such license to such intellectual property was in effect.

(d) Seller and its Affiliates covenant that they shall not sue Buyer or its Affiliates or any of their sublicensees or assignees for infringement of Seller's intellectual property rights in respect of the exploitation of any Engineering Software Asset or the exercise of any right licensed to Buyer pursuant to the Technology License Agreement, the Omitted IP License or Support Services Agreement, or assigned to Buyer as Assigned Intellectual Property or as an Engineering Software Asset. For the avoidance of doubt, ownership of any improvements, modifications and derivative works of the Omitted Assigned IP invented, developed, reduced to practice, or created by Buyer or its Affiliates under the Omitted IP License shall be owned exclusively by Buyer or its Affiliates, including, without limitation, any rights to sue and recover for past or future infringement. Further, for the avoidance of doubt, the Buyer obtains the right to enforce the Assigned Intellectual Property, as more fully set forth in Section 3 of the Hyprotech License Agreements, notwithstanding the fact that the Seller's assignment and transfer of Assigned Intellectual Property hereunder is made subject to the rights and licenses set forth in the Hyprotech License Agreements.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Seller represents and warrants to the Buyer that the statements contained in this Article II are true and correct as of the date hereof, except as set forth in the Disclosure Schedule provided by the Seller to the Buyer on the date hereof (the "DISCLOSURE SCHEDULE"). The Disclosure Schedule shall be arranged in sections and subsections corresponding to the numbered and lettered sections and subsections contained in this Article II. The disclosures in any section or subsection of the Disclosure Schedule shall qualify other sections and subsections in this Article II to the extent it is reasonably clear from a reading of the disclosure that such disclosure is applicable to such other sections and subsections. The inclusion of any information in the Disclosure Schedule (or any update thereto) shall not be deemed to be an admission or acknowledgment, in and of itself, that such information is required by the terms hereof to be disclosed, is material, has resulted in or would result in a Seller Material Adverse Effect (as defined in Section 2.1), or is outside the ordinary course of business. For purposes of this Agreement, the phrase "to the knowledge of the Seller" or any phrase of similar import shall mean and be limited to the actual knowledge after due inquiry of the following individuals: Manolis Kotzabasakis, Steve Pringle, Tim Bradley, Stephen J. Doyle, Todd Donahue, Willie Chan, Liz Allan, Karen Kinsley, Kyle Loudermilk and Bryan Wall.

2.1 ORGANIZATION, QUALIFICATION AND CORPORATE POWER. Each Seller is a corporation duly organized, validly existing and, where applicable, in good standing under its respective jurisdiction of organization. For purposes of this Agreement, "SELLER MATERIAL ADVERSE EFFECT" means any change, effect or circumstance that (a) is materially adverse to the Engineering Software Assets or the OTS Business (other than changes, effects or circumstances that are the

result of economic factors affecting the economy as a whole or that are the result of factors generally affecting the industry or specific markets in which

the OTS Business competes unless the OTS Business is disproportionately affected), or (b) materially impairs the ability of the Seller to consummate the transactions contemplated by this Agreement; provided, however, that a "Seller Material Adverse Effect" shall not include any adverse change, effect or circumstance (i) arising out of or resulting primarily from actions contemplated by the Parties in connection with this Agreement, or (ii) that is attributable to the announcement or performance of this Agreement or the transactions contemplated by this Agreement.

2.2 AUTHORITY. The Seller has all requisite corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it will be a party and to perform its obligations hereunder and thereunder. The execution and delivery by the Seller of this Agreement and such Ancillary Agreements and the consummation by the Seller of the transactions contemplated hereby and thereby have been validly authorized by all necessary corporate action on the part of the Seller. This Agreement has been, and such Ancillary Agreements will be, validly executed and delivered by the Seller and, assuming this Agreement and each such Ancillary Agreement constitute the valid and binding obligation of the Buyer, constitutes or will constitute a valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally and by equitable principles, including those limiting the availability of specific performance, injunctive relief and other equitable remedies and those providing for equitable defenses.

2.3 NONCONTRAVENTION. Subject to the final approval by the FTC of the Consent Decree, and acceptance by the FTC pursuant to the Consent Decree of the Buyer and the transactions contemplated under this Agreement and the Ancillary Agreements, neither the execution and delivery by the Seller of this Agreement or the Ancillary Agreements to which the Seller will be a party, nor the consummation by the Seller of the transactions contemplated hereby or thereby, will:

(a) conflict with or violate any provision of the charter or bylaws of the Seller;

(b) require on the part of the Seller any filing with, or any permit, authorization, consent or approval of, any Governmental Entity;

(c) except as set forth in Section 2.3(c) of the Disclosure Schedule, conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of obligations under, create in any party the right to terminate or modify, or require any notice, consent or waiver under, any Assigned Contract; or

(d) except as set forth in Section 2.3(d) of the Disclosure Schedule, violate any order, writ, injunction or decree specifically naming, or statute, rule or regulation applicable to the Seller or any of its properties or assets.

For purposes of this Agreement, "SECURITY INTEREST" means any mortgage, pledge, security interest, encumbrance, charge or other lien (whether arising by contract or by operation of law) other than (i) liens arising under worker's compensation, unemployment insurance, social security, retirement and similar legislation, (ii) liens for Taxes not yet due and payable and (iii) liens arising solely by action of the Buyer.

2.4 TAX MATTERS.

(a) All material Tax Returns required to be filed by the Seller on or prior to the Closing Date in respect of the Engineering Software Assets have been (or will have been on or by the Closing Date) filed in a timely manner (taking into account all extensions of due dates).

(b) All Taxes shown on such Tax Returns have been paid to the extent due and payable.

(c) There are no unpaid Taxes with respect to any period ending on or before the Closing Date which are or could give rise to a lien or other charge on the Engineering Software Assets, except for current Taxes not yet due or payable.

(d) Applicable to AspenTech UK and Hyprotech UK (the "UK SELLERS") and the Engineering Software Assets in the United Kingdom (the "UK ENGINEERING SOFTWARE ASSETS"):

(i) DEFINITIONS.

(A) "VATA 1994" means the Value Added Tax Act 1994.

(ii) The Seller maintains complete, correct and up-to-date records as required by law for the purposes of UK VAT in connection with the Business and is not subject to any condition imposed by H.M. Customs and Excise under paragraph 6 of Schedule 11 to VATA 1994 and all documents in the possession or control of the Seller which the Buyer would require to prove legal title to any of the UK Engineering Software Assets have been duly stamped.

(iii) In respect of any UK Engineering Software Assets which the Buyer will, as a result of its transfer under this Agreement or other document executed pursuant to it, become responsible for any future adjustments under Part XV UK VAT Regulations 1995, Section 2.4 of the Disclosure Schedule sets out accurately (A) the capital item affected, (B) the amount of the total input tax which is subject to adjustment, (C) the percentage of that input tax which was reclaimable in respect of the capital item in the first interval applicable to it; and (D) the date of acquisition of the capital item and the number of intervals in that adjustment period remaining.

(iv) Supplies of goods and services made by the Business pursuant to the Assigned Contracts are taxable supplies for the purposes of VATA 1994 and so far as the Seller is aware the Seller will not be denied credit for any input tax in respect of the Assigned Contracts by reason of the operation of section 26 VATA 1994.

(v) Except as provided in Section 2.4 of the Disclosure Schedule, there is no written agreement or arrangement specifically agreed by the Seller and the Inland Revenue (being an agreement or arrangement which is not based on relevant legislation or published practice and which agreement or arrangement remains current), in relation to the PAYE system operated by the Seller relating to the Employees or in connection with the provision of taxable benefits to the Employees, pursuant to which the Seller is authorized not to comply with what, but for such agreement or arrangement, would be its statutory obligations.

(vi) All income tax deductible and payable under the PAYE system (including income tax in relation to the sub-contractor's tax deduction scheme, casual labor and employee benefits) has been deducted and all amounts due to be paid to the Inland Revenue in respect of such income tax have been paid and all deductions and payments required to be made by the Seller in respect of National Insurance contributions (including employer's contributions) relating to the Employees have been made by the due date.

2.5 SELLER EQUIPMENT. The Seller will transfer to Buyer hereunder good title to, a valid leasehold interest in or a valid license or right to use all of the Seller Equipment, free and clear of all Security Interests.

2.6 INTELLECTUAL PROPERTY. Except as set forth in Section 2.6 of the Disclosure Schedule:

(a) The Seller solely and exclusively owns all right, title and interest in and to the Assigned Intellectual Property, free and clear of any Security Interests, or is licensed or otherwise possesses valid and enforceable rights to use the Assigned Intellectual Property, free and clear of any Security Interests and subject to the terms of the licenses set forth in the Assigned Contracts and Retained Contracts.

(b) The IT Property, and the Seller's design, sale, offer for sale, manufacture, reproduction, distribution, development, modification, display, performance, import, export, and use of the IT Property, do not infringe, misappropriate, or otherwise violate any (A) registered or unregistered statutory or common law copyrights, whether published or unpublished, (B) trade secrets, know-how, confidential information, processes or formulas, (C) patents (including, without limitation, patents of importation, improvement, or addition and any divisions, reissues, continuations, extensions, continuations-in-part, and renewals, (D) data rights, (E) trademarks, trade dress, corporate or trade names, or service marks, whether registered or unregistered, and any registrations, or renewals thereof, or (F) other intellectual property or proprietary rights throughout the world (collectively, "INTELLECTUAL PROPERTY RIGHTS") of any third party, nor to the knowledge of Seller is there any infringement, misappropriation, or other violation of Intellectual Property Rights that will occur as a result of the continued operation of the OTS Business or ownership or use of the Engineering Software Assets in the manner operated or used by the Seller, and the Seller has not received any written charge, complaint, claim, demand, or notice so alleging (including any claim that the Seller must license or refrain from using any Intellectual Property Rights of any third party or any written invitation to license patents or patent applications claimed to cover the Assigned Products), and Seller has not commissioned or received during the five (5) years preceding the Closing Date any opinion concerning

enforceability, validity or infringement of any Intellectual Property Rights of any third party relating to the Business or the Engineering Software Assets.

(c) To the knowledge of the Seller, no third party is infringing, violating or misappropriating any of the Assigned Intellectual Property.

(d) No action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand has been made, is pending, or, to the knowledge of Seller, is threatened that challenges the legality, validity, enforceability, use or ownership of any Assigned Intellectual Property by the Seller.

(e) Section 2.6(e) of the Disclosure Schedule lists each and every beneficiary of a source code escrow agreement between Seller or its Affiliates and an escrow agent currently in effect by which the source code for any Assigned Product has been placed into escrow, and the corresponding version of an Assigned Product placed into escrow for such beneficiary. Except as set forth in Section 2.6(e) of the Disclosure Schedule, the Seller is in material compliance with all obligations under each such source code escrow agreement, no default or other condition exists which would give rise to a right of release in favor of a beneficiary under each such source code escrow agreement, and no source code for any Assigned Product has been released to any third party.

(f) Except as set forth in Section 2.7(f), the Assigned Contracts and Retained Contracts collectively constitute all currently active agreements or arrangements (i) pursuant to which the Seller has licensed the Assigned Intellectual Property to, or the use of the Assigned Intellectual Property has otherwise been permitted by Seller (through release, covenant not to sue, non-assertion, settlement, or similar agreements or otherwise) by, any third party, and (ii) pursuant to which the Seller has allowed any shop right to arise with respect to any third Person.

(g) Other than in the course of sale or license of the Assigned Products consistent with past practice, Seller has not granted indemnification

for infringement of any Intellectual Property Rights.

(h) Seller has taken all reasonable action to maintain and preserve the Assigned Intellectual Property, including without limitation entering into written confidentiality/non-disclosure agreements with all third parties to whom it discloses any confidential information or trade secrets that are Assigned Intellectual Property, obtaining written work-made-for-hire agreements and assignments, in a form sufficient to vest all right, title and interest in Seller in and to all Assigned Intellectual Property, from all of Seller's employees, former employees (or persons they currently intend to hire), independent contractors and former independent contractors (collectively, the "INVENTORS") of all such Inventors' rights in any Assigned Intellectual Property and making all filings and all payments of all maintenance and similar fees for any Assigned Intellectual Property that is registered and requires such maintenance or payment for such registration to remain in effect.

(i) To the knowledge of the Seller, except with respect to disclosures to the FTC or Seller's advisors in connection with the Pending Case or disclosures made pursuant to a

nondisclosure agreement, Seller has not disclosed any material confidential information pertaining to the design or development of any Assigned Products or IT Property except for prototype evaluation units provided by Seller to potential customers or other disclosures of non-material confidential information customarily made by Seller in the ordinary course of its business.

(j) The Seller has used reasonable practices customary in the industry to verify that all Assigned Products and IT Property provided to Buyer hereunder are and shall at Closing be free of viruses, worms, time bombs, logic bombs, trap doors, Trojan horses, or similar malicious instructions, techniques, or devices capable of disrupting, disabling, damaging, or shutting down a computer system or software or hardware component thereof that may interfere with or adversely affect the Assigned Products or IT Property. The Assigned Products resident on Seller's servers have not been subject to a material security or firewall breach, penetration or intrusion by an unauthorized third party, and the Seller has taken all commercially reasonable steps in accordance with industry standards to secure the Assigned Products resident on Seller's servers from unauthorized access or use by any unauthorized person, including employing reasonable and customary in the industry security, maintenance, disaster recovery, backup, archiving and virus or malicious device scanning/protection measures. To the Seller's knowledge, the Assigned Products do not contain software code licensed to the Seller pursuant to the General Public License or similar "open source" license requiring the release or disclosure of otherwise proprietary source code.

(k) No Assigned Intellectual Property (including Assigned Trademarks) have been registered, and no applications for registration are pending, in the United States Patent & Trademark Office, the U.S. Copyright Office, or before any similar state or foreign authorities.

(l) [**] subject to [**] on the one hand, and [**] on the other hand, for which [**] issued in connection therewith, [**], including without limitation [**] in the [**] of the [**] relating thereto. [**] or any of the [**] to be [**].

(m) The business names, registered and unregistered trademarks, service marks, trade names, logos, Internet domain names, and corporate names and applications, registrations and renewals related thereto (or portions thereof) that are included in the Assigned Trademarks constitute all of the business names, registered and unregistered trademarks, service marks, trade names, logos, Internet domain names, and corporate names and applications, registrations and renewals related thereto that are used by Seller solely in the conduct of the OTS Business.

2.7 CONTRACTS.

(a) The Assigned Contracts, the Retained OTS Contracts and the Multi-Product Agreements constitute all agreements that have not been terminated or fully performed to which the Seller is a party and pursuant to which the Seller has agreed to provide Operator Training Services to any third party.

(b) Section 2.7(b) of the Disclosure Schedule lists (i) (A) each software program, tool (including, without limitation internal development and migration tools), flow chart, library, script, utility, database, data or algorithm that is licensed to the Seller by any third party and is included or embedded in any Assigned Product or that is required by Seller to use, develop, modify or maintain any Assigned Product, and (B) the license or agreement pursuant to which the Seller licenses or uses such software program, tool (including, without limitation, internal development and migration tools), flow chart, library, script, utility, database, data or algorithm, (ii) each agreement pursuant to which the Seller has had Intellectual Property Rights used primarily in the OTS Business or Intellectual Property Rights used in the Assigned Products licensed to it, or has otherwise been permitted to use Intellectual Property Rights used primarily in the OTS Business or Intellectual Property Rights used in the Assigned Products (through non-assertion, settlement, or similar agreements or otherwise), and (iii) all options and extensions made commercially available by Seller to customers in connection with the Assigned Products (collectively, the "THIRD PARTY LICENSES"). The Seller has made available to the Buyer correct and complete copies of all such Third Party Licenses.

(c) Section 2.7(c) of the Disclosure Schedule lists each agreement to which the Seller is a party pursuant to which the Seller has both (i) licensed or distributed to any third party any Operator Training Product, or agreed to provide any Operator Training Services, and (ii) licensed or distributed to any third party any product other than an Operator Training Product or agreed to provide any service other than Operator Training Services (each, a "MULTI-PRODUCT AGREEMENT").

(d) With respect to each Assigned Contract, and to each Third Party License under which Seller has a right to grant a sublicense to Buyer in connection with the transactions contemplated by this Agreement and which is listed in Exhibit B to the Technology License Agreement (each, a "SUBLICENSABLE THIRD PARTY LICENSE") and each Multi-Product Agreement:

(i) such contract is a valid, binding and enforceable obligation of the Seller and, to the knowledge of the Seller, each other party to such contract; and

(ii) neither the Seller nor, to the knowledge of the Seller, any other party to the contract is in material breach or default and, to the knowledge of the Seller, no event has occurred which, with notice or lapse of time or both, would constitute a material breach or default or permit termination, modification or acceleration thereunder.

(e) Except for the Assigned Contracts, the Retained Contracts, and the Third Party Licenses, the Seller is not party to any oral or written arrangement or agreement that would restrict, impair or affect the ability of the Buyer to acquire, own and utilize the Engineering Software Assets or the OTS Business.

(f) Except as set forth on Section 2.7(f) of the Disclosure Schedule, no reserves would be required to be established under United States generally accepted accounting principles for the incurrence of losses on any uncompleted Assigned Contract.

(g) The obligations [**] under the [**].

2.8 LITIGATION. Section 2.8 of the Disclosure Schedule lists, since June 30, 2001, each (a) judgment, order, decree, stipulation or injunction of any Governmental Entity specifically naming the Seller that relates to the Business or the Engineering Software Assets and (b) pending or, to the knowledge of Seller, threatened, action, suit or proceeding by or before any Governmental Entity naming the Seller that relates exclusively or primarily to the Business or the Engineering Software Assets. Except as set forth in Section 2.8 of the Disclosure Schedules, neither the Seller nor any of the Engineering Software Assets is subject to any judgment, order, decree, stipulation or judgment that would restrict, impair or affect the ability of the Buyer to acquire, own and utilize the Engineering Software Assets or the OTS Business.

2.9 EMPLOYMENT MATTERS.

(a) LISTINGS.

(i) Section 2.9(a)(i) of the Disclosure Schedule contains a list, as of the date of this Agreement, of the name, title, position, software products constituting Engineering Software Assets supported (if applicable), and termination date (if applicable) of all non-clerical employees of the OTS Business or Hyprotech, Ltd. or engaged by Seller in the development or development support of the Hyprotech Products, either as of the date hereof or at any time during the three (3) year period prior to the Closing Date (the "BUSINESS EMPLOYEES"). Section 2.9(a)(i) of the Disclosure Schedule also identifies those Business Employees who are as of the date of this Agreement employed by the Seller but have ceased, within twelve (12) months preceding the date of this Agreement, to be solely engaged in duties relating to the OTS Business or the development of HYSYS.Dynamics or HYSYS.Steady State or to be solely engaged as a GUI engineer or technician, Distillation engineer or technician, Physical Properties engineer or technician, Simulation Environment engineer or technician or Reactor engineer or technician, in each case, for the Hyprotech Products, and for each such Business Employee, includes a brief description of the position formerly held in connection with the OTS Business or the development of the Hyprotech Products and the date on which such employee ceased to be solely engaged in duties relating to the OTS Business or the development of the Hyprotech Products.

(ii) Section 2.9(a)(ii) of the Disclosure Schedule contains a list, as of the date of this Agreement, of the name, title, employing company, location, service date, position, software products constituting Engineering Software Assets supported (if applicable), annual/hourly rate of compensation of all current employees of Seller engaged primarily in duties relating to the OTS Business or the development or development support of the Hyprotech Products (the "EMPLOYEES"). Section 2.9(a)(ii) of the Disclosure Schedule also contains the following information with respect to the Employees for the twelve-month period prior to the date hereof: the description of all employee benefits provided; vacation entitlement; description of any bonus or discretionary incentive compensation for 2003 and 2004, including the amount thereof; description of any redundancy or severance payment scheme or promise; and any other compensation payable whatsoever. Except as disclosed in Section 2.9(a)(ii) of the Disclosure Schedule, no Employee is on short-term or long-term disability leave, parental leave, extended absence or receiving benefits pursuant to workers' compensation legislation in applicable jurisdictions.

(b) There is no other person who has accepted an offer of employment made by the Seller to engage or perform duties relating primarily to the OTS Business or the development or development support of the Hyprotech Products ("RELEVANT ACTIVITIES") but whose employment has not yet started.

(c) No Employee has tendered a resignation or otherwise communicated to the Seller in writing an intention to resign.

(d) Section 2.9(d) of the Disclosure Schedule contains a listing of all written contracts or written offers of employment and summaries of the

terms of material oral arrangements, in each case constituting offers of employment which compel the employment of any person or under which any Employee is engaged ("EMPLOYMENT CONTRACTS"), and copies of such Employment Contracts (or summaries of the terms of material arrangements) have been, to the extent legally permissible, made available to the Buyer. There are no Employment Contracts requiring the payment of more than $100,000 that may not be terminated, without penalty (except for compensation due or awarded under any statute), on 90 days notice. There are no Employment Contracts, offers of employment, management agreements, retention agreements or other agreements providing for the payment of cash, other compensation or benefits upon the consummation of Closing of the transactions contemplated by this Agreement.

(e) Section 2.9(e) of the Disclosure Schedule contains a listing, as of the date of this Agreement, of all independent contractors and consultants engaged primarily in support of the OTS Business or the development or development support of Hyprotech Products, along with the terms on which such independent contractors and consultants are engaged ("CONSULTING CONTRACTS").

(f) Except as disclosed on Section 2.9(f) of the Disclosure Schedule, Seller is not a party, either directly, voluntarily or by operation of law, to any collective bargaining agreement, letter of understanding, letter of intent or other written communication with any bargaining agent, union, works council, association or other labor organization ("LABOR GROUP"), which would apply to any Employees, and no Labor Group represents or has bargaining rights with respect to any Employees.

(g) Except as set forth on Section 2.9(g) of the Disclosure Schedule, to the knowledge of the Seller (i) there have been no union organizing efforts with respect to the Employees conducted within the last five years and there are none now being conducted; (ii) during the five years prior to the date of this Agreement there has not been, nor, to the Seller's knowledge, is there now threatened, a strike, work stoppage, work slowdown or other material labor dispute with respect to, or affecting, the OTS Business or the Engineering Software Assets; (iii) there is no charge or complaint, including any unfair labor practice charge or any claim of discrimination, which is pending with any governmental agency or commission or is threatened against Seller relating to any of the Employees; and (v) there is no commitment or agreement to increase wages or benefits or to otherwise modify the terms and conditions of employment of any Employee, except as disclosed in any written contract of employment provided as stated in section 2.9(d) above.

(h) Except as set forth on Section 2.9(h) of the Disclosure Schedule, there are no loans outstanding from the Seller to any of the Employees and no material amounts owing to any Employee other than remuneration accrued in the normal course.

(i) No former employee of the OTS Business has a contractual or legal right to be re-employed by Seller.

(j) Section 2.9(j) of the Disclosure Schedule sets forth, by country to which they apply, a true, correct and complete list of all of the employee benefit plans, arrangements or policies (whether or not written, U.S. or foreign, and whether or not subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), including, without limitation, any stock option, stock purchase, stock award, retirement, early retirement, pension, deferred compensation, profit sharing, savings, incentive, bonus, health, dental, hearing, vision, drug, life insurance, cafeteria, flexible spending, dependent care, fringe benefit, vacation pay, holiday pay, disability, sick pay, workers compensation, unemployment, severance or redundancy pay, retirement or termination indemnity, employee loan, educational assistance plan, policy or arrangement maintained or contributed to by Seller for any Employee (collectively, the "PLANS"). Seller has delivered to Buyer a complete and current copy of each Plan document or a written description of any unwritten plan; and the most recent summary plan description for any Plan; and any employee handbook applicable to Employees.

(k) Except as set forth on Section 2.9(k) of the Disclosure Schedule:

(i) The Seller has not communicated in any general communication to current or former Employees, or formally adopted or authorized, any additional Plan or any change in or termination of any existing Plan.

(ii) Each Plan has been operated and administered in all material respects in accordance with its terms, the terms of any applicable collective bargaining agreement, and all applicable laws.

(iii) Each "group health plan" subject to the continuation coverage requirements of Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA ("COBRA") which is maintained by Seller has been operated and administered in all material respects in accordance with such requirements.

(l) Except for COBRA coverage required under Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA, or applicable state law, there are no obligations under any Plan to provide welfare benefits after termination of employment.

(m) Each Plan that is intended to be qualified under section 401(a) of the Code, and the trust (if any) forming a part thereof, (i) has received a favorable determination letter from the IRS as to its qualification under the Code and to the effect that each such trust is exempt from taxation under section 501(a) of the Code, and nothing has occurred since the date of such determination letter that would adversely affect such qualification or tax-exempt status, and (ii) has been timely amended and restated for "GUST" and has received a determination

letter from the Internal Revenue Service that such Plan as amended and restated continues to be qualified under section 401(a) of the Code or has been submitted to the Internal Revenue Service for a determination as to its qualified status after such amendment and restatement. For purposes of the preceding sentence, "GUST" shall collectively refer to the changes affecting qualified retirement plans made by the Uruguay Round Agreements Act, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Small Business Job Protection Act of 1996, the Taxpayers Relief Act of 1997, the Internal Revenue Service Restructuring and Reform Act of 1998 and the Community Renewal Tax Relief Act of 2000.

(n) Except as set forth in Section 2.9(n) of the Disclosure Schedule, the Seller is not aware, after due inquiry, of any event or condition that exists that could subject Buyer or any of its employees, officers, directors, agents or affiliates to any material tax, fine, penalty or other liability (including, but not limited to Title IV of ERISA) arising under, or with respect to, any current or former Plan or any employee benefit plan of any entity that is or was a member of a controlled group with, under common control with, or otherwise required to be aggregated with, any Seller as set forth in Section 414(b), (c) or (m) of the Code.

(o) No Plan is a "multiemployer plan" within the meaning of Section 3(37)(A) of ERISA, and Sellers does not have any outstanding liability with respect to any such plan (contingent or otherwise).

(p) All contributions required to be made to any Plan maintained by Seller for Employees principally employed outside the United States ("FOREIGN PLAN") will be made by the Closing Date.

(q) Each Foreign Plan is either fully funded (or fully insured) on a projected benefit obligation basis as determined under Financial Accounting Standard No. 87 on the Closing Date or the appropriate liabilities for each

Foreign Plan are reflected on the balance sheets presented by the Seller.[**]The transactions described or contemplated by this Agreement are not a "change in control" as defined in Section 280G of the Code or the regulations thereunder.

(r) Except as set forth in Section 2.9(s) of the Disclosure Schedule, there are no material claims nor, to the knowledge of the Seller, are there any threatened material complaints, against the Seller pursuant to any laws relating to Employees, including employment standards, human rights, labor relations, occupational health and safety, workers compensation or pay equity. Except as set forth in Section 2.9(s) of the Disclosure Schedule, to the Seller's knowledge, nothing has occurred which might lead to a claim against the Seller under any such laws. There are no outstanding decisions, orders, settlements or pending settlements which place any obligation upon Seller to do or refrain from doing any act with respect to the Employees.

(s) To the Seller's knowledge, all current assessments under workers compensation legislation in jurisdictions in relation to the Employees have been paid or accrued by the Seller and the Seller has not been and is not subject to any material additional or penalty assessment under such legislation which has not been paid or has been given notice of any audit.

2.10 LEGAL COMPLIANCE. Except as set forth on Section 2.10 of the Disclosure Schedule, the Seller is, and since June 30, 2001 has been, in material compliance with all applicable laws (including rules and regulations thereunder) of any federal, state or foreign government, or any Governmental Entity, with respect to the OTS Business or the Engineering Software Assets. Except as set forth on Section 2.10 of the Disclosure Schedule, since June 30, 2001, the Seller has not received written notice of any pending action, suit, proceeding, hearing, investigation, claim, demand or notice relating to the OTS Business or the Engineering Software Assets alleging any failure to so comply.

2.11 NO LIENS; SUFFICIENCY OF ASSETS.

(a) Except as set forth on Section 2.11(a) of the Disclosure Schedule, all of the Engineering Software Assets are free and clear of all Security Interests.

(b) The (i) Engineering Software Assets, (ii) software and technology covered by the Third Party Licenses, (iii) Intellectual Property Rights, software and technology licensed to the Buyer under the Technology License Agreement, (iv) the Seller's other assets used in the OTS Business and identified in Section 2.11(b) of the Disclosure Schedule, (v) real estate facilities, fixtures, furnishings, furniture and related equipment, (vi) Seller Equipment, and (vii) other servers, networks, and business productivity computer programs used by the Seller and not primarily or exclusively used in the OTS Business, collectively, constitute all of the assets necessary to conduct the OTS Business as it is presently being conducted in all material respects. The (i) Engineering Software Assets, (ii) software and technology covered by the Third Party Licenses, (iii) software and technology licensed to the Buyer under the Technology License Agreement and (iv) other servers, networks and business productivity computer programs used by the Seller in the Hyprotech Business, collectively, constitute all of the Intellectual Property Rights necessary to conduct the Hyprotech Business as it is presently being conducted in all material respects.

2.12 INTERCOMPANY TRANSACTIONS. With respect to the OTS Business, there are no agreements under which the OTS Business procures commercially available services (other than general corporate and administrative services) from other divisions or affiliates of the Seller other than at fair market value, other than with respect to services provided by Hyperion Engineering Limited.

2.13 CUSTOMERS. Except as set forth on Section 2.13 of the Disclosure Schedule, since January 1, 2003, no significant customer of the OTS Business has terminated or failed to renew, or given written notice of its intent to terminate or not renew or, to the knowledge of the Seller, threatened to

terminate or not renew its agreement with the OTS Business. Except as set forth on Section 2.13 of the Disclosure Schedule, since January 1, 2003, no customer has given written notice or, to the knowledge of the Seller, given oral notice, of an alleged material default under any arrangement relating to the OTS Business or any other material dispute with the Seller relating to the OTS Business.

2.14 FOREIGN CORRUPT PRACTICES ACT. Solely as relates to the OTS Business:

(a) neither Seller nor any of its agents or representatives has at any time made or committed to make, or has been alleged in writing to have made or committed to make, any payments for illegal political contributions or made any bribes, kickback payments or other illegal payments;

(b) neither the Seller nor any of its agents or representatives has made, offered or agreed to offer anything of value to any governmental official, political party or candidate for governmental office (or any person that the Seller knows or has reason to know, will offer anything of value to any governmental official, political party or candidate for political office), such that the Seller or any of its agents or representatives has violated the Foreign Corrupt Practices Act of 1977, as amended from time to time, and all applicable rules and regulations promulgated thereunder; and

(c) there is not now nor has there ever been any employment by the Seller or any of its agents or representatives of any governmental or political official in any country while such official was in office.

2.15 PRODUCT WARRANTY. Section 2.15 of the Disclosure Schedule sets forth the Seller's standard terms and conditions with respect to the licensing of the Operating Training Products and (a) a statistical analysis of defects reported to Seller with respect to the Assigned Products from June 1, 2003 through the date of this Agreement, and (b) a statistical analysis of defects reported to Seller since June 1, 2003 with respect to the Assigned Products that remain unresolved as of the date of this Agreement.

2.16 PRODUCT LIABILITY. Except as set forth in Section 2.16 of the Disclosure Schedule, to the knowledge of the Seller, the Seller has no material liability arising out of any injury to individuals or tangible property as a result of the ownership, possession or use of any Assigned Product sold, licensed, leased or delivered or any service rendered by the Seller in connection with the OTS Business. The Assigned Products, when used in accordance with the applicable Documentation of the Seller existing as of the Closing Date, do not contain any design defect that would directly cause any injury to individuals or tangible property or any material loss of customer data.

2.17 INSURANCE. The Seller has customary insurance (including policies providing property, casualty, liability and workers' compensation coverage and bond and surety arrangements) with respect to the Engineering Software Assets and the OTS Business. Such insurance policies and arrangements are in full force and effect, all premiums with respect thereto are currently paid and will continue to be paid by Seller through the Closing Date, and the Seller is in compliance in all material respects with the terms thereof. No written notice of cancellation or non-renewal of any such policies or binders has been received by the Seller nor, to the knowledge of the Seller, is any cancellation or non-renewal threatened.

2.18 GUARANTEES. Other than as set forth in Section 2.18 of the Disclosure Schedule, there are no outstanding third party guarantees of Seller's performance under the Assigned Contracts. Other than as set forth in Section 2.18 of the Disclosure Schedule, Seller has no

obligation to post a performance bond or other guarantee (or have a third party post a performance bond or guarantee) with respect to the OTS Business.

2.19 ACCOUNTS RECEIVABLE. Section 2.19 of the Disclosure Schedule sets forth all billed and unbilled accounts receivable of the OTS Business (i) as of July 31, 2004 and (ii) as of September 30, 2004. All of the billed and unbilled accounts receivable of the OTS Business set forth in Section 2.19 of the Disclosure Schedules represented as of July 31, 2004, or represented as of September 30, 2004, as applicable, and all of the Billed Accounts Receivable and Net Unbilled Accounts Receivable, as finally determined pursuant to Section 1.2(b), will represent valid obligations arising from sales made or services performed by the OTS Business in the ordinary course.

2.20 NO UNDISCLOSED LIABILITIES. None of this Agreement or any Schedule, Exhibit or certificate attached to or delivered pursuant to Section 6 of this Agreement by the Seller, in connection with the transactions contemplated by this Agreement contains or will contain any untrue statement of a material fact, or omits or will omit any statement of a material fact necessary in or to make the statements made not misleading. To the Seller's knowledge, there is no fact or circumstance that has specific application to the OTS Business or the Engineering Software Assets that would reasonably be expected to have a Seller Material Adverse Effect that has not been set forth in this Agreement or any Schedule, Exhibit or certificate attached to this Agreement.

2.21 FINANCIAL WORKING PAPERS/REPORTS. Section 2.21 of the Disclosure Schedule includes copies of the following financial working papers and reports with respect to the OTS Business: (a) the unaudited income statements of the OTS Business for the fiscal years ended June 30, 2002, June 30, 2003 and June 30, 2004 ("INCOME STATEMENTS") and (b) the unaudited management accounts with respect to operator training projects of the OTS Business as of the September 23, 2004, including the unbilled accounts receivable of the OTS Business as of September 23, 2004 ("PROJECT STATEMENTS", and together with the Income Statements, the "FINANCIAL WORKING PAPERS/REPORTS"). The Financial Working Papers/Reports have been prepared in accordance with the Seller's standard methodologies for product line profit and loss and project statements, respectively, and are in accordance with United States generally accepted accounting principles as in effect as of the date of such Financial Working Papers/Reports ("GAAP") except as set forth in Section 2.21 of the Disclosure Schedule. Except as set forth in Section 2.21 of the Disclosure Schedule, the Financial Working Papers/Reports present fairly, in all material respects, (i) with respect to the Income Statements, the results of operations of the OTS Business for the period covered thereby and (ii) with respect to the Project Statements, the status of open projects including estimated costs to complete. The Financial Working Papers/Reports have been prepared from the books and records of the Company, which books and records are correct and complete in all material respects.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller that the statements contained in this Article III are true and correct as of the date hereof. For purposes of this Agreement, the phrase,

"to the knowledge of the Buyer" or any phrase of similar import shall mean and be limited to the actual knowledge of the following individuals: Frank Whitsura and Mark Hagen.

3.1 ORGANIZATION. Each Buyer is a corporation duly organized, validly existing and, where applicable, in good standing under its respective jurisdiction of organization.

3.2 AUTHORITY. The Buyer has all requisite corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it will be a party and to perform its obligations hereunder and thereunder. The

execution and delivery by the Buyer of this Agreement and such Ancillary Agreements and the consummation by the Buyer of the transactions contemplated hereby and thereby have been validly authorized by all necessary corporate action on the part of the Buyer. This Agreement has been, and such Ancillary Agreements will be, validly executed and delivered by the Buyer and, assuming this Agreement and each such Ancillary Agreement constitute the valid and binding obligation of the Seller, constitutes or will constitute a valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws relating to or affecting the rights of creditors generally and by equitable principles, including those limiting the availability of specific performance, injunctive relief and other equitable remedies and those providing for equitable defenses.

3.3 NONCONTRAVENTION. Subject to the final approval by the FTC of the Consent Decree, and acceptance by the FTC pursuant to the Consent Decree of the Buyer and the transactions contemplated under this Agreement and the Ancillary Agreements, neither the execution and delivery by the Buyer of this Agreement or the Ancillary Agreements to which the Buyer will be a party, nor the consummation by the Buyer of the transactions contemplated hereby or thereby, will:

(a) conflict with or violate any provision of the charter or bylaws of the Buyer;

(b) require on the part of the Buyer any filing with, or permit, authorization, consent or approval of, any Governmental Entity, except for a post-Closing filing to be made with the government of Brazil and except for any filing, permit, authorization, consent or approval which if not obtained or made would not reasonably be expected to result in a material adverse effect on the ability of the Buyer to consummate the transactions contemplated by this Agreement (a "BUYER MATERIAL ADVERSE EFFECT"); or

(c) violate any order, writ, injunction or decree specifically naming, or statute, rule or regulation applicable to, the Buyer or any of its properties or assets, except for any violation that would not reasonably be expected to result in a Buyer Material Adverse Effect.

3.4 LITIGATION. There are no actions, suits, claims or legal, administrative or arbitration proceedings pending against, or, to the Buyer's knowledge, threatened against, the Buyer which would adversely affect the Buyer's performance under this Agreement or the consummation of the transactions contemplated by this Agreement.

3.5 DUE DILIGENCE BY THE BUYER. The representations and warranties in Article II by the Seller constitute the sole and exclusive representations and warranties of the Seller to the Buyer in connection with the transactions contemplated hereby, and the Buyer acknowledges and agrees that the Seller is not making any representation or warranty whatsoever, express or implied, beyond those expressly given in this Agreement, including any implied warranty as to condition, merchantability, or suitability as to any of the Engineering Software Assets and it is understood that the Buyer takes the Engineering Software Assets as is and where is (subject to the benefit of the representations warranties set forth in this Agreement). The Buyer further acknowledges and agrees that any cost estimates, projections or other predictions that may have been provided to the Buyer or any of its employees, agents or representatives are not representations or warranties of the Seller or any of their Affiliates. For purposes of this Agreement, the term "AFFILIATE" means any natural person or any corporation, company, partnership, joint venture, firm or other entity directly or indirectly controlled by, controlling or under common control with, a Party, but only for so long as such control shall continue. For purposes of this definition, "control" (including, with correlative meanings, "controlled by," "controlling" and "under common control with") means, with respect to an entity, possession, direct or indirect, of (a) the power to direct or cause direction of

the management and policies of such an entity (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), or (b) at least 50% of the voting securities (whether directly or pursuant to any option, warrant or other similar arrangement) or other comparable equity interests.

ARTICLE IV
PRE-CLOSING COVENANTS

4.1 CLOSING EFFORTS.

(a) Subject to the terms hereof, including Section 4.1(b), each of the Parties shall use reasonable commercial efforts to take all actions and to do all things reasonably necessary or advisable to consummate the transactions contemplated by this Agreement, including using reasonable commercial efforts to: (i) obtain all necessary waivers, permits, consents, approvals or other authorizations from Governmental Entities and other third parties (the "THIRD PARTY CONSENTS"), (ii) effect all necessary registrations, filings and notices with or to Governmental Entities (the "GOVERNMENTAL FILINGS") and (iii) otherwise comply in all material respects with all applicable laws and regulations in connection with the consummation of the transactions contemplated by this Agreement. The Seller shall bear any out-of-pocket costs associated with obtaining such Third Party Consents. Each of the Parties shall promptly notify each of the other Parties of any fact, condition or event known to it that would reasonably be expected to prohibit, make unlawful or delay the consummation of the transactions contemplated by this Agreement, including any breach by such Party of any of its representations, warranties, agreements or covenants contained herein.

(b) Without limiting the generality of Section 4.1(a), the Seller shall use reasonable efforts to seek the final approval by the FTC of the Consent Decree and the acceptance by the FTC pursuant to the Consent Decree of the Buyer and the transactions contemplated under this Agreement and the Ancillary Agreements. Each of the Parties shall use

reasonable commercial efforts to resolve any objections that may be asserted by the FTC with respect to the transactions contemplated hereby, and shall cooperate with each other to contest any challenges to the transactions contemplated hereby by the FTC.

4.2 CONFIDENTIALITY. The Buyer and the Seller acknowledge and agree that the confidentiality agreement dated January 21, 2004 by and between the Parties (the "CONFIDENTIALITY AGREEMENT") remains in full force and effect and that information provided by the Seller to the Buyer pursuant to this Agreement prior to the Closing shall be treated in accordance with the Confidentiality Agreement. If this Agreement is terminated prior to the Closing, the Confidentiality Agreement shall remain in full force and effect in accordance with its terms. If the Closing occurs, the Confidentiality Agreement, insofar as it covers information relating exclusively to the Engineering Software Assets, shall terminate effective as of the Closing, but shall remain in effect insofar as it covers other information disclosed thereunder.

4.3 SCHEDULES.

(a) The Seller shall be entitled to submit to the Buyer, from time to time between the date hereof and the Closing Date, written updates to Sections 2.4, 2.6(c), 2.6(d), 2.6(e) (solely with respect to the first sentence thereof), 2.6(j) (solely with respect to the second sentence thereof), 2.7(b), 2.7(c), 2.7(f), 2.8, 2.9(a), 2.9(b), 2.9(c), 2.9(e), 2.9(g)(ii) and (iii), 2.9(s), 2.9(n), 2.10 (solely with respect to the second sentence thereof), 2.11(b), 2.13, 2.15 and 2.20 of the Disclosure Schedule disclosing any events that have occurred between the date of this Agreement and the Closing Date. For the avoidance of doubt, such updates shall not be deemed to amend or modify the scope of Excluded Liabilities hereunder. The Seller's representations and warranties contained in this Agreement shall be construed for all purposes of

this Agreement (including, without limitation, Section 5.1 and Article VI) in accordance with the Disclosure Schedule and other Schedules hereto, as so updated; provided that the Buyer shall have the right to terminate this Agreement as a result of any such update to the Disclosure Schedule to the extent provided in Section 8.1(b).

(b) For avoidance of doubt, no contract (including amendments and renewals of existing Assigned Contracts) entered into by Seller between signing and closing shall be deemed to be an Assigned Contract without Buyer's prior written consent. Seller must offer Buyer the option of assuming as an Assigned Contract any customer contract (or amendment or renewal thereof) relating solely to the OTS Business entered into between the date hereof and the Closing Date. If Buyer provides its written consent to any such contract (or any amendment or renewal of any Assigned Contract) such contract (or amendment or renewal) shall be deemed to be an Assigned Contract hereunder. If Buyer refuses to assume such contract, or if Seller enters into a Multi-product Agreement between the date hereof and the Closing Date, Buyer and Seller shall negotiate in good faith upon the terms under which Buyer would act as subcontractor for the Operator Training Services portion of such contract under the terms of the Subcontract; PROVIDED HOWEVER that in the event that Seller and Buyer do not enter into an agreement on or before the Closing Date for Buyer to provide such operator training services, such agreement shall be deemed to be a Retained OTS Contract for all purposes hereunder and Seller shall have the right, without any liability or obligation to Buyer hereunder, to procure operator training or other services from any third party (including, without limitation, Hyperion Engineering

Limited), on terms no less favorable to such third party than the terms Seller offered to Buyer, in order to satisfy Seller's obligations under such contract and PROVIDED FURTHER, that Seller shall not be permitted to amend (other than change orders in the ordinary course consistent with past practice), renew or extend any such Retained OTS Contract or Multi-product Agreement (as it relates solely to Operator Training Services) after the Closing Date.

4.4 CERTAIN TAX CERTIFICATIONS. Prior to the Closing, to the extent applicable, the Buyer shall provide the Seller with appropriate resale exemption certificates, exempt use certificates, and other similar Tax documentation relating to the Engineering Software Assets.

4.5 INTERIM COVENANTS. From the date hereof through the Closing Date, without the prior written consent of the Buyer, the Seller shall:

(a) conduct the OTS Business in the ordinary course consistent with past practices and use commercially reasonable efforts to preserve intact the OTS Business, to keep available the services of the key Employees and to preserve the relationships with customers, suppliers and others having material business dealings with the OTS Business;

(b) utilize the Engineering Software Assets in the ordinary course consistent with past practice;

(c) not sell, pledge, dispose of, or encumber any of the Engineering Software Assets, except in the ordinary course of business (which includes, without limitation, the granting of nonexclusive licenses to customers and distributors to any Hyprotech Product in the ordinary course of business on terms and conditions consistent with past practice as disclosed to Buyer, subject to Seller's obligations with respect to any settlement agreement relating to the Specified Proceedings);

(d) continue to meet the contractual obligations of the OTS Business under the Assigned Contracts and the Sublicensable Third Party Licenses and to fulfill all such obligations in all respects as they mature, and to pay all accounts payable of the OTS Business, in each case on a timely basis in the ordinary course;

(e) maintain in full force and effect all presently existing

insurance coverage for the OTS Business, or insurance comparable to such existing coverage, to the extent such coverage is reasonably available;

(f) preserve, protect, maintain and enforce all rights in the Assigned Intellectual Property in a manner consistent with the past practice of the Seller;

(g) not grant any third party any exclusive license in or to any Assigned Intellectual Property;

(h) not expressly waive any rights under any Assigned Contract or Sublicensable Third Party License, if such waiver would reasonably be expected to adversely affect the Buyer's rights with respect to the Assigned Contracts or sublicenses under the Sublicensable Third Party Licenses;

(i) with respect to the OTS Business and the Engineering Software Assets, not enter into any settlement agreement that would restrict the Buyer's contemplated use of the Engineering Software Assets;

(j) in connection with the OTS Business, acquire (by merger, consolidation or acquisition of stock) any entity or person or substantially all of, or any material portion of, the assets of any entity or person that conducts Operator Training Services;

(k) not assume, grant, guarantee or endorse, or make any other accommodation or arrangement making the Buyer (as acquirer of the OTS Business and the Engineering Software Assets) responsible for, the liabilities of any other entity or person, or cancel or forgive any debts or claims of the OTS Business;

(l) not enter into any employment agreement, make any loan to any Employee or enter into any material transaction of any other nature with any Employee or, except in accordance with past practices or pursuant to the terms of employment agreements, plans, programs, arrangements or policies in effect on the date of this Agreement, grant any increase in the salary or other compensation of, grant any bonus to any Employee; PROVIDED THAT Seller will give Buyer written notice of any action permitted under this paragraph (l) or paragraphs (m) or (n) below within two Business Days prior to Closing; and PROVIDED, FURTHER, that nothing in this paragraph (l) shall prohibit the Seller from offering to employees engaged primarily in duties relating to the OTS Business equity or other incentives, at the Seller's sole expense, in the ordinary course or as an incentive to remain in the Seller's employment during the period from the date hereof through the Closing Date (including, without limitation, the incentive program described in Section 4.9 hereof);

(m) not take any action to institute any new severance or termination pay practices with respect to any of the Employees or to increase the benefits payable under the severance or termination pay practices of the OTS Business, PROVIDED, HOWEVER, that nothing in this paragraph (m) shall prohibit the Seller from offering to employees engaged primarily in duties relating to the OTS Business equity or other incentives, at the Seller's sole expense, in the ordinary course or as an incentive to remain in the Seller's employment during the period from the date hereof through the Closing Date (including, without limitation, the incentive program described in Section 4.9 hereof);

(n) not adopt or amend, in any material respect, except as contemplated hereby or as may be required by applicable law, order, rule or decree, any collective bargaining, bonus, profit sharing, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment or other employee benefit plan, agreement, trust, fund, plan or arrangement for the benefit or welfare of any Employees, PROVIDED, HOWEVER, that nothing in this paragraph (n) shall prohibit the Seller from offering to employees engaged primarily in duties relating to the OTS Business equity or other incentives, at the Seller's sole expense, in the ordinary course or as an incentive to remain in the Seller's employment during the period from the date hereof through the

Closing Date (including, without limitation, the incentive program described in Section 4.9 hereof);

(o) not agree or otherwise commit to take any of the actions described in the foregoing paragraphs (a) through (n).

4.6 ACCESS TO BOOKS AND RECORDS. Prior to the Closing (and subject to the Confidentiality Agreement), Buyer and its representatives and agents shall be entitled to make such investigation of the assets, properties, business and operations of Seller as they relate exclusively or primarily to the OTS Business or the IT Property and such examination of the books, records, tax returns, financial condition and operations of the Seller as they relate exclusively or primarily to the OTS Business as Buyer may reasonably request in accordance with applicable law. Any such investigation and examination shall be conducted at reasonable times during normal business hours, and the Seller shall use commercially reasonable efforts to cooperate therewith. In order that Buyer may have full opportunity to make such investigation as it may wish, the Seller shall (x) furnish the representatives of Buyer during such period with all such information and copies of such documents pertinent to such review as Buyer or its representatives or agents may reasonably request and (y) cause Seller's officers, employees, consultants, agents, accountants and attorneys to use commercially reasonable efforts to cooperate with Buyer in connection with such review and examination.

4.7 NO-SHOP. From the date of this Agreement to the earlier of the Closing Date or the termination of this Agreement, none of Seller or its Affiliates or any of their agents or representatives shall furnish or cause to be furnished any non-public information concerning the OTS Business or the Engineering Software Assets to any person or entity in contemplation of a potential sale of the OTS Business, other than (i) the Buyer and its representatives and (ii) any Governmental Entity as may be required in connection with Section 4.1 hereof. From the date of this Agreement to the earlier of the Closing Date or the termination of this Agreement, none of the Seller, its Affiliates or any of their agents or representatives shall, (i) directly or indirectly, initiate, solicit or encourage, or take any other action to facilitate, any inquiries or the making of any proposal that constitutes or could reasonably be expected to lead to a sale of all or a part of the Engineering Software Assets to an entity or person other than Buyer, or (ii) directly or indirectly engage or participate in discussions or negotiations regarding or provide any information or data to any entity or person or otherwise cooperate in any way with activities that could reasonably be expected to lead to a sale of all or a part of the Engineering Software Assets to any person or entity other than Buyer. The Seller and its Affiliates shall immediately cease and cause to be terminated all existing discussions and negotiations, if any, with any other person or entity conducted heretofore with respect to any sale of all or part of the Engineering Software Assets to any person or entity other than Buyer and request the prompt return of all confidential information previously furnished.

4.8 CONFIDENTIALITY AGREEMENTS. If the Buyer has reason to believe that a third party has unlawfully disclosed confidential information relating to the OTS Business that such third party received pursuant to a confidentiality agreement between such third party and the Seller that was entered into in connection with or relating to the possible purchase or sale of all or any portion of the OTS Business, the Buyer may inquire of the Seller whether such a confidentiality agreement exists between the Seller and such third party, and the Seller will disclose the existence of any such agreement. The Seller shall cooperate in a commercially reasonable manner with the Buyer at the Buyer's expense in taking any action reasonably requested by the

Buyer, including, without limitation, but at the Seller's discretion, instituting litigation or assigning to the Buyer the right to institute such

litigation, to enforce for the benefit of the Buyer any and all rights of the Seller against such third party for a breach of any such confidentiality agreement.

4.9 INTERIM EMPLOYEE INCENTIVES. Seller shall use commercially reasonable efforts to offer to its employees engaged primarily in duties relating to the OTS Business equity or other incentives, at the Seller's sole expense, in the ordinary course or as an incentive in order to encourage such employees to remain in the Seller's employment during the period from the date of this Agreement through the Closing Date, PROVIDED THAT, nothing in this Section 4.9 shall constitute or be construed as a warranty or obligation of the Seller to ensure that any such employees remain employees of the Seller during such period. The incentive program described in this Section 4.9 shall be on terms no less favorable to the employees than those described on Schedule 4.9 hereto.

4.10 REPLACEMENT OF SELLER GUARANTEES. For purposes of this Agreement, "SELLER GUARANTEES" means all performance bonds, letters of credit and other guarantees set forth on Section 2.18 of the Disclosure Schedule. Unless otherwise agreed to in writing by Seller, the Buyer shall arrange, prior to the Closing, for replacement arrangements (which shall include a full and complete release of the Seller, its Affiliates and any applicable banking institutions), from all Seller Guarantees. To fulfill such obligation, Buyer shall offer to provide substitute security or guarantees that it reasonably believes to be of like character, quality and amount. Seller shall cooperate in good faith in order to assist Buyer in such process. This Section 4.10 shall not apply to any performance bond, letter of credit or guarantee issued between the date of this Agreement and the Closing unless such bond, letter of credit or guarantee is issued with the consent of the Buyer (which shall not be unreasonably withheld or delayed).

4.11 DELIVERY OF BENEFITS INFORMATION. Between the date hereof and Closing, Seller shall use commercially reasonable efforts to comply in a timely manner, to the extent permitted by law, with Buyer's reasonable requests for employee benefit and other information relating to the transition of Transferred Employees to Buyer at Closing in order to assist Buyer in such transition. No later than two (2) Business Days after the date hereof Seller shall provide Buyer with contact information for Seller's benefits coordinator and third party providers in each geographic region in which Transferred Employees are located.

4.12 HARWELL MATH LIBRARY. On or prior to Closing, Seller shall have (i) sublicensed to Buyer all of its rights which are sublicenseable under the Agreement for Harwell Sub-Routine Library, dated as of April 13, 2004, as amended (the "HARWELL MATH LIBRARY AGREEMENT"), between Hyprotech UK Limited and the Council for the Central Laboratory of the Research Councils ("CCLRC") and (ii) [**] such that [**] under the Harwell Math Library Agreement, with such other terms and conditions [**] under clause (i) hereof [**].

ARTICLE V
CONDITIONS PRECEDENT TO CLOSING

5.1 CONDITIONS TO OBLIGATIONS OF THE BUYER. The obligation of the Buyer to consummate the transactions to be consummated at the Closing is subject to the satisfaction (or waiver by the Buyer) of the following conditions:

(a) the representations and warranties of the Seller set forth in Article II shall be true and correct in all material respects as of the Closing Date as if made as of the Closing Date, except (i) for changes expressly permitted by this Agreement and (ii) for those representations and warranties that address matters only as of a particular date (which shall be true and correct in all material respects as of such date), it being agreed that any materiality or Seller Material Adverse Effect qualification in a representation and warranty shall be disregarded for purposes of this Section 5.1(a);

(b) the Seller shall have performed or complied in all material

respects with the agreements and covenants required to be performed or complied with by it under this Agreement as of or prior to the Closing (provided, however that Seller's obligations in Section 4.12 hereof shall have been performed in all respects);

(c) other than the Pending Case, no action, suit or proceeding shall be pending by or before any Governmental Entity seeking to prevent consummation of the transactions contemplated by this Agreement and no judgment, order, decree, stipulation or injunction enjoining or preventing the consummation of the transactions contemplated by this Agreement shall be in effect;

(d) the FTC shall have granted final approval of the Consent Decree and shall have accepted the Buyer and the transactions contemplated under this Agreement and the Ancillary Agreements pursuant to the terms of the Consent Decree;

(e) the Seller shall have delivered to the Buyer a certificate to the effect that each of the conditions specified in clauses (a) through (d) of this Section 5.1 is satisfied;

(f) no Seller Material Adverse Effect shall have occurred or be reasonably likely to occur;

(g) Seller shall have delivered to Buyer, in form reasonably acceptable to Buyer, the written consent to the transactions contemplated hereby from each of the persons and/or entities set forth on SCHEDULE 5.1(g) hereto, including, if applicable, consent to the assignment of any related Assigned Contract identified on such schedule;

(h) the Buyer shall have received a commitment with respect to employment from no fewer than ten Employees engaged in the development or development support of Hyprotech Products or other personnel as follows: (A) three HYSYS Steady State Engineers or technical specialists and two HYSYS Dynamics engineers or technical specialists, (B) one GUI engineer or technical specialist, (C) one Distillation engineer or technical specialist, (D) one Physical Properties engineer or technical specialist, (E) one Simulation Environment engineer or technical specialist and (F) one Reactor engineer or technical specialist; and

(i) Buyer shall have received documentation reasonably acceptable to it that the Security Interests held by Silicon Valley Bank, National Westminster Bank plc and Royal Bank of Scotland plc with respect to the Engineering Software Assets have been released.

5.2 CONDITIONS TO OBLIGATIONS OF THE SELLER. The obligation of the Seller to consummate the transactions to be consummated at the Closing is subject to the satisfaction (or waiver by the Seller) of the following conditions:

(a) the representations and warranties of the Buyer set forth in Article III shall be true and correct in all material respects as of the Closing Date as if made as of the Closing Date, except (i) for changes expressly permitted by this Agreement and (ii) for those representations and warranties that address matters only as of a particular date (which shall be true and correct in all material respects as of such date), it being agreed that any materiality or Buyer Material Adverse Effect qualification in a representation and warranty shall be disregarded for purposes of this Section 5.2(a);

(b) the Buyer shall have performed or complied in all material respects with its agreements and covenants required to be performed or complied with by it under this Agreement as of or prior to the Closing;

(c) other than the Pending Case, no action, suit or proceeding shall be pending by or before any Governmental Entity seeking to prevent

consummation of the transactions contemplated by this Agreement and no judgment, order, decree, stipulation or injunction enjoining or preventing consummation of the transactions contemplated by this Agreement shall be in effect;

(d) the Buyer shall have delivered to the Seller a certificate to the effect that each of the conditions specified in clauses (a) through (c) of this Section 5.2 is satisfied;

(e) the FTC shall have granted final approval of the Consent Decree that fully resolves and dismisses the Pending Case; and

(f) no Buyer Material Adverse Effect shall have occurred or be reasonably likely to occur.

ARTICLE VI
INDEMNIFICATION

6.1 INDEMNIFICATION BY THE SELLER. Subject to the terms and conditions of this Article VI, from and after the Closing, each of the entities constituting the "Seller" hereunder shall jointly and severally indemnify the Buyer in respect of, and hold the Buyer harmless against, any and all liabilities, monetary damages, fines, fees, penalties, costs and expenses (including without limitation reasonable attorneys' fees and expenses) (collectively, "DAMAGES") incurred or suffered by the Buyer or any Affiliate thereof resulting from or constituting:

(a) any breach of a representation or warranty of the Seller contained in this Agreement;

(b) any breach of a covenant or agreement of the Seller contained in this Agreement;

(c) the use, development, license, sublicense, or sale by the Seller of the Assigned Products or the Seller's provision of services related thereto, in each case, on or prior to the Closing Date;

(d) any (i) claims, liabilities or obligations relating to or arising out of the Specified Proceedings, including any claims that would restrict, or attempt to restrict, the operation of the OTS Business and/or the ownership or use of the Engineering Software Assets, (ii) any claim that any of the Engineering Software Assets, Assigned Products, IT Property, Assigned Intellectual Property or the Intellectual Property Rights owned or purportedly owned by the Seller and to be licensed to Buyer under this Agreement, the Technology License Agreement or the Support Services Agreement infringes, misappropriates or violates any Intellectual Property Rights [**] of the [**] relating thereto; or

(e) the Excluded Assets or Excluded Liabilities.

6.2 INDEMNIFICATION BY THE BUYER. Subject to the terms and conditions of this Article VI, from and after the Closing, each of the entities constituting the "Buyer" hereunder shall jointly and severally indemnify the Seller in respect of, and hold the Seller harmless against, any and all Damages incurred or suffered by the Seller or any Affiliate thereof resulting from or constituting:

(a) any breach of a representation or warranty of the Buyer contained in this Agreement;

(b) any breach of a covenant or agreement of the Buyer contained in this Agreement;

(c) subject to Section 6.1, the use, development, license,

sublicense, or sale by the Buyer of the Assigned Products or the Buyer's provision of services related thereto, in each case, after the Closing Date; or

(d) the Engineering Software Assets or Assumed Liabilities.

6.3 CLAIMS FOR INDEMNIFICATION.

(a) THIRD-PARTY CLAIMS. All claims for indemnification made under this Agreement resulting from, related to or arising out of a third-party claim against an Indemnified Party (as defined below) shall be made in accordance with the following procedures. A person entitled to indemnification under this Article VI (an "INDEMNIFIED PARTY") shall give prompt written notification to the person from whom indemnification is sought (the "INDEMNIFYING PARTY") of the commencement of any action, suit or proceeding relating to a third-party claim for which indemnification may be sought or, if earlier, upon the assertion of any such claim by a third party. Such notification shall include a description in reasonable detail (to the extent known by the Indemnified Party) of the facts constituting the basis for such third-party claim and

the amount of the Damages claimed. Within 20 days after delivery of such notification, the Indemnifying Party may, upon written notice thereof to the Indemnified Party, assume control of the defense of such action, suit, proceeding or claim with counsel reasonably satisfactory to the Indemnified Party. If the Indemnifying Party does not assume control of such defense, the Indemnified Party shall control such defense. The Party not controlling such defense may participate therein at its own expense; provided that if the Indemnifying Party assumes control of such defense and the Indemnified Party reasonably concludes, based on advice from counsel, that the Indemnifying Party and the Indemnified Party have conflicting interests with respect to such action, suit, proceeding or claim, the reasonable fees and expenses of counsel to the Indemnified Party solely in connection therewith shall be considered "Damages" for purposes of this Agreement; PROVIDED, HOWEVER, that in no event shall the Indemnifying Party be responsible for the fees and expenses of more than one counsel for all Indemnified Parties. The Party controlling such defense shall keep the other Party advised of the status of such action, suit, proceeding or claim and the defense thereof and shall consider recommendations made by the other Party with respect thereto. The Indemnified Party shall not agree to any settlement of such action, suit, proceeding or claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. The Indemnifying Party shall not agree to any settlement of such action, suit, proceeding or claim that does not include a complete release of the Indemnified Party from all liability with respect thereto or that imposes any liability or obligation or equitable remedy on the Indemnified Party without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

(b) PROCEDURE FOR CLAIMS. An Indemnified Party wishing to assert a claim for indemnification under this Article VI shall deliver to the Indemnifying Party a written notice (a "CLAIM NOTICE") which contains (i) a description and the amount (the "CLAIMED AMOUNT") of any Damages incurred by the Indemnified Party, (ii) a statement that the Indemnified Party is entitled to indemnification under this Article VI and a reasonable explanation of the basis therefor, and (iii) a demand for payment in the amount of such Damages. Within 20 days after delivery of a Claim Notice, the Indemnifying Party shall deliver to the Indemnified Party a written response in which the Indemnifying Party shall: (I) agree that the Indemnified Party is entitled to receive all of the Claimed Amount (in which case such response shall be accompanied by a payment by the Indemnifying Party to the Indemnified Party of the Claimed Amount, by check or by wire transfer), (II) agree that the Indemnified Party is entitled to receive part, but not all, of the Claimed Amount (the "AGREED AMOUNT") (in which case such response shall be accompanied by a payment by the Indemnifying Party to the Indemnified Party of the Agreed Amount, by check or by wire transfer), or (III) contest that the Indemnified Party is entitled to receive any of the Claimed Amount. If the Indemnifying Party in such response contests the payment of all or part of the Claimed Amount, the Indemnifying Party and the Indemnified

Party shall use good faith efforts to resolve such dispute. If such dispute is not resolved within 60 days following the delivery by the Indemnifying Party of such response, the Indemnifying Party and the Indemnified Party shall each have the right to submit such dispute to a court of competent jurisdiction in accordance with the provisions of Section 11.12.

6.4 SURVIVAL.

(a) The representations and warranties of the Seller and the Buyer set forth in this Agreement shall survive the Closing and the consummation of the transactions contemplated hereby and continue for two (2) years following of the Closing Date, at which time they shall expire; PROVIDED, HOWEVER, that the representations and warranties in Sections 2.4 (Taxes) and 2.9 (Employment Matters) shall survive until the expiration of the applicable statute of limitations and the representations and warranties in Sections 2.2 (Authority) and 2.6(a) (Intellectual Property) (solely as to title) shall survive indefinitely.

(b) If an indemnification claim is properly asserted in writing pursuant to Section 6.3 prior to the expiration of the relevant representation or warranty as provided in Section 6.4(a) of the representation or warranty that is the basis for such claim, then such representation or warranty shall survive until, but only for the purpose of, the resolution of such claim.

6.5 LIMITATIONS.

(a) Notwithstanding anything to the contrary contained in this Agreement, the following limitations shall apply to indemnification claims under this Agreement:

(i) other than claims with respect to Section 2.4 (Taxes) or 2.7(g) [**] no claims for indemnification under Sections 6.1(a) or 6.2(a) shall be valid and assertable unless the amount of all such claims under Section 6.1(a) or 6.2(a), as applicable, shall exceed $100,000, in which case, the Indemnifying Party shall only be liable for amounts in excess of such threshold;

(ii) the aggregate liability of the Seller under Section 6.1(a) other than Section 2.19 (Accounts Receivable) shall not exceed an amount equal to the Purchase Price (the "Cap"). The Seller's liability with respect to claims brought under Sections 6.1(b), 6.1(c), 6.1(d), and 6.1(e) shall not be limited by this Article VI;

(iii) no individual claim (or series of related claims) for indemnification under Section 6.1(a) or 6.2(a) shall be valid and assertable unless it is (or they are) made on or before the second anniversary of the Closing Date; and

(iv) no Damages for breach of Sections 2.19 and/or 2.22 shall be recoverable pursuant to an indemnification claim by Buyer hereunder to the extent that the facts or circumstances giving rise to such breach are compensated in the form of a reduction of Purchase Price or reduction of released Holdback Amount pursuant to Section 1.2(b)(iii) or 1.2(b)(iv) hereof.

(b) Except for claims under Sections 6.1(d), in no event shall any Indemnifying Party be responsible or liable for any Damages or other amounts under this Article VI that are consequential, in the nature of lost profits, diminution in the value of property, special or punitive or otherwise not actual damages (unless and solely to the extent such Damages are payable to third parties. Each Party shall (and shall cause its Affiliates to) use reasonable

commercial efforts to mitigate the Damages for which indemnification is provided to it under this Article VI.

(c) The amount of Damages recoverable by an Indemnified Party under this Article VI with respect to an indemnity claim shall be reduced by the amount of any payment received by such Indemnified Party (or an Affiliate thereof), net of collection costs, with respect to the Damages to which such indemnity claim relates, from an insurance carrier. An Indemnified Party shall use reasonable commercial efforts to pursue, and to cause its Affiliates to pursue, all insurance claims to which it may be entitled in connection with any Damages it incurs, and the Parties shall cooperate with each other in pursuing insurance claims with respect to any Damages or any indemnification obligations with respect to Damages. If an Indemnified Party (or an Affiliate) receives any insurance payment in connection with any claim for Damages for which it has already received an indemnification payment from the Indemnifying Party, it shall pay to the Indemnifying Party, within 30 days of receiving such insurance payment, an amount equal to the excess of (A) the amount previously received by the Indemnified Party under this Article VI with respect to such claim plus the amount of the insurance payments received (net of collection costs), over (B) the amount of Damages with respect to such claim which the Indemnified Party has become entitled to receive under this Article VI.

(d) Except with respect to claims for equitable relief, including specific performance, and except for claims of fraud, made with respect to breaches of any covenant or agreement contained in this Agreement or the Ancillary Agreements, the rights of the Indemnified Parties under this Article VI shall be the sole and exclusive remedies of the Indemnified Parties and their respective Affiliates with respect to claims covered by Section 6.1, Section 6.2 or otherwise relating to the transactions that are the subject of this Agreement.

6.6 TAX TREATMENT OF INDEMNIFICATION PAYMENTS. Any payments made to an Indemnified Party pursuant to this Article VI shall be treated as an adjustment to the Purchase Price for Tax purposes.

6.7 MITIGATION OF INFRINGEMENT CLAIMS. To the extent that there arise any third party claims after Closing that the use of any IT Property infringes, violates or misappropriates the Intellectual Property Rights of a third party (the "INFRINGING DELIVERED INTELLECTUAL PROPERTY"), the Seller shall have the right, but not the obligation, to mitigate the Damages (if any) payable pursuant to Sections 6.1(d) and/or 6.1(e) (in the case of Section 6.1(e), solely to the extent such claim arises under Section 1.1(d)(ix) hereof), as applicable, at its sole cost and expense (at the option of the Seller), by either:

(i) procuring from third parties the right for the Buyer (and its then-existing, and any future, licensees) to (or to continue to) design, sell, offer for sale, manufacture, reproduce, distribute, develop, modify, create derivative works of, display, perform, import, export and use the Infringing Delivered Intellectual Property;

(ii) modifying such Infringing Delivered Intellectual Property so that it becomes non-infringing or no longer constitutes a misappropriation or otherwise falls outside the subject matter of the third party claim, PROVIDED that any modified Infringing Delivered

Intellectual Property is fully compatible with and at least functionally equivalent to the applicable Infringing Delivered Intellectual Property, and performs at least equivalently to the performance of the Infringing Delivered Intellectual Property delivered to Buyer hereunder, as updated by deliveries to Buyer from Seller under the Support Services Agreement; or

(iii) replacing the applicable portion of the Infringing Delivered Intellectual Property with a new item that does not infringe or constitute a misappropriation or otherwise falls outside the subject matter of the third party claim, PROVIDED that any replacement Infringing Delivered Intellectual Property is fully compatible with and at least functionally equivalent to the applicable Infringing Delivered Intellectual Property, and

performs at least equivalently to the performance of the Infringing Delivered Intellectual Property delivered to Buyer hereunder, as updated by deliveries to Buyer from Seller under the Support Services Agreement.

Seller acknowledges that any modification or replacement delivered pursuant to Sections 6.7(ii) and/or 6.7(iii) shall be licensed to Buyer pursuant to the Support Services Agreement. For avoidance of doubt, Seller shall remain responsible under Sections 6.1(d) or (e), as applicable, for all Damages incurred by Buyer in connection with implementing and installing any such modification or replacement. Notwithstanding Section 6.1 hereof, if, with respect to any third party claim described under the first paragraph of this Section 6.7, Seller has procured, modified or replaced the Infringing Delivered Intellectual Property in compliance with this Section 6.7, and has paid all Damages as required by Sections 6.1(d) or (e) (including, without limitation, all Damages arising from implementing and installing any such modification or replacement), as applicable, Seller shall not be responsible for any additional Damages arising from Buyer's continued use of the Infringing Delivered Property.

ARTICLE VII
TAX MATTERS

7.1 SELLER RESPONSIBILITY. The Seller shall be responsible for and shall pay (1) any and all Taxes arising or resulting from the conduct of the Business or the ownership of the Engineering Software Assets on or prior to the Closing Date imposed on the Seller and (2) any and all Taxes arising or resulting from the sale of the Business and the Acquired Assets on the Closing Date pursuant to this Agreement (excluding, for the avoidance of doubt any UK VAT or Canadian GST).

7.2 BUYER RESPONSIBILITY. The Buyer shall be responsible for and shall pay any and all Taxes arising or resulting from the conduct of the Business or the ownership of the Engineering Software Assets after the Closing Date imposed on the Buyer.

7.3 TAXES ARISING FROM TRANSACTION. Notwithstanding Sections 7.1 and 7.2, the Buyer, on the one hand, and the Seller, on the other hand shall each pay and be responsible for fifty percent (50%) of the payment of any transfer, sales, use, stamp (including stamp duty, stamp duty reserve, or stamp duty land tax), conveyance, value added, recording, registration, documentary, filing and other non-income Taxes and administrative fees (including, without limitation, notary fees) (collectively, "TRANSFER TAXES") arising in connection with the

consummation of the transactions contemplated by this Agreement, notwithstanding any provisions of law imposing the burden of such Taxes on the Seller, save that, in accordance with Section 1.2(d), the Buyer shall pay and be responsible for one hundred percent (100%) of the payment of any such Transfer Taxes that arise or are connected with the (i) UK (including, for the avoidance of doubt, any UK VAT) and (ii) any Canadian GST.

7.4 REAL OR PERSONAL PROPERTY TAXES. In the case of any real or personal property taxes or any similar taxes attributable to the Engineering Software Assets covering a period commencing on or before the Closing Date and ending thereafter (a "STRADDLE PERIOD TAX"), any such Straddle Period Taxes shall be prorated between the Seller and the Buyer on a per diem basis. The party required by law to pay any such Straddle Period Tax (the "PAYING PARTY") shall provide the other party (the "NON-PAYING PARTY") with proof of payment, and within 10 days of receipt of such proof of payment, the Non-Paying Party shall reimburse the Paying Party for its share of such Straddle Period Taxes. The party required by law to file a Tax Return with respect to Straddle Period Taxes shall do so within the time period prescribed by law.

7.5 APPLICABLE TO ASPENTECH UK AND THE UK ENGINEERING SOFTWARE ASSETS RELATED TO THE OTS BUSINESS (THE "UK OTS ASSETS").

(a) GENERAL. The Parties intend that the UK OTS Assets and the

related Assumed Liabilities in the United Kingdom (the "UK ASSUMED LIABILITIES") shall be sold as a going concern for UK VAT purposes and accordingly:

(i) AspenTech UK and Honeywell Control shall (when required to do so) give notice of such sale to H.M. Customs & Excise pursuant to paragraph 11 of Schedule 1 VATA 1994 or paragraph 6 of the Value Added Tax Regulations 1995 or as otherwise required by law; and

(ii) AspenTech UK shall apply to H.M. Customs & Excise and obtain a direction that all records referred to in Section 49 VATA 1994 may be retained and AspenTech UK undertake to preserve those records in such a manner and at such periods as may be required by law and with effect from Closing during such periods to give to Honeywell Control reasonable access during normal business hours to such records.

(b) GOING CONCERN.

(i) AspenTech UK and Honeywell Control intend that the sale of the UK OTS Assets and the UK Assumed Liabilities shall be treated as neither a supply of goods nor a supply of services. AspenTech UK shall make an application to H.M. Customs & Excise seeking confirmation that the sale is to be so treated. AspenTech UK and Honeywell Control shall agree on the form of that application promptly after the Closing (but failing agreement within a reasonable period the AspenTech UK's accountants shall determine the form of that application) and use all reasonable endeavors to ensure that satisfactory confirmation is obtained as soon as possible thereafter from H.M. Customs & Excise that the sale is to be so treated.

(ii) If following Closing, UK VAT is determined by H.M. Customs & Excise to be payable on the sale, Honeywell Control shall pay to AspenTech UK such UK VAT in accordance with Section 1.2(d).

(c) The Buyer represents and warrants to the Seller that Honeywell Control is duly registered for UK VAT (with registration number GB 223 4728 76) and that with effect from the Closing Date the UK OTS Assets will be used by Honeywell Control in carrying on the same kind of business as the OTS Business carried on by AspenTech UK prior to the Closing Date.

(d) If any amount paid by Honeywell Control to AspenTech UK in respect of UK VAT pursuant to this Agreement is subsequently found to have been paid in error AspenTech UK shall if AspenTech UK have not yet accounted for such UK VAT to H.M. Customs & Excise promptly repay such amount to Honeywell Control and, if AspenTech UK has already so accounted, then AspenTech UK shall use all reasonable endeavors to obtain repayment thereof from H.M. Customs & Excise or, if entitled, AspenTech UK shall correct its UK VAT account pursuant to Regulation 34 of the Value Added Tax Regulations 1995 and forthwith on receiving repayment from H.M. Customs & Excise or receiving the benefit of the correction to its UK VAT account, as the case may be, shall pay to Honeywell Control the amount repaid and issue to Honeywell Control a valid credit note showing the amount of UK VAT repaid.

7.6 APPLICABLE TO HYPROTECH AND ASPENTECH CANADA AND THE ENGINEERING SOFTWARE ASSETS IN CANADA ("CANADIAN ENGINEERING SOFTWARE ASSETS").

(a) CANADIAN GST ELECTION. To the extent permitted by law, the Seller and the Buyer shall jointly elect, under subsection 167(1) of Part IX of the EXCISE TAX ACT (Canada), and any equivalent or corresponding provision under any applicable provincial or territorial legislation imposing a similar value added or multi-stage tax, that no tax be payable with respect to the purchase and sale of the Canadian Engineering Software Assets. The Seller and the Buyer shall make such election(s) in prescribed form containing prescribed information, and the Buyer shall file such election(s) in compliance with the requirements of the applicable legislation.

(b) PAYMENT OF CANADIAN GST. Any Canadian GST imposed in respect of the purchase and sale of any Canadian Engineering Software Assets that is not duly exempt under applicable tax law shall be paid in accordance with Section 1.2(d).

ARTICLE VIII
TERMINATION

8.1 TERMINATION OF AGREEMENT. The Parties may terminate this Agreement prior to the Closing as provided below:

(a) the Buyer may terminate this Agreement by giving written notice to the Seller in the event the Seller is in material breach of this Agreement, and such breach, individually or in combination with any other such breach, (i) would cause the conditions set

forth in Section 5.1(a) or Section 5.1(b) not to be satisfied and (ii) is not cured within 20 days following delivery by the Buyer to the Seller of written notice of such breach;

(b) the Buyer may terminate this Agreement by giving written notice to the Seller in the event that the Seller provides an update to the Disclosure Schedule pursuant to Section 4.3 which contains information that, absent such disclosure and the provisions of Section 4.3 permitting the update of representations and warranties, would have the effect of causing the condition set forth in Section 5.1(a) not to be satisfied, and the Seller fails to cure the event or condition causing the failure of such condition within 20 days following delivery by the Buyer to the Seller of written notice under this Section 8.1(b);

(c) the Seller may terminate this Agreement by giving written notice to the Buyer in the event the Buyer is in breach of any representation, warranty, covenant or agreement contained in this Agreement, and such breach, individually or in combination with any other such breach, (i) would cause the conditions set forth in Section 5.2(a) or Section 5.2(b) not to be satisfied and (ii) is not cured within 20 days following delivery by the Seller to the Buyer of written notice of such breach;

(d) the Buyer may terminate this Agreement by giving written notice to the Seller if the Closing shall not have occurred on or before the date which is 90 days after the date hereof by reason of the failure of any condition precedent under Section 5.1 (unless the failure results exclusively or primarily from a breach by the Buyer of any representation, warranty, covenant or agreement contained in this Agreement);

(e) the Seller may terminate this Agreement by giving written notice to the Buyer if the Closing shall not have occurred on or before the date which is 90 days after the date hereof by reason of the failure of any condition precedent under Section 5.2 (unless the failure results exclusively or primarily from a breach by any Seller of any representation, warranty, covenant or agreement contained in this Agreement); and

(f) the Seller or the Buyer may terminate this Agreement by giving written notice to the Buyer in the event that the FTC communicates in writing that the transactions contemplated by this Agreement will not resolve the Pending Case.

8.2 EFFECT OF TERMINATION. If any Party terminates this Agreement pursuant to Section 8.1, all obligations of the Parties hereunder shall terminate without any liability of any Party to the other Parties. Notwithstanding the foregoing, termination of this Agreement shall not relieve any Party of liability for any breach by such Party, prior to the termination of this Agreement, of any representation, warranty, covenant or agreement contained in this Agreement or impair the right of any Party to obtain such remedies as may be available to it in law or equity with respect to such a breach by any

other Party.

ARTICLE IX
EMPLOYEE MATTERS

9.1 PROVISIONS RELATING TO US EMPLOYEES.

(a) OFFER OF EMPLOYMENT. The Buyer may offer employment to any or all Employees employed in the United States ("US EMPLOYEES"). US Employees who accept the Buyer's offer of employment and who become employees of Buyer within the six (6) month period after Closing shall be referred to herein collectively as the "TRANSFERRED US EMPLOYEES." Seller shall be responsible for any obligation to provide employee benefits to Transferred US Employees for the period prior to such Transferred US Employee's date of hire by Buyer, PROVIDED THAT, in no event shall such responsibility of the Seller extend past an employee's date of termination of employment with the Seller ("EMPLOYMENT COMMENCEMENT DATE").

Except to the extent prohibited by law (which may include the need to secure a written authorization from the Transferred US Employee), Seller shall deliver to Buyer copies of all personnel files and records relating to Transferred US Employees.

It is expressly agreed and understood that nothing in this Agreement shall, or shall be construed to, limit the ability of Buyer to terminate the employment of any Transferred US Employee at any time or to amend or terminate any such Transferred US Employee's benefit plans or arrangements.

(b) The Buyer shall provide Transferred US Employees with compensation and employee benefits that are substantially comparable to those provided to similarly situated employees of the Buyer.

(c) The Buyer shall (i) recognize each Transferred US Employee's length of service with Seller up to their Employment Commencement Date for vesting and eligibility purposes, but not for benefit accrual under any pension or savings plan of the Buyer (except as may otherwise be required by law), (ii) recognize the co-payments and deductible expenses of each Transferred US Employee and each Transferred US Employee's eligible dependents incurred under Seller's health, dental, prescription drug and vision plans (provided that a Transferred US Employee or eligible dependent shall provide documentation of any such co-payment or deductible as may be reasonably required by the Buyer), and (iii) waive all pre-existing conditions and exclusions for each Transferred US Employee and each Transferred US Employee's eligible dependents.

(d) Subject to any administrative services required to be provided pursuant to the terms of the Transition Services Agreement, Seller shall be responsible for any claims for health, dental, prescription drug and vision benefits incurred by a Transferred US Employee or his or her covered dependents prior to the Transferred US Employee's Employment Commencement Date in accordance with the terms of Seller's health, dental, prescription drug and vision plans, and Buyer shall be responsible for any health, dental, prescription drug and vision claims incurred by any Transferred US Employee or his or her covered dependents after the Transferred US Employee's Employment Commencement Date in accordance with the terms of Buyer's health, dental, prescription drug and vision plans. For purposes of this Section 9.1(d), a health, dental, prescription drug and vision claim shall be deemed to be incurred when the services giving rise to the claim are performed and not when the Transferred US Employee is billed for such services or submits a claim for benefits.

Buyer shall be responsible in accordance with its applicable disability plans for short-term and long-term disability income benefits payable to any

Transferred US Employee with respect to a disability incurred after such Transferred US Employee's Employment Commencement Date. Seller shall be responsible in accordance with its applicable disability plans for all other short-term and long-term disability benefits payable with respect to a disability incurred by any Transferred US Employee on or prior to his or her Employment Commencement Date.

(e) Transferred US Employees shall be eligible to effect a direct rollover (as described in Section 401(a)(31) of the Code) of all or a portion of any such Transferred US Employee's balance, including loans, under any defined contribution plan (as defined in Section 3(34) of ERISA) of Seller to the defined contribution plan maintained by Buyer for Transferred US Employees; provided, however, that any such direct rollover shall be subject to the terms and conditions of Buyer's defined contribution plan applicable to rollover contributions.

(f) Seller shall be responsible for providing any COBRA coverage required under Section 4980B of the Code or Sections 601 through 608 of ERISA with respect to any current or former US Employee and any "qualified beneficiary" (as defined in Section 4980B of the Code) of any such current or former US Employee who incurred a "qualifying event" (as defined in Section 4980B of the Code) up to and including his or her Employment Commencement Date.

(g) Seller agrees to pay and be responsible for all liability, cost or expense for severance, retirement or termination payments, salary continuation, special bonuses and like costs arising under Seller's severance pay plans, policies or arrangements, with respect to any of the current or former US Employees, including, but not limited, to any such liability, cost or expense that arises out of or relates to the transactions described in or contemplated by this Agreement. For the avoidance of doubt, Seller shall be responsible for and pay any severance liability that may arise under any agreements between Seller and any US Employee and any payments due as a direct or indirect result of (i) the entry of Seller into any such agreement, (ii) approval of any such agreement by Seller's stockholders, (iii) the Buyer's decision not to offer employment to certain US Employees or (iv) the consummation of the transactions contemplated by this Agreement.

(h) Seller agrees to pay and be responsible for all liability, cost, expense and sanctions resulting from any failure to comply with the WARN Act on or prior to the Closing Date, or any similar state or local law, in connection with the consummation of the transactions described in or contemplated by this Agreement.

(i) Buyer shall not be responsible for all workers compensation claims filed by or on behalf of a Transferred US Employee to the extent attributable to events, occurrences or exposures prior to the Transferred US Employee's date of hire with the Buyer.

(j) Seller shall retain all liabilities and obligations arising under or with respect to any compensation and benefit plans and arrangements sponsored, maintained or contributed to by Seller for current or former US Employees and their dependents and

beneficiaries, including, but not limited to, any retirement, pension, savings, deferred compensation, incentive, bonus, retention, severance, stock option, welfare, educational reimbursement or other fringe benefit plan or arrangement, and Buyer shall have no liability or obligation under or with respect to any such plan or arrangement.

(k) To the extent permitted by law, Seller and Buyer agree to furnish each other with such information concerning Transferred US Employees and to take all such other action as is necessary and appropriate to effect the transactions contemplated by this Section 9.1.

9.2 PROVISIONS RELATING TO UNITED KINGDOM OTS EMPLOYEES.

(a) This Section 9.2 contains covenants and agreements of the parties on and as of the Closing Date with respect to Employees who are or were employed in the OTS Business in the United Kingdom immediately prior to Closing and who are listed in Schedule 9.2(a) to this Agreement (the "TRANSFERRING UK EMPLOYEES"). For purposes of this Section 9.2:

"LOSSES" means all losses, liabilities, costs (including, without limitation, reasonable legal costs) charges, expenses, actions, proceedings, claims and demands.

"TRANSFER REGULATIONS" means the Transfer of Undertakings (Protection of Employment) Regulations 1981 (as amended).

(b) The parties consider the transaction contemplated by this Agreement to constitute the transfer of an undertaking for the purposes of the Transfer Regulations and agree that the terms and conditions (as required by the Transfer Regulations) of the contracts of employment of the Transferring UK Employees will have effect from the Closing Date as if originally made between the Buyer and the Transferring UK Employees (except in respect of old age, invalidity and survivors pension arrangements arising from an occupational pension scheme).

(c) The Seller shall indemnify and keep indemnified the Buyer against all Losses arising out of or in connection with:

(i) any claim by a Transferring UK Employee (whether in contract or in tort or under statute (including the Treaty establishing the European Community and any directives made under the authority of that Treaty) for any remedy including for breach of contract, unfair dismissal, redundancy, statutory redundancy, equal pay, statutory discrimination of any kind, unlawful deductions from wages, a protective award or under the National Minimum Wage Act 1998 or the Working Time Regulations 1998 or for breach of statutory duty or of any other nature) as a result of anything done or omitted to be done by the Seller in relation to the Transferring UK Employee's employment prior to the date of employment with Buyer; and

(ii) any claim by any person other than a Transferring UK Employee relating to that person's employment with the Seller, whether such claim arises before, on or after Closing or, if appropriate, the Closing Date.

(d) If, as a result of this Agreement, the contract of employment of any person (other than a Transferring UK Employee), shall have effect or shall be alleged to have effect under the Transfer Regulations as if it was originally made between the Buyer and such person:

(i) the Buyer may within 5 business days of becoming aware of the transfer or alleged transfer of such contract of employment terminate the person's contract of employment forthwith; and

(ii) the Seller shall indemnify the Buyer against all Losses arising from such termination and from the employment of such person by the Buyer up to such termination date.

(e) The Buyer shall indemnify and keep indemnified the Seller against all Losses arising out of or in connection with:

(i) any claim by a Transferring UK Employee (whether in contract or in tort or under statute (including the Treaty establishing the European Community and any directives made under the authority of that Treaty) for any remedy including for breach of contract, unfair dismissal, redundancy, statutory redundancy, equal pay, statutory discrimination of any kind, unlawful deductions from wages, a protective award or under the National Minimum Wage Act 1998 or the Working Time Regulations 1998 or for breach of statutory duty or of any other nature) as a result of anything done or omitted to be done by the

Buyer after such Transferring UK Employee's date of employment with Buyer; and

(ii) any claim of constructive unfair and/or wrongful dismissal brought by any Transferring UK Employee who primarily undertook duties in relation to the OTS Business prior to such constructive dismissal arising from the Buyer's stated intention to change any of the terms and conditions of employment of such Transferring UK Employee.

(f) The Seller shall indemnify and keep indemnified the Buyer against all Losses, arising out of or in connection with any failure by the Seller to comply with its obligations under Regulations 10(2) and 10(5) of the Transfer Regulations except for any Losses arising from the Buyer's failure to comply in full with its obligations under Regulation 10(3) of the Transfer Regulations. The Buyer shall indemnify and keep indemnified the Seller against all Losses arising out of or in connection with any failure by the Buyer to comply with its obligations under Regulation 10(3) of the Transfer Regulations.

9.3 PROVISIONS RELATING TO CANADIAN EMPLOYEES.

(a) This Section 9.3 contains covenants and agreements of the parties on and as of the Closing Date with respect to Employees who are or were employed in Canada (the "CANADIAN EMPLOYEES").

(b) The Buyer may offer employment to any Canadian Employees listed on Schedule 9.3(b) as "CANADIAN OTS EMPLOYEES".

(c) In addition, to appropriately support the maintenance and development of the Hyprotech Products, Buyer has identified the need to hire some of the Canadian Employees designated on Schedule 9.3(c) as "TRANSFERRED CANADIAN HYSYS SUPPORT EMPLOYEES". Seller shall provide the job description, history of work assignments and resumes of each HYSYS Support Employee listed on Schedule 9.3(c) to Buyer as soon as practicable, but in no event later than three business days after the execution of this Agreement. Effective immediately, Seller agrees to use reasonable efforts to facilitate the transition of the required Transferred Canadian HYSYS Support Employees to employment with Buyer. Such efforts shall include affording Buyer and its representatives reasonable opportunities to review employment and personnel records of such Transferred Canadian HYSYS Support Employees, to meet with the Transferred Canadian HYSYS Support Employees during working hours on the Seller's premises (provided the Buyer has given the Seller at least 2 business days notice before attending at its facility for such purpose) to discuss specific skill sets, current and past work performed in support of the Assigned Products and potential terms and conditions of employment with Buyer. Seller shall also permit Buyer and its representatives to distribute to the Transferred Canadian HYSYS Support Employees forms and documents relating to employment with Buyer effective as of the Closing Date. Seller agrees to permit the transfer of employment of the Transferred Canadian HYSYS Support Employees without interference (i.e., Seller shall not make a counteroffer of employment or otherwise discourage such HYSYS Support Employee from accepting Buyer's offer of employment). To the extent any HYSYS Support Employee declines Buyer's offer of employment, Seller shall use the same efforts to permit Buyer to identify and offer employment to an alternate replacement with the required skill set from the remaining Canadian Employees.

(d) Offers of employment to Canadian Employees (including the selected Transferred Canadian HYSYS Support Employees) will be on terms and conditions of employment that are substantially comparable to those currently provided to similarly situated employees of Buyer. Offers of employment from Buyer shall also recognize each Canadian Employee's length of service with Seller up to the Closing Date for vesting and eligibility purposes, but not for benefit accrual under any pension or savings plan of Buyer (except as may otherwise be required by law), and (ii) waive all pre-existing conditions and exclusions for each Canadian Employee.

(e) Canadian Employees who accept Buyer's offer of employment and

who become employees of Buyer within the six (6) month period after Closing shall be referred to herein collectively as the "TRANSFERRED CANADIAN EMPLOYEES." Canadian Employees who do not receive an offer of employment from the Buyer, or who decline to accept an offer of employment from the Buyer, shall be referred to herein collectively as the "RETAINED CANADIAN EMPLOYEES."

(f) Seller shall be solely responsible for all obligations and liabilities to the Transferred Canadian Employees and Retained Canadian Employees for salary, wages, overtime pay, group benefits (including claims for health, dental, prescription drug and vision benefits), accrued time off, banked overtime, vacation pay (whether or not such accrued amounts would otherwise be payable or owing), incentive compensation, bonus, retention, stock options, holiday pay and any other form of benefit, remuneration or compensation (collectively, "REMUNERATION") owing or accruing to a Retained Canadian Employee at all times and to a Transferred Canadian Employee for the period prior to such Transferred Canadian Employee's date of hire by Buyer,

PROVIDED THAT, in no event shall such responsibility of the Seller extend past an employee's date of termination of employment with the Seller. For purposes of this Section 9.3(f), a health, dental, prescription drug and vision claim shall be deemed to be incurred when the services giving rise to the claim are performed and not when the Transferred Canadian Employee is billed for such services or submits a claim for benefits.

(g) Buyer shall be responsible in accordance with its applicable disability plans for short-term and long-term disability income benefits payable to any Transferred Canadian Employee with respect to a disability incurred after such Transferred Canadian Employee's date of hire by Buyer. Seller shall be responsible in accordance with their applicable disability plans for all other short-term and long-term disability benefits payable with respect to a disability incurred at any time by a Retained Canadian Employee, and before any Transferred Canadian Employee's date of hire by Buyer.

(h) Seller agrees to pay and be solely responsible for all liability, cost or expense for severance, termination indemnity payments, salary continuation, special bonuses, deferred compensation and like costs arising under Seller's severance pay plans, policies or arrangements, retirement payments, pension entitlements or payments under any such plan or arrangement with respect to a Retained Canadian Employee and Buyer shall have no liability or obligation with respect to any liability, cost, expense or amount owing to any Retained Canadian Employee either under contract, statute or at common law that arises out of or relates to the transactions described in or contemplated by this Agreement. Seller covenants and agrees to indemnify and hold Buyer harmless against and in respect of any loss, damage, claim, fine, order, demand, cost or expense whatsoever, including any and all reasonable accounting, legal and out-of-pocket costs which Buyer may incur, suffer or be required to pay, pursuant to any claim, demand, complaint, action, suit, litigation, application or other proceeding that may be made or asserted against Buyer or affect Buyer by or in respect of a Retained Canadian Employee, individually or as a class proceeding resulting from any matter that arises out of or relates to the transactions described in or contemplated by this Agreement.

(i) Buyer shall be solely responsible for all obligations and liabilities to the Transferred Canadian Employees including for Remuneration relating to work performed by the Transferred Canadian Employees on or after the Transferred Canadian Employee's date of hire by Buyer.

(j) Seller and Buyer agree to furnish each other with such information concerning Transferred Canadian Employees and to take all such other action as is necessary and appropriate to effect the transactions contemplated by this Section 9.3.

(k) Except to the extent prohibited by law, Seller shall deliver to Buyer originals or copies of all personnel files and records relating to Transferred Canadian Employees.

(l) It is expressly agreed and understood that nothing in this Agreement shall, or shall be construed to, limit the ability of Buyer to terminate the employment of any Transferred Canadian Employee at any time or to amend or terminate any such Transferred Canadian Employee's benefit plan or arrangement.

9.4 PROVISIONS RELATING TO NON-US EMPLOYEES (OTHER THAN TRANSFERRING UK EMPLOYEES AND CANADIAN EMPLOYEES).

(a) This Section 9.4 contains covenants and agreements of the parties on and as of the Closing Date with respect to Employees who are employed outside of the United States and Canada or who are employed in the United Kingdom (other than the Transferring UK Employees employed in the OTS Business) (the "GLOBAL EMPLOYEES").

(b) The parties understand and agree that wherever legally required, the Global Employees shall become employees of Buyer by operation of applicable law or regulations ("TRANSFER PROVISIONS") or pursuant to the terms of any necessary transfer agreement relating to that jurisdiction. Where such transfer is not required, Buyer shall offer employment to such Global Employees as it deems appropriate and on such terms and conditions as it deems appropriate, consistent with the applicable laws of the subject jurisdiction. Any Global Employee who becomes an employee of the Buyer within the six (6) months following Closing shall hereinafter be referred to as a "Transferring Global Employee".

(c) The Seller shall indemnify and keep indemnified the Buyer against all Losses (as defined in Section 9.2) arising out of or in connection with:

(i) any claim by a Transferring Global Employee (whether in contract or in tort or under statute for any remedy including for breach of contract, unfair dismissal, redundancy, statutory redundancy, equal pay, statutory discrimination of any kind, unlawful deductions from wages, a protective award or for breach of statutory duty or of any other nature) as a result of anything done or omitted to be done in relation to the Transferring Global Employee's employment for the period prior to such Transferring Global Employee's date of hire by Buyer, PROVIDED THAT, in no event shall such responsibility of the Seller extend past an employee's date of termination of employment with the Seller;

(ii) any claim by any person other than a Transferring Global Employee relating to that person's employment with the Seller, whether such claim arises before, on or after the Transferring Global Employee's date of hire by Buyer; and

(iii) any claim by a Global Employee (whether in contract or in tort or under statute for any remedy including for breach of contract, unfair dismissal, redundancy, statutory redundancy, equal pay, statutory discrimination of any kind, unlawful deductions from wages, a protective award or for breach of statutory duty or of any other nature) as a result of the Buyer's decision not to offer employment to certain Global Employees.

(d) The Buyer shall indemnify and keep indemnified the Seller against all Losses arising out of or in connection with any claim by a Transferring Global Employee (whether in contract or in tort or under statute for any remedy including for breach of contract, unfair dismissal, redundancy, statutory redundancy, equal pay, statutory discrimination of any kind, unlawful deductions from wages, a protective award or for breach of statutory duty or of any other nature) as a result of anything done or omitted to be done by the Buyer after the Transferring Global Employee's date of hire by Buyer.

9.5 EMPLOYEE CONSULTATION. Seller shall comply with all obligations under applicable National Laws to provide information to Employees or their representatives on a timely basis to comply with their respective obligations with respect to such Employees.

9.6 SELLER OBLIGATIONS.

(a) For a period from the date hereof until six (6) months after the Closing Date, Seller shall, to the extent permitted by applicable law (i) afford Buyer a reasonable opportunity to review the employment and personnel files and other documentation relating to the Business Employees, (ii) provide a reasonable opportunity for Buyer to meet personally, and outside the presence or hearing of any employee or agent of Seller, with any one or more of the Business Employees and (iii) afford Buyer a reasonable opportunity to make offers of employment to any one or more of the Business Employees. [**] after the date of this Agreement, Seller shall make available for review by Buyer at Seller's facilities in Calgary, Alberta, Canada or Boston, Massachusetts the employment and personnel files and other documentation relating to the Business Employees to the extent permitted by applicable law. For a period from the date hereof until six (6) months after the Closing Date, Buyer shall be permitted to enter into retention agreements with any one or more of the Business Employees.

(b) For a period from the date hereof until six (6) months after the Closing Date, the Seller shall (i) not interfere with the employment by Buyer of any Business Employee, (ii) not offer any incentives to the Business Employees to decline employment with the Buyer or to accept other employment with the Seller, (iii) remove any Seller impediments that may deter any Business Employees from accepting employment with Seller or that may interfere with the ability of such Business Employee to accept employment with a Seller, including but not limited to waiving any confidentiality or non-compete restrictions in any agreement between the Seller and such Business Employee that would affect the ability of those Business Employees to be employed by Seller or would prevent such Business Employees who accept employment with the Buyer from using or disclosing to the Buyer any information relating to the Engineering Software Assets, and (d) with respect to any Business Employee who enters into an employment arrangement with Buyer (a "TRANSFERRED EMPLOYEE"), waive any such restrictions effective immediately upon the Closing Date.

9.7 NON-SOLICITATION. Seller shall not, for two (2) years following the Closing Date, directly or indirectly, solicit, induce or attempt to solicit or induce any Transferred Employees to terminate their employment relationship with Buyer unless such individual is no longer employed by Buyer; PROVIDED, HOWEVER, Seller shall not be deemed to have violated this Section 9.7 if: (a) Seller advertises for employees in newspapers, trade publications or other media not targeted specifically at the Transferred Employees or (b) Seller hires Transferred Employees who apply for reemployment with Seller, as long as such employees were not solicited by Seller in violation of this Section 9.7. Notwithstanding the foregoing, Seller shall not, for six (6) months following the Closing Date, re-hire any Transferred Employees.

ARTICLE X
OTHER POST-CLOSING COVENANTS

10.1 NON-COMPETITION.

(a) During the period commencing on the Closing Date and continuing until the third anniversary of the Closing Date, the Seller shall not directly or indirectly (and shall cause each Affiliate while it is an Affiliate not to):

(i) provide, offer, market or sell to any third party services for the development and implementation of a computer system connected to a real or emulated distributed control system that simulates by use of dynamic simulation models the performance and reactions of a designated process

plant for the training of process plant operators ("RESTRICTED SERVICES");

(ii) solicit any third party for the provision of the Restricted Services to such third party;

(iii) provide, offer, market, license or sell any of the Hyprotech Products or any AspenPlus or other products to a third party operator training services provider of Restricted Services, [**], for use in their business of performing Restricted Services; or

(iv) compete against the Buyer to perform or offer to perform Restricted Services of the type provided by Seller under the Assigned Contracts.

(b) Notwithstanding Section 10.1(a), nothing in this Section 10.1 shall prevent or prohibit the Seller or any of its Affiliates from:

(i) including a list of approved providers of any Restricted Services (which may include the Buyer) in any bid or proposal to customers or prospective customers in response to a sales opportunity as a subset of an overall offering by Seller;

(ii) carrying out a project for a customer that has retained, either by choosing from a list provided by the Seller or otherwise independently of Seller's participation, another person or entity to provide any Restricted Services in relation to such project;

(iii) licensing the Hyprotech Products in accordance with the Hyprotech License Agreement or new products to Seller's end-user customers for any use by the end-user customers (which, for the avoidance of doubt, may include uses that constitute a Restricted Service);

(iv) continuing to engage in any type of business conducted by Seller or any of its Affiliates as of the date hereof which is not part of the Operator Training Business as of the Closing, providing services other than Restricted Services, or selling products that are under development by Seller or any of its Affiliates as of the Closing which are not part of the Operator Training Business as of the Closing;

(v) performing Seller's obligations under this Agreement and the Ancillary Agreements or otherwise taking actions in connection with the disposition or winding up of the Operator Training Business; or

(vi) performing Seller's obligations under the Retained OTS Contracts and Multi-Product Agreements.

(c) The Parties agree that, if any provision of this Section 10.1 should be adjudicated to be invalid or unenforceable, such provision shall be deemed deleted herefrom with respect, and only with respect, to the operation of such provision in the particular jurisdiction in which such adjudication was made; PROVIDED HOWEVER, that to the extent any such provision may be valid and enforceable in such jurisdiction by limitations on the scope of the activities, geographical area or time period covered, each Party agrees that such provision instead shall be deemed limited to the extent, and only to the extent, necessary to make such provision enforceable to the fullest extent permissible under the applicable laws and public policies applied in such jurisdiction.

10.2 MULTI-PRODUCT AGREEMENTS. With respect to each Multi-Product Agreement, the Seller and the Buyer shall execute the Subcontract in the form set forth as EXHIBIT I hereto in order to provide to the Buyer all of the benefits under such Multi-Product Agreement that relate solely to the Assigned Products and/or Operator Training Services and to cause the Buyer to fulfill and satisfy all of the liabilities and obligations under such Multi-Product Agreement at Buyer's expense with respect to such Assigned Products and/or Operator Training Services.

10.3 OTHER CUSTOMER CONTRACTS. For a period of two (2) years after the Closing Date:

(a) the Seller shall allow any Seller Customer, without penalty, to:

(i) modify its current agreements with Seller to allow for renewal of annual software maintenance and support ("SMS") with respect to less than the complete range of products covered by the current agreements and to allocate fees for the products remaining in the agreement on a pro rata basis, to enable such Seller Customer to obtain software maintenance and support from the Buyer; PROVIDED, HOWEVER, that in the event that any such Seller Customer subsequently elects to re-initiate some or all of the Seller's software maintenance and support that such customer had allowed to lapse, the Seller shall not charge a penalty to such Seller Customer based on the lapse of such service (it being understood that it shall not be deemed to be a penalty for the Seller to charge such customer in accordance with customary practice for updates that such customer had not received during the period its services had lapsed); and/or

(ii) obtain additional copies of software constituting Engineering Software Assets from the Buyer without effecting a termination of an existing license agreement or maintenance and support services agreement with Seller with respect to Hyprotech Process Engineering Simulation Software licensed to Seller Customers by Buyer; PROVIDED, HOWEVER, that the Seller shall not be under any obligation to provide maintenance and support services with respect to software licensed to customers by the Buyer.

(b) the Seller shall remove any license or other contractual impediment or grant any requisite Intellectual Property Rights owned and controlled by the Seller to allow the Buyer:

(i) to provide software maintenance and support services to any Seller Customer for Hyprotech Process Engineering Simulation Software that has been installed by the Seller starting upon the expiration of the then-current term of the agreement covering SMS with such Seller Customer;

(ii) upon expiration of a Seller Customer's license agreement with the Seller, to grant new licenses to the Hyprotech Process Engineering Simulation Software installed on the Seller Customer's computers without requiring the deletion and re-installation of such software previously provided by Seller.

For purposes hereof, "SELLER CUSTOMER" means a customer of Seller for the OTS Business under an agreement pursuant to which Seller has agreed to provide SMS or has granted a license to any Hyprotech Product.

Seller shall, within fourteen (14) days after the date of the divestiture of the Engineering Software Assets, provide notice either by electronic mail or by first class mail to all of the Seller Customers of their rights under this Section 10.3.

10.4 COLLECTION OF ACCOUNTS RECEIVABLE. The Seller agrees that it shall remit promptly to the Buyer any monies received by the Seller after the Closing Date with respect to the Accounts Receivable.

10.5 PAYMENT OF ASSUMED LIABILITIES. In the event that the Seller (or an Affiliate thereof) inadvertently pays or discharges, after the Closing, any Assumed Liabilities, the Buyer shall reimburse the Seller or its Affiliate for the amount so paid or discharged within 30 days of being presented with written evidence of such payment or discharge. In the event that the Buyer (or an Affiliate thereof) inadvertently pays or discharges, after the Closing, any Excluded Liabilities, the Seller shall reimburse the Buyer or its Affiliate for the amount so paid or discharged within 30 days of being presented with written

evidence of such payment or discharge.

10.6 COPIES IN POSSESSION. The Seller shall be permitted to retain copies and other tangible embodiments of all Engineering Software Assets; PROVIDED, HOWEVER, Seller and Buyer acknowledge and agree that Seller's use and other rights with respect to the Engineering Software Assets are set forth in the Ancillary Agreements.

10.7 OBLIGATION TO COOPERATE IN BRINGING OR DEFENDING LEGAL ACTIONS. After the Closing Date, each Party shall have an obligation to cooperate, at the expense of the requesting Party (except as set forth in Article VI hereof), in any claim or action brought by the other party against any third party for infringement or misappropriation of any of the Assigned Intellectual Property, or in connection with any defense by a Party of any claim or action brought by a third party with respect to any such intellectual property rights (including, without limitation, a claim or action with respect to the validity or enforceability of any such rights).

10.8 ACCESS TO BOOKS AND RECORDS; COOPERATION.

(a) After the Closing, to the extent permitted by applicable law, the Seller shall permit the Buyer's third party attorney or other agent reasonably acceptable to the Seller to have reasonable access to and the right to make copies of such of the Seller's books, records and files to the extent relating to the OTS Business and the Hyprotech Products as constitute part of the Excluded Assets for any reasonable purpose of the Buyer, such as for use in regulatory filings, litigation, financial reporting, in connection with any Assumed Liability, tax return preparation, or tax compliance matters. In addition, the Seller shall make available to the Buyer upon reasonable prior notice, upon the Buyer's reasonable request and at Buyer's expense, personnel of the Seller who are familiar with any such matter requested. The Buyer shall also permit the Seller reasonable access to Buyer's books, records and files as constitute part of the Engineering Software Assets for any reasonable purpose of the Seller, such as for use in regulatory filings, litigation, financial reporting, in connection with any Excluded Liability, tax return preparation or tax compliance matters.

(b) In the event and for so long as any Party is actively investigating, contesting, defending against or prosecuting any charge, complaint, action, suit, contract appeal, proceeding, hearing, investigation, claim, demand or audit (including routine audits and contract close-outs) involving one or more third parties in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act or transaction arising from the Parties' respective use or ownership of the Engineering Software Assets or conduct of the Business, the other Party will reasonably cooperate with the contesting or defending Party and its counsel in the contest or defense and will make available its personnel and provide such testimony and access to its books and records as may be reasonably necessary in connection with the contest or defense. Unless the Party requesting such cooperation is entitled to indemnification from the other Party under the terms of Article VI hereof, the requesting Party shall pay the reasonable out-of-pocket expenses incurred in providing such cooperation (including reasonable legal fees of outside counsel and disbursements) by the Party providing such cooperation and by its officers, directors, employees and agents, but shall not be responsible for reimbursing such Party or its officers, directors, employees and agents for their time spent in such cooperation.

10.9 CONFIDENTIALITY. For a period of five (5) years from the Closing Date, except as permitted in the Ancillary Agreements, the Seller shall keep confidential any confidential information or documents constituting Engineering Software Assets that relate solely to the OTS Business, or confidential information of the Buyer received pursuant to any of the Ancillary Agreements, or as a result of the negotiations leading to the execution of this Agreement, unless such information is (a) ascertainable from public or published

information or trade sources, (b) solely with respect to information regarding Buyer, already known or, in any case, subsequently developed by the Seller, (c) received from a third party not under an obligation to Buyer to keep such information confidential, (d) required to be disclosed by applicable law, regulation or legal or administrative process or (e) required to be disclosed to protect or enforce the rights of the Seller or to perform their obligations under this Agreement, the Ancillary Agreements or in connection with tax or other regulatory filings, litigation or financial reporting purposes.

10.10 THIRD PARTY LICENSES. To the extent that any rights of the Seller under a Sublicenseable Third Party License are sublicensable to Buyer, Seller shall sublicense such rights pursuant to the Technology License Agreement at Closing; PROVIDED THAT Buyer shall be responsible for any fees and charges associated with Buyer's receipt or exercise of such sublicense. With respect to any Third Party License that is not a Sublicensable Third Party License, Seller shall use good faith efforts to assist Buyer in obtaining an equivalent license from the licensor of the Third Party License; PROVIDED THAT Buyer shall be responsible for any fees and charges associated with Buyer's receipt or exercise of the sublicense. Such good faith efforts shall include, with respect to any Third Party License that is exclusive to Seller, Seller's waiver of such exclusivity in order to permit an equivalent license to be granted to Buyer.

10.11 [**]. Seller shall [**] (including without limitation, [**] thereunder [**] shall otherwise [**] for such [**].

10.12 HTFS RESEARCH NETWORK MEMBERSHIP. For a period of two (2) years after the Closing Date, the Seller will allow Buyer to become and be a member of Seller's HTFS(R) Research Network on substantially the same terms as other new HTFS members as of the Closing Date, and Seller shall be responsible for fifty percent (50%) of Buyer's related membership fees for such period.

10.13 SALARY REIMBURSEMENT. After Closing, promptly after receipt of reasonably adequate documentation from Seller, Buyer shall reimburse Seller for an amount equal to Seller's pre-Closing payment of Transferring UK Employees' salaries to the extent such prepayment is for services to be performed post-Closing.

10.14 POST-CLOSING DELIVERY. At any time after the Closing, Buyer may request in writing that Seller deliver to Buyer any additional item [**] that constitutes a Hyprotech Product as at Closing but is not delivered to Buyer at Closing in accordance with Section 1.3(b)(xvii). Within a commercially reasonable time after Seller's receipt of any such request, Seller shall, at Seller's sole expense, deliver to Buyer such requested items [**] that constitute Hyprotech Products as at Closing. [**].

10.15 [**]INVESTIGATION. All Hyprotech Products either (a) delivered to Buyer at Closing, or (b) delivered to Buyer pursuant to Section 10.14, shall have first been inspected and approved [**]. Seller will deliver to Buyer at the Closing or concurrent with any future delivery contemplated by Section 10.14, (a) a copy of any CDs reflecting code inspected and approved [**] and (ii) a list of Hyprotech Products, including all versions thereof, the date each product and version was inspected and approved [**], and an identification of the CD which contains such inspected and approved code.

10.16 [**]. [**] of the [**] pursuant to [**], in each case, to the [**] that would [**] set forth in any of the [**].

ARTICLE XI
MISCELLANEOUS

11.1 PRESS RELEASES AND ANNOUNCEMENTS. No Party shall issue (and each Party shall cause its Affiliates not to issue) any press release or public

disclosure relating to the subject matter of this Agreement without the prior written approval of the other Party or Parties; PROVIDED, HOWEVER, that (i) any Party may make any public disclosure it believes in good faith is required by law, government regulation or stock exchange rule (in which case the disclosing Party shall advise the other Party or Parties and the other Party or Parties shall, if practicable, have the right to review such press release or announcement prior to its publication), and (ii) in the event that the FTC or other government entity makes a public announcement regarding the settlement of the Pending Case or the Consent Decree, the Seller shall have the right to respond to such announcement with one or more press releases that confirm the rights and assets retained or granted back to the Seller and the continued operation of the Seller's business (including product offerings), provided that the Seller shall not name the Buyer in any such release without the prior written consent of the Buyer, and provided that the Buyer shall be granted such opportunity as is practicable to review any such release before it is made public.

11.2 NO THIRD PARTY BENEFICIARIES. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns and, to the extent specified herein, their respective Affiliates.

11.3 ACTION TO BE TAKEN BY AFFILIATES. The Parties shall cause their respective Affiliates to comply with all of the obligations specified in this Agreement to be performed by such Affiliates.

11.4 ENTIRE AGREEMENT. This Agreement (including the documents referred to herein) and the Confidentiality Agreement constitute the entire agreement between the Buyer and the Seller. This Agreement supersedes any prior agreements or understandings between the Buyer and the Seller and any representations or statements made by or on behalf of the Seller or any of its Affiliates to the Buyer, whether written or oral, with respect to the subject matter hereof, other than the Confidentiality Agreement. The Confidentiality Agreement, insofar as it covers information relating exclusively to the Engineering Software Assets shall terminate effective as of the Closing, but shall remain in effect insofar as it covers other information disclosed thereunder.

11.5 SUCCESSION AND ASSIGNMENT. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Party, which written approval shall not be unreasonably withheld or delayed; PROVIDED, HOWEVER, that Buyer may assign this Agreement in whole or in part or any of its rights hereunder without Seller's consent to one or more Affiliates of Buyer provided that Buyer shall remain liable for the obligations of the assignee or assignees under this Agreement. Notwithstanding the foregoing, this Agreement, and all rights, interests and obligations hereunder, may be assigned, without such consent, to any entity (the "ACQUIRER") that acquires all or substantially all of a Party's business or assets (an "ACQUISITION"). This Agreement shall be binding upon and inure to

the benefit of the Parties and their respective successors and permitted assigns. Notwithstanding the foregoing, in the event of an Acquisition:

(a) the provisions of Section 10.1(a) shall continue to bind Seller and those entities that are Affiliates of Seller prior to the Acquisition (the "OLD AFFILIATES"); and

(b) the provisions of Section 10.1(a) shall not be deemed to bind and apply to the Acquirer or any other entities that were not Affiliates of Seller prior such acquisition (the "NEW AFFILIATES"), PROVIDED, HOWEVER, that, during the period between the Acquisition and the third anniversary of the Closing Date hereunder, Acquirer and the New Affiliates (A) shall not use the Hyprotech Products in a manner that would, if performed by Seller, violate Section 10.1(a), (B) shall not provide, offer, market, license or sell any Hyprotech Products or any products of Seller or the Old Affiliates to a third party provider of Restricted Services, [**], for use in their business of

performing Restricted Services, and (C) Acquirer and the New Affiliates shall impose a firewall between (1) the Engineering Software Assets for which Seller or the Old Affiliates retain any rights of use and the assets and personnel of Seller and the Old Affiliates previously used, held for use or engaged in the OTS Business or the Hyprotech Business, on the one hand, and (2) any assets or personnel of the Acquirer or the New Affiliates that are used in the provision of Restricted Services (other than assets and personnel utilized generally by Acquirer in the provision Restricted Services as well as in its other businesses). If any such firewall is imposed, an executive officer of the Acquirer shall provide a written certification to Buyer within ten (10) Business Days after the end of each quarter from the date of the Acquisition through the third anniversary of the Closing Date certifying, after due inquiry, that such firewall is in place as required by this Section 11.5(b).

11.6 NOTICES. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

IF TO THE BUYER:	COPY TO:
Honeywell International Inc. 2500 W. Union Hills Drive Phoenix, AZ 85027-5139 Telecopy: (602) 313-5705 Attention: Vice President and General Counsel, Honeywell Process Solutions	Honeywell International Inc. 101 Columbia Road Morristown, NJ 07962 Telecopy: (973) 455-5904 Attention: Assistant General Counsel, Corporate Transactions
IF TO THE SELLER:	COPY TO:
Aspen Technology, Inc.	Wilmer Cutler Pickering Hale and Dorr LLP

Ten Canal Park Cambridge, MA 02141 Telecopy: (617) 949-1030 Attention: General Counsel	60 State Street Boston, MA 02109 Telecopy: (617) 526-5000 Attention: Mark L. Johnson, Esq.

Any Party may give any notice, request, demand, claim, or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the party for whom it is intended. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

11.7 AMENDMENTS AND WAIVERS. The Parties may mutually amend or waive any provision of this Agreement at any time. No amendment or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising

by virtue of any prior or subsequent such occurrence.

11.8 SEVERABILITY. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the body making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

11.9 EXPENSES. Except as otherwise specifically provided to the contrary in this Agreement, each of the Parties shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby including, without limitation, any brokerage fees, commissions or finders fees in connection with the transactions contemplated by this Agreement.

11.10 SPECIFIC PERFORMANCE. Each Party acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each Party agrees that the other Party may be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court.

11.11 GOVERNING LAW. This Agreement and any disputes hereunder shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

11.12 SUBMISSION TO JURISDICTION. Each Party (a) submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of such action or proceeding may be heard and determined only in any such court, (c) waives any claim of inconvenient forum or other challenge to venue in such court, and (d) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each Party agrees to accept service of any summons, complaint or other initial pleading made in the manner provided for the giving of notices in Section 11.6. Nothing in this Section 11.12 however, shall affect the right of any Party to serve such summons, complaint or initial pleading in any other manner permitted by law.

11.13 RESCISSION. If at the time the FTC determines to make the Consent Decree final, the FTC notifies Seller or Buyer that this Agreement and/or any agreement included in the Exhibits to this Agreement is not acceptable, in whole or in part, Seller and Buyer will cooperate with one another and will negotiate in good faith to amend any provision of this Agreement and/or the agreements included in the Exhibits to this Agreement, as applicable, or rescind this Agreement and the agreements included in the Exhibits to this Agreement and agree to alternative measures to comply with the Consent Decree; provided that no such amendments or alternative measures shall be required to be made unless they are acceptable to both Seller and Buyer. If the FTC rejects the Consent Decree, Seller and Buyer will rescind this Agreement and the agreements included in the Exhibits to this Agreement.

11.14 CONSTRUCTION.

(a) The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(b) Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

(c) The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) Any reference herein to an Article, section or clause shall be deemed to refer to an Article, section or clause of this Agreement, unless the context clearly indicates otherwise.

(e) Any reference to "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless otherwise specified.

(f) The terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules hereto) and not to any particular provision of this Agreement, and Article, Section, paragraph, Exhibit and Schedule references are to the Articles, Sections, paragraphs, Exhibits and Schedules to this Agreement unless otherwise specified.

(g) All references to "$", "Dollars" or "US$" refer to currency of the United States of America.

11.15 WAIVER OF JURY TRIAL. To the extent permitted by applicable law, each Party hereby irrevocably waives all rights to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of any Party in the negotiation, administration, performance and enforcement of this Agreement.

11.16 INCORPORATION OF EXHIBITS AND SCHEDULES. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

11.17 COUNTERPARTS AND FACSIMILE SIGNATURE. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

HONEYWELL INTERNATIONAL INC.

By: /s/John R. Ethier
Name: John R. Ethier
Title: V.P. CFO

ASPEN TECHNOLOGY, INC.

By: /s/David L. McQuillin
Name: David L. McQuillin
Title: CEO

HONEYWELL CONTROL SYSTEM LIMITED

By: /s/John R. Ethier
Name: John R. Ethier

HYPROTECH COMPANY

By: /s/Mandolis Kotzabasakis
Name: Mandolis Kotzabasakis

Title: V.P. CFO

HONEYWELL LIMITED -HONEYWELL LIMITEE

By: /s/John R. Ethier

Title: V.P. CFO

Title: Director

ASPENTECH CANADA LTD.

By: /s/ Stephen J. Doyle

Title: Chief Legal Officer
Director

ASPENTECH LTD.

By: /s/David L. McQuillin

Name: David L. McQuillin
Title: Director

HYPROTECH UK, LTD.

By: /s/Stephen J. Doyle

Name: Stephen J. Doyle
Title: Director

Exhibit 10.2

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

AMENDMENT NO. 1

This Amendment (this "AMENDMENT"), dated as of December 23, 2004, hereby amends the Purchase and Sale Agreement (the "Agreement"), dated as of October 6, 2004, by and among Aspen Technology, a Delaware corporation ("ASPENTECH"), Hyprotech Company, a limited liability company organized under the laws of Nova Scotia, Canada ("HYPROTECH"), AspenTech Canada Ltd., a corporation organized under the laws of Alberta, Canada ("ASPENTECH CANADA"), AspenTech Ltd., a limited liability company organized under the laws of England ("ASPENTECH UK"), Hyprotech UK Ltd., a limited liability company organized under the laws of England ("HYPROTECH UK", AspenTech, Hyprotech, AspenTech Canada and AspenTech UK, individually and collectively, the "SELLER"), and Honeywell International Inc., a Delaware corporation ("HONEYWELL"), Honeywell Control Systems Limited, a company organized under the laws of the United Kingdom ("HONEYWELL CONTROL"), and Honeywell Limited-Honeywell Limitee, a Canadian company ("HONEYWELL LIMITED", Honeywell, Honeywell Control and Honeywell Limited, individually and collectively, the "BUYER"). Capitalized terms used herein and defined in the Agreement shall have the meanings defined therein unless otherwise defined herein.

WHEREAS, the parties to the Agreement desire to amend certain terms of the Agreement in accordance with the terms of this Amendment;

NOW THEREFORE, in consideration of the premises and of the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 1.1(a)(ii) of the Agreement is hereby amended and replaced in its entirety with the following:

> "the latest version of research and development work product (analyses, prototype, presentations, etc.) comprising the Hyprotech project known as "Genesis" (the "GENESIS PROJECT MATERIALS") as of the Closing Date and all Intellectual Property Rights embodied therein (the "GENESIS IP"), but excluding any software relating to Seller software products other than Hyprotech Products and Operator Training Products and any interfaces to such software products and all Intellectual Property Rights embodied in such software and interfaces; the software code included in the Genesis Project Materials is prototype software, not suitable and untested for commercial release, principally consisting of three modules:
>
> "Snoopy", which is a data layer that manages the data models of various components, "ProSIM", which is an engineering framework layered on top of Snoopy that provides the framework for housing, integrating and solving engineering models and includes mathematical solvers and other related calculation components, and "OpenForms", which is a user interface component for interacting with Genesis. The Genesis Project Materials also include ProSIM's engineering models, but exclude any engineering models and mathematical solvers contained in Seller software products (other than Hyprotech Products and Operator Training Products) and any third party software."

2. Section 1.1(a)(vi) of the Agreement is hereby amended and replaced in its entirety with the following:

> "(vi) for material that relates solely to the OTS Business,

(A) all marketing and sales materials used by Seller anywhere in the world, including, but not limited to, all advertising materials, training materials (including all electronic files of training materials), sales materials (including product data, price lists, and mailing lists), promotional and marketing materials, marketing information, educational materials, competitor information (including research data, market intelligence reports, and statistical programs), customer information (including customer sales information, customer lists, customer files, customer contact information, and customer support log data bases), sales forecasting models, Website content, and advertising and display materials; and (B) all project repositories that are currently in the possession or under the control of Seller or its Affiliates for current and past projects of the OTS Business (the "PROJECT REPOSITORIES"), including [**] without limitation, customer requests, proposals, schedules, purchase orders, detailed functional specifications, model design documents, factory acceptance test documents, steady-state simulations, customer information provided as a basis for design and all other project artifacts (the materials in clauses (A) and (B), collectively, the "OTS RECORDS"); PROVIDED, HOWEVER, that (1) Seller may retain a copy of such material to the extent necessary for tax, accounting, or legal purposes, including as required by applicable laws and regulations, or as required in connection with Seller's rendering of services for any projects under Retained OTS Contracts or Assigned OTS Contracts for which customer consent is not obtained, or otherwise in connection with Seller's obligations under the Ancillary Agreements (including the Subcontract Agreement); and (2) in no event shall Buyer use, or allow the use of, any Project Repository or any purpose, except to support, develop, maintain or enhance the customer

project of Buyer's OTS Business to which such Project Repository pertains and (3) Buyer shall not disclose or otherwise make available the information or materials in the Project Repositories to any person outside of the Buyer's OTS Business as of the Closing except that Buyer shall be permitted to disclose or otherwise make available such information and materials to persons within Buyer's OTS Business (regardless of whether they were in the OTS Business as of the Closing) if such disclosure is authorized by the customer."

3. Section 1.1(c)(ii) of the Agreement is hereby amended and replaced in its entirety with the following:

"(ii) all liabilities and obligations in respect of the Engineering Software Assets incurred by Buyer after the Closing Date and all liabilities and obligations of the Buyer and its Affiliates (but not of Seller and its Affiliates) arising from the receipt, use or [**], except in each case, to the extent arising out of (A) the ownership or use of the Engineering Software Assets or operation of the Business on or prior to the Closing Date or (B) Seller's use after the Closing Date of the Engineering Software Assets under the Ancillary Agreements;"

4. The parties acknowledge and agree that as of the Closing, the parties have an Unresolved Dispute with respect to the currency exchange rates used to calculate certain of the Net Unbilled Accounts Receivable, which Unresolved Dispute could equal up to a maximum amount of $150,000 (the "Currency Exchange Rate Unresolved Dispute"), and, accordingly, the parties do not agree on the amount of such Net Unbilled Accounts Receivable, as set forth in more detail on the Closing Statement created by the parties pursuant to Section 1.2(b)(ii) of the Agreement. Notwithstanding Section 1.2(b)(iii) of the Agreement, the parties acknowledge and agree that the Purchase Price at Closing shall be paid as if the parties had agreed upon the Net Unbilled Accounts

Receivable prior to Closing and as if there were no Unresolved Dispute; provided, however, that, neither anything herein, nor the payment of the Purchase Price at Closing, shall be deemed to be a waiver by either party of such Currency Exchange Rate Unresolved Dispute or a resolution of such Currency Exchange Rate Unresolved Dispute. The parties shall cooperate to resolve such Currency Exchange Rate Unresolved Dispute within 30 days after Closing and adjust the Purchase Price, as applicable, at the time of such resolution. In no event shall the Purchase Price be (i) adjusted downward by more than $150,000 with respect to such Currency Exchange Rate Unresolved Dispute or (ii) adjusted upwards with respect to such Currency Exchange Rate Unresolved Dispute (the "LIMITATIONS"). For avoidance of doubt, the parties acknowledge and agree that the Limitations shall not act as a limitation on either party's recovery pursuant to the terms of the Agreement with respect to any Purchase Price adjustment dispute other than the Currency Exchange Rate Unresolved Dispute. If such Currency Exchange Rate Unresolved Dispute is not resolved by the Holdback Release Date, the Currency Exchange Rate Unresolved Dispute shall be resolved as part of the final determination of the Purchase Price adjustment pursuant to Section 1.2(b)(iv) of the Agreement.

5. Section 1.3(b)(xvii) of the Agreement is hereby amended and replaced in its entirety with the following:

"(xvii) the Seller shall deliver (or cause to be delivered) to the Buyer, or otherwise put the Buyer in possession and control of, all of the Engineering Software Assets of a tangible nature, including delivery of license keys, dongles or other security devices necessary for Buyer to use and access such Engineering Software Assets; provided, however, that:

(A) with respect to the Hyprotech Products, Seller shall only be obligated to deliver (or cause to be delivered) to the Buyer, or otherwise put the Buyer in possession and control of, (1) at Closing, (x) the source code for the current commercial version of the Hyprotech Products (the "CURRENT HYPROTECH RELEASE"), and (y) the source code for each other version that was commercially released by Seller at any time during the three-year period prior to the Closing (the "PAST HYPROTECH RELEASES", and together with the Current Hyprotech Release, the "HYPROTECH CODE DELIVERED AT CLOSING") and (2) after Closing, as set forth in this Agreement, including, without limitation, in Section 10.14; and

(B) Seller shall have no obligation to deliver DISTIL at Closing [**].

(C) Seller shall have [**] delivered to Buyer at Closing [**]. Notwithstanding the foregoing, the Seller shall [**] and shall have [**]. Buyer understands and agrees that Seller [**]. Seller shall [**]; and

(D) Seller shall have [**] Operator Training Products [**]. [**] Seller does not [**] to Buyer [**], and that Buyer shall be solely responsible for [**]. Seller shall use commercially reasonable efforts to include information with the delivery of the Operator Training Products [**].

(E) Seller shall have [**] under this Agreement [**]; and

(F) Notwithstanding anything herein, [**].

6. Subsection (xx) is hereby added to Section 1.3(b) of the Agreement:

"(xx) At or prior to Closing, Seller shall have delivered to the Buyer in electronic format the information contained in Seller's customer support knowledge database, to the extent

related to the Business."

7. Section 4.12 of the Agreement is hereby amended and replaced in its entirety with the following:

"4.12 HARWELL MATH LIBRARY. On or prior to Closing, Seller shall have sublicensed to Buyer the rights under an Incorporation License (in form and substance mutually agreed by Seller and Buyer) for specified subroutine packages of the Harwell Sub-Routine Library, pursuant to the Agreement, dated as of April 13, 2004, as amended (the "HARWELL MATH LIBRARY AGREEMENT"), between Hyprotech UK Limited and the Council for the Central Laboratory of the Research Councils ("CCLRC"); [**]

8. Section 9.6(c) is added to the Agreement as follows:

"Within a reasonable period of time after the Closing Date, but no later than ninety (90) days after a Transferred Employee submits a list of requested items pursuant to the guidelines set forth in SECTION 9.6(c) attached hereto, Seller shall deliver to the Buyer the individual work files of the Transferred Employees to the extent containing information in the possession of the Seller as of Closing related to the OTS Business and/or the Hyprotech Products, subject to applicable law and the guidelines set forth in SCHEDULE 9.6(c) attached hereto."

9 Sections 10.17, 10.18, 10.19, 10.20 and 10.21 are added to the Agreement as follows:

"10.17 [**]. Buyer agrees that [**] to the [**] under the [**].

10.18 CUSTOMER-OWNED EQUIPMENT. Buyer acknowledges and agrees that the equipment set forth on SCHEDULE 10.18 is owned by the applicable third party customer of Seller whose name corresponds to such equipment on SCHEDULE 10.18 ("CUSTOMER-OWNED EQUIPMENT"), and that all Customer-Owned Equipment is held by Seller pursuant to the terms and conditions of the applicable Assigned Contract disclosed to Buyer as of the date hereof. Seller agrees to transfer to Buyer custody of the Customer-Owned Equipment as soon as reasonably practicable after Closing. Buyer agrees that, unless otherwise agreed to with the customer owning such Customer-Owned Equipment, (a) it shall not use or allow

the use of any item of Customer-Owned Equipment other than for the purpose of delivering Operator Training Services to the customer that is the owner of such equipment pursuant to the applicable Assigned Contract (or any amendment or renewal thereof), (b) Buyer shall comply will all of the terms and conditions of the applicable Assigned Contract with respect to the Customer-Owned Equipment, (c) Buyer shall, upon completion of a project or otherwise at any time upon request of a customer, promptly return to such customer any Customer-Owned Equipment owned thereby, and (d) Buyer shall bear the risk of loss for any loss or damage to such Customer-Owned Equipment from and after its receipt of possession thereof until such time as such equipment is returned to the applicable customer.

10.19 CUSTOMER INFORMATION. Seller shall use commercially reasonable efforts to transfer to Buyer all tangible information in the possession of Seller that was received by Seller from customers pursuant to Assigned Contracts or Retained Contracts under which services are subcontracted to Buyer ("CUSTOMER INFORMATION"). Buyer agrees that unless otherwise agreed to with the applicable customer, (a) in no event shall Buyer use, or allow the use of, any Customer Information for any purpose,

except to support, develop, maintain or enhance the customer project of Buyer's OTS Business for which such information was initially disclosed to Seller, (b) Buyer shall not disclose or otherwise make available the Customer Information to any person outside of the Buyer's OTS Business as of the Closing, (c) upon completion of its obligations in connection with a project (including warranty and support obligations), Buyer shall return or destroy the Customer Information initially received by Seller for such project, and (d) Buyer shall strictly comply with all of the terms and conditions applicable to Seller under each Assigned Contract or Retained Contract pursuant to which Seller initially received the Customer Information.

10.20 [**]. Buyer shall [**] unless [**] for the [**]. Buyer acknowledges that [**], Seller shall [**] under such license. [**] during such period, [**], Seller shall [**].

10.21 [**]. Seller is [**]. The parties acknowledge and agree that [**] Buyer shall have [**] pursuant to the [**], provided that [**] under such arrangement, [**]."

10. The Disclosure Schedules of the Seller referenced in the introductory paragraph of Article II are hereby amended and replaced in their entirety with the Disclosure Schedules set forth in Exhibit A hereto. Buyer hereby waives any claim or action against the Seller under the Purchase Agreement that it may have arising from any missing or incomplete information in the Disclosure Schedules as attached to the Purchase Agreement as of the signing of such agreement if and to the extent that such missing or incomplete information is included or completed, as applicable, in the Disclosure Schedules attached in Exhibit A hereto.

11. This Amendment, together with the Agreement, constitute the entire agreement between the parties hereto relating to the subject matter hereof, and shall not be amended or modified, nor may compliance with any condition or covenant set forth herein be waived, except by a writing duly and validly executed by the Parties, or in the case of a waiver, the Party or Parties waiving compliance.

12. Whenever possible, each provision of this Amendment shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be deemed prohibited or invalid under such applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, and such prohibition or invalidity shall not invalidate the remainder of such provision or the other provisions of this Amendment.

13. For convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

IN WITNESS WHEREOF, this Amendment has been signed by or on behalf of each of the parties hereto, all as of the date first above written.

BUYER:	SELLER:
HONEYWELL INTERNATIONAL INC.	ASPEN TECHNOLOGY, INC.

By: /s/John R. Ethier
Name: John R. Ethier
Title: V.P. CFO

By: /s/Charles Kane
Name: Charles Kane
Title: Interim CEO and CFO

HONEYWELL CONTROL SYSTEM LIMITED

By: /s/John R. Ethier
Name: John R. Ethier
Title: V.P. CFO

HYPROTECH COMPANY

By: /s/D. E. Moult
Name: D. E. Moult
Title: CFO

HONEYWELL LIMITED - HONEYWELL LIMITEE

By: /s/John R. Ethier
Name: John R. Ethier
Title: V.P. CFO

ASPENTECH CANADA LTD.

By: /s/ Stephen J. Doyle
Name: Stephen J. Doyle
Title: Director

ASPENTECH LTD.

By: /s/ Charles Kane
Name: Charles Kane
Title: Director

HYPROTECH UK, LTD.

By: /s/ Stephen J. Doyle
Name: Stephen J. Doyle
Title: Director

EXHIBIT A

DISCLOSURE SCHEDULES

[To be provided.]

EXHIBIT 10.3

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

ASPEN TECHNOLOGY LICENSE AGREEMENT

THIS HYPROTECH LICENSE AGREEMENT (the "AGREEMENT") is made and entered into as of this 23rd day of December, 2004 (the "EFFECTIVE DATE"), by and between Aspen Technology, Inc., a Delaware corporation ("ASPENTECH"), and Honeywell International Inc., a Delaware corporation ("HONEYWELL"). AspenTech and Honeywell are each referred to herein as a "PARTY" and collectively as the "PARTIES." All capitalized terms that are not otherwise defined herein shall have the respective meanings ascribed to such terms in the Purchase and Sale Agreement dated as of October 6, 2004 by and among AspenTech, certain of its affiliates, and Honeywell (the "PURCHASE AGREEMENT").

WHEREAS, AspenTech and Honeywell have entered into the Purchase Agreement pursuant to which AspenTech has agreed, subject to the terms and conditions set forth therein, to transfer to Honeywell all of its right, title and interest in and to certain Engineering Software Assets, including the Assigned Intellectual Property, effective as of the Closing Date subject to the non-exclusive licenses set forth in this Agreement; and

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, AspenTech desires to retain certain rights and licenses with respect to IT Property and Assigned Intellectual Property as set forth herein.

NOW THEREFORE, in consideration of the mutual agreements and covenants set forth herein, Honeywell and AspenTech hereby agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

1.1 "ASPENTECH RELATED PARTY" means (a) any sublicensee, customer, distributor, reseller, OEM, joint venturer, partner, agent or direct or indirect sales channels of AspenTech, any of its Affiliates, or any of the foregoing parties, or (b) any other person or entity with which AspenTech or any of its Affiliates has a continuing business relationship; PROVIDED, HOWEVER, that the following persons and entities shall not be considered to be AspenTech Related Parties: (i) [**] and its successors or assigns, and (ii) for purposes of the [**].

1.2 "CONFIDENTIAL LICENSED PROPERTY" means Licensed Property that AspenTech or its Affiliates treated as confidential as of the Effective Date.

1.3 "EXISTING OTS CONTRACTS" means (a) each Retained AspenTech Contract (as defined in the Subcontract Agreement), (b) each Assigned Contract for which customer consent for assignment is not obtained until such time as such customer consent has been obtained, (c)

each contract set forth on Schedule 1.1(b)(ii) to the Purchase Agreement (other than Multi-Product Agreements) and (d) any change orders to any of the foregoing agreements made in the ordinary course consistent with AspenTech's past practice.

1.4 "HYPROTECH PROPERTY" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all IT Property other than the Operator Training Property and the MUSIC Product. For purpose of clarity, the Hyprotech Property includes, without limitation, the Hyprotech Products and Genesis Project Materials.

1.5 "HYPROTECH IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the IT Property (including, without limitation, the Hyprotech Property), exclusive of the Operator Training IP and the MUSIC IP.

1.6 "IP MATERIAL ADVERSE EFFECT" means any material breach or violation by an AspenTech Related Party of a Sublicense Agreement (as defined in Section 2.3 below) or an infringement or misappropriation by an AspenTech Related Party of the Licensed Property and/or Licensed IP that, in AspenTech's reasonable judgment, gives rise to: (i) a threat of abandonment of, or (ii) an impingement upon the validity or enforceability of, in each case, any item of Licensed Property and/or Licensed IP.

1.7 "INTELLECTUAL PROPERTY" means all (a) registered and unregistered statutory and common law copyrights, whether published or unpublished, works of authorship, and all registrations, applications for registration, and renewals thereof, (b) trade secrets, know-how, confidential information, processes and formulas, (c) patents and patent applications, invention disclosures, industrial or utility models, and inventors certificates throughout the world and all inventions contained therein, all provisional, divisional, continuation, continuation-in-part, or substitute applications based on the foregoing, any patents that shall issue on any of the foregoing or on any improvements, reissues, or reexaminations thereof, and patents and patent applications, including, without limitation, to patents of importation, improvement, or addition, utility models, and inventors certificates, corresponding in whole or in part to any of the above-described patent and patent applications that are issued, filed, or to be filed in any and all countries, and any patents that shall subsequently issue therefrom including any renewals, divisions, reissues, continuations, or extensions thereof, (d) data rights and information, and (e) other intellectual property and proprietary rights whether patented or unpatented, or registered or unregistered.

1.8 "LICENSED IP" means the Operator Training IP, MUSIC IP, and the Hyprotech IP.

1.9 "LICENSED PROPERTY" means the Operator Training Property, MUSIC Product and Hyprotech Property.

1.10 "MAJOR PRODUCT LINE" means the Licensed Property that comprises or relates primarily to each of the following five product families: (i) HYSYS and related options and extensions, including ComThermo, (ii) Batch processing products (i.e., BDK), (iii) Heat exchanger products (i.e., TASC, ACOL, APLE, FIHR, etc.), (iv) Conceptual engineering products (i.e. HX-NET, Distil), and (v) Hydraulics (i.e., all the ProFES and related products).

1.11 "MAJOR PRODUCT LINE IP" means the Licensed IP in and to each Major Product Line.

1.12 "MAJOR PRODUCT LINE ACQUIRER" means an acquirer of all or substantially all of the business of AspenTech and its Affiliates that relates to any Major Product Line.

1.13 "MUSIC IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the MUSIC Product.

1.14 "MUSIC PRODUCT" means all of AspenTech's right, title and interest (immediately prior to Closing) in and to the (a) computer programs (including code in source code, object code and executable forms), interfaces, tools (including, without limitation, internal development and migration tools), development environments, flow charts, libraries, modules, add-ons, patches, bug fixes, object libraries, test programs, regression test software, proprietary programming languages, enhancements, customizations, scripts, utilities, databases, data and algorithms constituting or embodied in the Assigned Products known as "MUSIC", and the interfaces, programs and modules related thereto that

are set forth in Schedule 1.1(a)(i)(B) of the Purchase Agreement; and (b) Documentation and Records for the MUSIC product.

1.15 "OBJECT CODE FORM" means a form of software code resulting from the translation or processing of software in Source Code Form by a computer into machine language or intermediate code or other executable code, which thus is in a form that would not be convenient to human understanding of the program.

1.16 "OPERATOR TRAINING IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the Operator Training Property, excluding the MUSIC IP.

1.17 "OPERATOR TRAINING PROPERTY" means all of AspenTech's right, title and interest (immediately prior to Closing) in and to the (a) Operator Training Products and the (b) Documentation and Records related solely to the Operator Training Products, excluding in all cases the MUSIC Product.

1.18 "OTS FIELD OF USE" means the provision of Restricted Services.

1.19 "OTS TERM" means the period starting as of the Effective Date and ending upon the expiration or termination of all obligations of AspenTech and its Affiliates under all of the Existing OTS Contracts.

1.20 "SOFTWARE SUPPORT AGREEMENT" means the agreement entered into by the Parties simultaneously herewith and entitled the Software Support Agreement.

1.21 "SOURCE CODE FORM" means a form of software code in which a computer program's logic is easily deduced by a human being with skill in the art.

1.22 "SUBCONTRACT AGREEMENT" means the Subcontract Agreement entered into by the Parties simultaneously herewith.

1.23 "THIRD PARTY" means a person or entity other than AspenTech or its Affiliates.

1.24 "THIRD-PARTY PRODUCT" means a product that is not marketed, licensed, or sold by (a) AspenTech or any of its Affiliates (or any of their respective permitted assignees or permitted successors), distributors, resellers, OEMs, agents, or other indirect sales channels of any of the foregoing persons or entities, or (b) a joint venture or partnership of AspenTech, or other Third Party with which AspenTech or any of its Affiliates has a continuing business relationship for the development, marketing, sales, or distribution of such product.

2. LICENSE

2.1 LICENSED RIGHTS.

a. GENERAL LICENSE TO HYPROTECH IP. AspenTech retains under the Hyprotech IP and the Hyprotech Property a worldwide, non-exclusive, royalty-free, perpetual, irrevocable right and license, with the right to sublicense solely as set forth in Sections 2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), (A) to make, have made, use, have used, sell, have sold, offer to sell, and import any product or provide any service covered by the Hyprotech IP and exercise any other rights in the Hyprotech IP in connection therewith, and (B) to copy, modify, enhance, prepare derivative works of, improve, maintain, support, develop, demonstrate, promote, distribute and transmit the Hyprotech Property (in Source Code Form, Object Code Form or any other applicable form) and any derivative work thereof, in each case, for any purpose.

b. FIELD LICENSE TO MUSIC. AspenTech retains under the MUSIC Product and MUSIC IP, a worldwide, non-exclusive, royalty-free, perpetual, irrevocable right and license, with the right to sublicense solely as set forth in Sections

2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), (A) to make, have made, use, have used, sell, have sold, offer to sell, and import any product or provide service covered by the MUSIC IP and exercise any other rights in the MUSIC IP in connection therewith, in each case, solely outside of the OTS Field of Use, and (B) to copy, modify, enhance, prepare derivative works of, improve, maintain, support, develop, demonstrate, promote, distribute and transmit the MUSIC Product (in Source Code Form, Object Code Form or any other applicable form) and any derivative work thereof, in each case, solely for use outside of the OTS Field of Use.

c. PROJECT LICENSE TO OPERATOR TRAINING PRODUCTS. During the OTS Term, AspenTech retains under the Operator Training IP and Operator Training Property, a worldwide, non-exclusive, royalty-free right and license, with the right to sublicense, solely as set forth in Sections 2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), to exercise any rights in the Operator Training IP and the Operator Training Property (in Source Code Form, Object Code Form or any other applicable form) solely in connection with performing the Existing OTS Contracts which Existing OTS Contracts shall not be renewed and shall not be amended (other than change orders made in the ordinary course of business

consistent with AspenTech's past practice). The rights and licenses set forth in this Section 2.1(c) shall terminate upon the termination of the OTS Term.

d. NO UPDATES. For avoidance of doubt, the licenses set forth in this Section 2.1 are limited to the Licensed Property and Licensed IP existing as of the Effective Date and do not include products relating thereto or Intellectual Property therein that are, in each case, developed by or for Honeywell after the Effective Date.

e. DISCLOSURE. Subject to the terms of this Agreement, the rights and licenses set forth in Sections 2.1(a) and (b) and 2.2 include the right to disclose the Source Code Form of the applicable Licensed Property, PROVIDED THAT such disclosure is in accordance with the obligations and restrictions set forth in Sections 2.2 and 2.3 of this Agreement and the confidentiality obligations and restrictions set forth in Section 5.1, 5.2, and 5.4 of this Agreement.

f. IRREVOCABILITY. Notwithstanding anything to the contrary in this Agreement or otherwise, the rights and licenses set forth under Sections 2.1(a), 2.1(b) and 2.2 hereof shall be irrevocable and non-terminable, and such rights and licenses shall survive and shall remain irrevocable and non-terminable regardless of any breach or termination of this Agreement for any reason.

2.2 SUBLICENSING. AspenTech shall have the right to grant licenses and/or sublicenses (with the rights of the licensees and/or sublicensees to grant further sublicenses) of any of the rights and licenses set forth in Sections 2.1(a), 2.1(b) or 2.1(c); PROVIDED, HOWEVER, that AspenTech shall not have the right to grant to any Third Party (a) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form that authorizes or grants rights to such Third Party to further sublicense such Hyprotech Products or MUSIC Products in Source Code Form; (b) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form or Object Code Form that authorizes or grants rights to such Third Party to incorporate or bundle (in whole or in part) such Hyprotech Products or MUSIC Products in Source Code Form or Object Code Form into a Third-Party Product for purposes of the distribution or sale of such Third-Party Product; or (c) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form that authorizes or grants rights to such Third Party to use (in whole or in part) such Hyprotech Products or MUSIC Products in Source Code Form in a Third-Party Product for purposes of the distribution or sale of such Third Party Product; PROVIDED FURTHER THAT AspenTech shall not have the right to grant to any Third Party a sublicense of the Operator Training Products in Source Code Form, except

in connection with the performance of the Existing OTS Contracts. Notwithstanding the limitations set forth in this Section 2.2, AspenTech shall have the right to grant to any Major Product Line Acquirer a worldwide, perpetual, irrevocable, sole and exclusive right and sublicense under all of the applicable rights and licenses set forth in Sections 2.1(a) and/or 2.1(b) (with the rights of such Major Product Line Acquirer to grant further sublicenses) with respect to the Major Product Line IP for the Major Product Line acquired by such Major Product Line Acquirer (each, a "MAJOR PRODUCT LINE SUBLICENSE"). For avoidance of doubt, any sublicense by the Major Product Line Acquirer of the Major Product Line IP to AspenTech or its Affiliates shall be subject to the restrictions set forth herein on sublicensing to Third Parties as if AspenTech and its Affiliates were Third Parties.

2.3 SUBLICENSES. Without limiting the terms and conditions of Section 2.2, AspenTech shall only grant sublicenses under the Licensed IP or Licensed Property pursuant to written sublicense agreements ("SUBLICENSE AGREEMENTS"). Further:

a. In any Sublicense Agreement that includes a sublicense to the Source Code Form of the software included in the Licensed Property, such Sublicense Agreement shall (i) prohibit the sublicensee from making such software in Source Code Form or any portion thereof available to third parties pursuant to the GNU General Public License or any similar "open source code" license or otherwise as freeware, shareware or on any other unrestricted basis, and (ii) requires such sublicensee to maintain the confidentiality of such software in Source Code Form and not to disclose such source code to any third party, other than employees and consultants of such sublicensee that have entered into written agreements that protect the confidentiality of such source code; and

b. In any Sublicense Agreement that includes a sublicense to the Object Code Form (but not the Source Code Form) of the software included in the Licensed Property, such Sublicense Agreement shall prohibit the sublicensee from reverse engineering, decompiling, or disassembling the Object Code Form of any such sublicensed software; and

c. In any Sublicense Agreement that includes a sublicense to any software included in the Licensed Property (whether in Source Code Form or Object Code Form), such Sublicense Agreement shall (i) except in the case of a Major Product Line Sublicense, require the return or destruction of all of such sublicensed software after the termination of the applicable sublicense agreement, and (ii) require such sublicensee to comply with terms that are not inconsistent with the terms of this Agreement.

AspenTech shall, at its own expense, use commercially reasonable efforts to investigate each instance of a material breach of any Sublicense Agreement that AspenTech learns of and enforce the terms and conditions of each such Sublicense Agreement. In the event any such sublicensee breaches a Sublicense Agreement and such breach has an IP Material Adverse Effect, AspenTech shall promptly notify Honeywell in writing and provide reasonably sufficient information for Honeywell to assess the breach and AspenTech's resolution thereof.

2.4 DELIVERY; RETENTION. Without limiting and subject to AspenTech's delivery obligations under the Purchase Agreement, AspenTech shall be entitled to retain copies of the Hyprotech Property, Operator Training Property, and MUSIC Product in its possession immediately prior to the Effective Date, PROVIDED THAT upon termination of the license set forth in Section 2.1(c), at Honeywell's sole discretion and option, AspenTech shall (A) promptly deliver to Honeywell all copies of the Operator Training Property that is in tangible form including without limitation any materials embodying or containing the Operator Training Property, or (B) destroy the Operator Training Property and furnish Honeywell with a certificate signed by an executive officer of AspenTech certifying as to its destruction.

2.5 OWNERSHIP.

a. AspenTech acknowledges that Honeywell is the owner of all rights, title and interest in and to the Licensed IP and Licensed Property worldwide other than AspenTech's

rights hereunder solely as a licensee. Nothing herein shall be construed to establish or evidence ownership by AspenTech of any Licensed IP or Licensed Property, in whole or in part. AspenTech shall not obtain or claim any ownership or other interest in the Licensed Property or Licensed IP, or any portion thereof, other than the non-exclusive licenses set forth herein. AspenTech shall take no steps to challenge Honeywell's ownership of the Licensed Property and the Licensed IP, or the validity or enforceability of the Licensed Property and the Licensed IP.

b. AspenTech shall not obscure, alter, or remove any patent, copyright, trademark, or service marking or legend contained on or in any Licensed Property.

c. AspenTech shall promptly report to Honeywell any actual or suspected violation of this Section 2.5 by an AspenTech Related Party that has an IP Material Adverse Effect or by any other Third Party, and shall cooperate with Honeywell and take such further steps as may reasonably be requested by Honeywell, at Honeywell's expense, to prevent or remedy any such violation.

2.6 NO WARRANTY. LICENSOR PROVIDES THE LICENSED PROPERTY AND LICENSED IP ON AN "AS IS" BASIS WITHOUT WARRANTY OF ANY KIND. LICENSOR EXPRESSLY DISCLAIMS ALL WARRANTIES AND CONDITIONS, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE LICENSED PROPERTY AND LICENSED IP, INCLUDING ALL IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY, NONINFRINGEMENT, TITLE AND FITNESS FOR A PARTICULAR PURPOSE, OR ARISING OUT OF A COURSE OF DEALING, USAGE OR TRADE PRACTICE. LICENSOR SPECIFICALLY DISCLAIMS ANY WARRANTY THAT THE FUNCTIONS CONTAINED IN THE IT PROPERTY WILL MEET ASPENTECH'S REQUIREMENTS OR WILL OPERATE IN COMBINATIONS OR IN A MANNER SELECTED FOR USE BY ASPENTECH, OR THAT THE OPERATION OF ANY LICENSED PROPERTY WILL BE UNINTERRUPTED OR ERROR FREE.

3. ENFORCEMENT

3.1 HONEYWELL'S EXCLUSIVE RIGHT OF ENFORCEMENT. AspenTech shall notify Honeywell of any actual or suspected infringement or unauthorized use of any Licensed Property and Licensed IP by a AspenTech Related Party that has an IP Material Adverse Effect or by any other Third Party within thirty (30) days after becoming aware of such actual or suspected infringement or unauthorized use. Honeywell shall continue to have at all times the sole and exclusive right, but not the obligation, to take whatever lawful steps it deems necessary or desirable to enforce the Licensed Property and Licensed IP against infringing Third Parties, including the filing and prosecution of litigation, and AspenTech shall reasonably cooperate in such action at Honeywell's expense. AspenTech shall take no steps to enforce the Licensed Property and Licensed IP without Honeywell's prior written consent.

4. PAYMENTS

4.1 NO PAYMENT. Neither Party shall have any obligation to make any payment of any kind to the other Party under this Agreement or otherwise with respect to the rights and licenses set forth hereunder.

4.2 TAXES. AspenTech agrees to bear and be responsible for the payment of all taxes, levies, and assessments imposed on AspenTech and arising out of this Agreement (excluding any tax based upon Honeywell's net income).

5. ADDITIONAL COVENANTS

5.1 CONFIDENTIALITY OF SOURCE CODE. Without limiting the rights and licenses set forth in this Agreement, each Party agrees that, for a period of fifteen (15) years from the Effective Date, it shall not disclose, or allow the disclosure of, the Hyprotech Products, Operator Training Products, or MUSIC Product in Source Code Form of any portion thereof to any person or entity (including, without limitation, any employee, agent or contractor of such Party), except (a) pursuant to a written confidentiality agreement that prohibits the recipient from disclosing such source code to any third party without the express written consent of the disclosing party and (b) if such consent is given, each Party shall require in writing that any further disclosure by the recipient is made only pursuant to a written confidentiality agreement that is no less protective of the Hyprotech Products, Operator Training Products, or MUSIC Products in Source Code Form than this Section 5.1, PROVIDED THAT Honeywell's foregoing obligations with regard to the Operator Training Products shall terminate upon the expiration of the OTS Term.

5.2 OTHER CONFIDENTIAL LICENSED PROPERTY. Without limiting and in addition to the rights and obligations under Section 5.1, AspenTech agrees that, for a period of ten (10) years from the Effective Date, AspenTech shall not disclose any Confidential Licensed Property to any person or entity (other than employees of AspenTech), except (a) pursuant to a written confidentiality agreement that prohibits the recipient from disclosing such confidential information to any third party without the express written consent of AspenTech and (b) if such consent is given, AspenTech shall require in writing that any further disclosure by the recipient is made only pursuant to a written confidentiality agreement that is no less protective of the confidential information than this Section 5.2. The obligations of AspenTech specified in this Section 5.2 shall not apply, and AspenTech shall have no further obligations, with respect to any Confidential Licensed Property to the extent that such Confidential Licensed Property is (i) generally known to the public at the time of disclosure; (ii) becomes generally known without AspenTech or its Affiliates violating any confidentiality obligations owed to Honeywell; or (iii) is disclosed by Honeywell to a third party without any obligation of confidentiality. Nothing in this Section 5.2 shall limit AspenTech's obligation of confidentiality as set forth in Section 5.1.

5.3 LIMITATION. Notwithstanding anything contained in Section 5.1 or 5.2 to the contrary, neither Section 5.1 nor 5.2 shall prohibit a Party from disclosing any information subject thereto to the extent required in order for such Party to comply with applicable laws and regulations or legal or administrative processes or otherwise as required in order to protect or enforce such Party's rights or to perform such Party's obligations under this Agreement, the Ancillary Agreements or in connection with tax or other regulatory filings, litigation or financial

reporting purposes. In the event that either Party is requested or required by a Governmental Entity (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the information subject to Section 5.1 or 5.2, it is agreed that the Party will provide the other Party with prompt notice of each such request so that the other Party may seek an appropriate protective order or other appropriate remedy and the notifying Party will reasonably cooperate with the other Party, at the other Party's expense, to obtain such protective order or other remedy. In the event that such protective order or other remedy is not sought or obtained within a reasonable time under the circumstances, the notifying Party may furnish only that portion of the information which it is legally compelled to disclose or advised by legal counsel to disclose and will use its commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any information so furnished.

5.4 ADDITIONAL COVENANTS. Neither Party shall at any time make the Licensed Property or Licensed IP or any portion thereof available to third parties pursuant to the GNU General Public License or any similar "open source code" license or otherwise as freeware, shareware or on any other unrestricted basis.

5.5 TECHNICAL ASSISTANCE. For purposes of clarity, neither Party is obligated to provide any consulting or technical assistance to the other Party except as otherwise expressly provided in the Software Support Agreement.

6. LIABILITY

6.1 EXCEPT FOR LIABILITIES WHICH ARE THE RESPONSIBILITY OF ASPENTECH ARISING FROM A BREACH BY ASPENTECH OF SECTIONS 2.1, 2.2, 2.3, 2.5(a), 5.1, 5.2, AND 5.3, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON OR ENTITY FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, STATUTORY OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF DATA OR LOSS OF USE DAMAGES) ARISING OUT OF THIS AGREEMENT OR THE RIGHTS OR LICENSES SET FORTH HEREUNDER, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES.

7. TERM

7.1 TERM. The term of this Agreement shall begin as of the Effective Date and shall remain in effect, with respect to each item of Licensed IP, for the entire duration of such item of Licensed IP.

7.2 SURVIVAL. The terms and conditions of the following Articles and Sections will survive termination or expiration of this Agreement for any reason: Sections 2.1, 2.2, 2.3, 2.5(a), 2.6, 5.1, 5.2, 5.3, 5.4, 6.1, this 7.2, and Article 8. In addition, the termination or expiration of this Agreement shall not relieve any party of any liability that accrued prior to such termination or expiration or any losses from any willful breach. Except as expressly provided in this Section 7.2, all other provisions of this Agreement shall terminate upon the expiration or termination hereof.

8. MISCELLANEOUS

8.1 NO THIRD PARTY BENEFICIARIES. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective permitted successors and permitted assigns.

8.2 ACTION TO BE TAKEN BY AFFILIATES; GUARANTEE. AspenTech shall ensure and guarantee that each Affiliate to whom AspenTech sublicenses rights in the Licensed Property or Licensed IP after the date hereof uses it in a manner that is consistent with the terms of this Agreement. Any failure of any such Affiliate to comply with the provisions of this Agreement relating to the Licensed Property or the Licensed IP shall be deemed to constitute a breach of this Agreement by AspenTech. AspenTech hereby guarantees the obligations of its Affiliates under this Agreement that may arise as a result of any breach of this Agreement by its Affiliates.

8.3 ENTIRE AGREEMENT. This Agreement (together with the Purchase Agreement, all documents referred to therein, the Ancillary Agreements and the Confidentiality Agreement) constitutes the entire agreement between AspenTech and Honeywell. These Agreements supersede any prior agreements or understandings between AspenTech and Honeywell (including, without limitation, the Letter of Intent dated May 13, 2004 by and between AspenTech and Honeywell), whether written or oral, with respect to the subject matter covered by such agreements, other than the Confidentiality Agreement.

8.4 SUCCESSION AND ASSIGNMENT. The licenses set forth in this Agreement are personal to AspenTech and, except as expressly provided herein, AspenTech may not assign or sublicense this Agreement, or any of its rights herein, or delegate any of its obligations hereunder, without the prior written approval of Honeywell. Notwithstanding the foregoing, AspenTech may assign all, but not less than all, of its rights under this Agreement to (a) any Affiliate of AspenTech, PROVIDED THAT such assignment will not relieve AspenTech of any obligation or duty hereunder if not performed by such Affiliate and AspenTech shall guarantee the performance by such Affiliate, and (b) a successor to all or substantially

all of that portion of its business to which this Agreement relates, in each case, without the prior consent of Honeywell. Any permitted assignee shall be bound to the provisions of this Agreement. Honeywell may assign this Agreement and any of its rights herein, or delegate any of its obligations hereunder, without the prior written approval of AspenTech, provided that any such assignee assumes all of Honeywell's rights and obligations hereunder. Any attempted assignment in violation of this provision shall be void ab initio and of no force and effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns.

8.5 NOTICES. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

IF TO HONEYWELL:	COPY TO:
Telecopy:	Telecopy:
Attention:	Attention:
IF TO ASPENTECH:	COPY TO:
Aspen Technology, Inc. Ten Canal Park Cambridge, MA 02141 Telecopy: (617) 949-1717 Attention: General Counsel	Wilmer Cutler Pickering Hale and Dorr LLP 60 State Street Boston, MA 02109 Telecopy: (617) 526-5000 Attention: Mark L. Johnson, Esq.

Any Party may give any notice, request, demand, claim or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the Party for whom it is intended. Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

8.6 AMENDMENTS AND WAIVERS. The Parties may mutually amend or waive any provision of this Agreement at any time. No amendment or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.7 SEVERABILITY. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the body making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

8.8 EXPENSES. Except as otherwise specifically provided to the contrary in this Agreement, each of the Parties shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby

including, without limitation, any brokerage fees, commissions or finders fees in connection with the transactions contemplated by this Agreement.

8.9 SPECIFIC PERFORMANCE. (a) AspenTech acknowledges and agrees that Honeywell would be damaged irreparably in the event any of the provisions of Sections 2.1, 2.2, 2.3, 2.5(a), 2.5(c), 3, 5.1, 5.2, 5.3, and/or 5.4 of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, AspenTech agrees that Honeywell may be entitled to an injunction or injunctions to prevent breaches of, and enforce, Sections 2.1, 2.2, 2.3, 2.5(a), 2.5(c), 3, 5.1, 5.2, 5.3, and 5.4 of this Agreement in any action instituted in or before any Governmental Entity. (b) Honeywell acknowledges and agrees that AspenTech would be damaged irreparably in the event any of the provisions of Sections 5.1 and/or 5.4 of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, Honeywell agrees that AspenTech may be entitled to an injunction or injunctions to prevent breaches of, and enforce, Sections 5.1 and 5.4 of this Agreement in any action instituted in or before any Governmental Entity.

8.10 NO LIMITATION OF REMEDIES. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed as limiting any relief or remedies which Honeywell has at law or in equity for breach of this Agreement.

8.11 GOVERNING LAW. This Agreement and any disputes hereunder shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

8.12 SUBMISSION TO JURISDICTION. Each Party (a) submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of such action or proceeding may be heard and determined only in any such court, (c) waives any claim of inconvenient forum or other challenge to venue in such court, and (d) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each Party agrees to accept service of any summons, complaint, or other initial pleading made in the manner provided for the giving of notices in Section 8.5. Nothing in this Section 8.11 however, shall affect the right of any Party to serve such summons, complaint, or initial pleading in any other manner permitted by law.

8.13 CONSTRUCTION.

a. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

b. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

c. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

d. Any reference herein to an Article, section, or clause shall be deemed to refer to an Article, section, or clause of this Agreement, unless the context clearly indicates otherwise.

e. All references to "$", "Dollars" or "US$" refer to currency of the United States of America.

8.14 WAIVER OF JURY TRIAL. To the extent permitted by applicable law, each Party hereby irrevocably waives all rights to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of any Party in the negotiation, administration, performance and enforcement of this Agreement.

8.15 INCORPORATION OF EXHIBITS. The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

8.16 COUNTERPARTS AND FACSIMILE SIGNATURE. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

8.16 EXPORT. AspenTech shall comply with all applicable export laws and regulations of all jurisdictions with respect to the Licensed Property and obtain, at its own expense, any required permits or export clearances.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

ASPEN TECHNOLOGY, INC.

By: /s/Charles F. Kane

Name: Charles F. Kane

Title: Interim CEO and CFO

HONEYWELL INTERNATIONAL INC.:

By: /s/John Ethier

Name: John Ethier

Title: Vice President/Chief Financial Officer

[SIGNATURE PAGE TO LICENSE AGREEMENT]

Exhibit 10.4

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

ASPENTECH CANADA LICENSE AGREEMENT

THIS HYPROTECH LICENSE AGREEMENT (the "AGREEMENT") is made and entered into as of this 23rd day of December, 2004 (the "EFFECTIVE DATE"), by and between AspenTech Canada Ltd., a corporation organized under the laws of Alberta, Canada ("ASPENTECH"), and Honeywell Limited-Honeywell Limitee, a Canadian company ("HONEYWELL"). AspenTech and Honeywell are each referred to herein as a "PARTY" and collectively as the "PARTIES." All capitalized terms that are not otherwise defined herein shall have the respective meanings ascribed to such terms in the Purchase and Sale Agreement dated as of October 6, 2004 by and among AspenTech, certain of its affiliates, and Honeywell (the "PURCHASE AGREEMENT").

WHEREAS, AspenTech and Honeywell have entered into the Purchase Agreement pursuant to which AspenTech has agreed, subject to the terms and conditions set forth therein, to transfer to Honeywell all of its right, title and interest in and to certain Engineering Software Assets, including the Assigned Intellectual Property, effective as of the Closing Date subject to the non-exclusive licenses set forth in this Agreement; and

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, AspenTech desires to retain certain rights and licenses with respect to IT Property and Assigned Intellectual Property as set forth herein.

NOW THEREFORE, in consideration of the mutual agreements and covenants set forth herein, Honeywell and AspenTech hereby agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

1.1 "ASPENTECH RELATED PARTY" means (a) any sublicensee, customer, distributor, reseller, OEM, joint venturer, partner, agent or direct or indirect sales channels of AspenTech, any of its Affiliates, or any of the foregoing parties, or (b) any other person or entity with which AspenTech or any of its Affiliates has a continuing business relationship; PROVIDED, HOWEVER, that the following persons and entities shall not be considered to be AspenTech Related Parties: (i) [**] and its successors or assigns, and (ii) for purposes of the [**].

1.2 "CONFIDENTIAL LICENSED PROPERTY" means Licensed Property that AspenTech or its Affiliates treated as confidential as of the Effective Date.

1.3 "EXISTING OTS CONTRACTS" means (a) each Retained AspenTech Contract (as defined in the Subcontract Agreement), (b) each Assigned Contract for which customer consent for assignment is not obtained until such time as such customer consent has been obtained, (c) each contract set forth on Schedule 1.1(b)(ii) to the Purchase Agreement (other than Multi-Product Agreements) and (d) any change orders to any of the foregoing agreements made in the ordinary course consistent with AspenTech's past practice.

1.4 "HYPROTECH PROPERTY" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all IT Property other than the Operator Training Property and the MUSIC Product. For purpose of clarity, the Hyprotech Property includes, without limitation, the Hyprotech Products and Genesis Project Materials.

1.5 "HYPROTECH IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied

in the IT Property (including, without limitation, the Hyprotech Property), exclusive of the Operator Training IP and the MUSIC IP.

1.6 "IP MATERIAL ADVERSE EFFECT" means any material breach or violation by an AspenTech Related Party of a Sublicense Agreement (as defined in Section 2.3 below) or an infringement or misappropriation by an AspenTech Related Party of the Licensed Property and/or Licensed IP that, in AspenTech's reasonable judgment, gives rise to: (i) a threat of abandonment of, or (ii) an impingement upon the validity or enforceability of, in each case, any item of Licensed Property and/or Licensed IP.

1.7 "INTELLECTUAL PROPERTY" means all (a) registered and unregistered statutory and common law copyrights, whether published or unpublished, works of authorship, and all registrations, applications for registration, and renewals thereof, (b) trade secrets, know-how, confidential information, processes and formulas, (c) patents and patent applications, invention disclosures, industrial or utility models, and inventors certificates throughout the world and all inventions contained therein, all provisional, divisional, continuation, continuation-in-part, or substitute applications based on the foregoing, any patents that shall issue on any of the foregoing or on any improvements, reissues, or reexaminations thereof, and patents and patent applications, including, without limitation, to patents of importation, improvement, or addition, utility models, and inventors certificates, corresponding in whole or in part to any of the above-described patent and patent applications that are issued, filed, or to be filed in any and all countries, and any patents that shall subsequently issue therefrom including any renewals, divisions, reissues, continuations, or extensions thereof, (d) data rights and information, and (e)

other intellectual property and proprietary rights whether patented or unpatented, or registered or unregistered.

1.8 "LICENSED IP" means the Operator Training IP, MUSIC IP, and the Hyprotech IP.

1.9 "LICENSED PROPERTY" means the Operator Training Property, MUSIC Product and Hyprotech Property.

1.10 "MAJOR PRODUCT LINE" means the Licensed Property that comprises or relates primarily to each of the following five product families: (i) HYSYS and related options and extensions, including ComThermo, (ii) Batch processing products (i.e., BDK), (iii) Heat exchanger products (i.e., TASC, ACOL, APLE, FIHR, etc.), (iv) Conceptual engineering products (i.e. HX-NET, Distil), and (v) Hydraulics (i.e., all the ProFES and related products).

1.11 "MAJOR PRODUCT LINE IP" means the Licensed IP in and to each Major Product Line.

1.12 "MAJOR PRODUCT LINE ACQUIRER" means an acquirer of all or substantially all of the business of AspenTech and its Affiliates that relates to any Major Product Line.

1.13 "MUSIC IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the MUSIC Product.

1.14 "MUSIC PRODUCT" means all of AspenTech's right, title and interest (immediately prior to Closing) in and to the (a) computer programs (including code in source code, object code and executable forms), interfaces, tools (including, without limitation, internal development and migration tools), development environments, flow charts, libraries, modules, add-ons, patches, bug fixes, object libraries, test programs, regression test software, proprietary programming languages, enhancements, customizations, scripts, utilities, databases, data and algorithms constituting or embodied in the Assigned Products known as "MUSIC", and the interfaces, programs and modules related thereto that are set forth in Schedule 1.1(a)(i)(B) of the Purchase Agreement; and (b)

Documentation and Records for the MUSIC product.

1.15 "OBJECT CODE FORM" means a form of software code resulting from the translation or processing of software in Source Code Form by a computer into machine language or intermediate code or other executable code, which thus is in a form that would not be convenient to human understanding of the program.

1.16 "OPERATOR TRAINING IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the Operator Training Property, excluding the MUSIC IP.

1.17 "OPERATOR TRAINING PROPERTY" means all of AspenTech's right, title and interest (immediately prior to Closing) in and to the (a) Operator Training Products and the (b) Documentation and Records related solely to the Operator Training Products, excluding in all cases the MUSIC Product.

1.18 "OTS FIELD OF USE" means the provision of Restricted Services.

1.19 "OTS TERM" means the period starting as of the Effective Date and ending upon the expiration or termination of all obligations of AspenTech and its Affiliates under all of the Existing OTS Contracts.

1.20 "SOFTWARE SUPPORT AGREEMENT" means the agreement entered into by the Parties simultaneously herewith and entitled the Software Support Agreement.

1.21 "SOURCE CODE FORM" means a form of software code in which a computer program's logic is easily deduced by a human being with skill in the art.

1.22 "SUBCONTRACT AGREEMENT" means the Subcontract Agreement entered into by the Parties simultaneously herewith.

1.23 "THIRD PARTY" means a person or entity other than AspenTech or its Affiliates.

1.24 "THIRD-PARTY PRODUCT" means a product that is not marketed, licensed, or sold by (a) AspenTech or any of its Affiliates (or any of their respective permitted assignees or permitted successors), distributors, resellers, OEMs, agents, or other indirect sales channels of any of the foregoing persons or entities, or (b) a joint venture or partnership of AspenTech, or other Third Party with which AspenTech or any of its Affiliates has a continuing business relationship for the development, marketing, sales, or distribution of such product.

2. LICENSE

2.1 LICENSED RIGHTS.

a. GENERAL LICENSE TO HYPROTECH IP. AspenTech retains under the Hyprotech IP and the Hyprotech Property a worldwide, non-exclusive, royalty-free, perpetual, irrevocable right and license, with the right to sublicense solely as set forth in Sections 2.2 and 2.3 below

(provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), (A) to make, have made, use, have used, sell, have sold, offer to sell, and import any product or provide any service covered by the Hyprotech IP and exercise any other rights in the Hyprotech IP in connection therewith, and (B) to copy, modify, enhance, prepare derivative works of, improve, maintain, support, develop, demonstrate, promote, distribute and transmit the Hyprotech Property (in Source Code Form, Object Code Form or any other applicable form) and any derivative work thereof, in each case, for any purpose.

b. FIELD LICENSE TO MUSIC. AspenTech retains under the MUSIC Product and MUSIC IP, a worldwide, non-exclusive, royalty-free, perpetual, irrevocable right and license, with the right to sublicense solely as set forth in Sections 2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), (A) to make, have made, use, have used, sell, have sold, offer to sell, and import any product or provide service covered by the MUSIC IP and exercise any other rights in the MUSIC IP in connection therewith, in each case, solely outside of the OTS Field of Use, and (B) to copy, modify, enhance, prepare derivative works of, improve, maintain, support, develop, demonstrate, promote, distribute and transmit the MUSIC Product (in Source Code Form, Object Code Form or any other applicable form) and any derivative work thereof, in each case, solely for use outside of the OTS Field of Use.

c. PROJECT LICENSE TO OPERATOR TRAINING PRODUCTS. During the OTS Term, AspenTech retains under the Operator Training IP and Operator Training Property, a worldwide, non-exclusive, royalty-free right and license, with the right to sublicense, solely as set forth in Sections 2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), to exercise any rights in the Operator Training IP and the Operator Training Property (in Source Code Form, Object Code Form or any other applicable form) solely in connection with performing the Existing OTS Contracts which Existing OTS Contracts shall not be renewed and shall not be amended (other than change orders made in the ordinary course of business consistent with AspenTech's past practice). The rights and licenses set forth in this Section 2.1(c) shall terminate upon the termination of the OTS Term.

d. NO UPDATES. For avoidance of doubt, the licenses set forth in this Section 2.1 are limited to the Licensed Property and Licensed IP existing as of the Effective Date and do not include products relating thereto or Intellectual Property therein that are, in each case, developed by or for Honeywell after the Effective Date.

e. DISCLOSURE. Subject to the terms of this Agreement, the rights and licenses set forth in Sections 2.1(a) and (b) and 2.2 include the right to disclose the Source Code Form of

the applicable Licensed Property, PROVIDED THAT such disclosure is in accordance with the obligations and restrictions set forth in Sections 2.2 and 2.3 of this Agreement and the confidentiality obligations and restrictions set forth in Section 5.1, 5.2, and 5.4 of this Agreement.

f. IRREVOCABILITY. Notwithstanding anything to the contrary in this Agreement or otherwise, the rights and licenses set forth under Sections 2.1(a), 2.1(b) and 2.2 hereof shall be irrevocable and non-terminable, and such rights and licenses shall survive and shall remain irrevocable and non-terminable regardless of any breach or termination of this Agreement for any reason.

2.2 SUBLICENSING. AspenTech shall have the right to grant licenses and/or sublicenses (with the rights of the licensees and/or sublicensees to grant further sublicenses) of any of the rights and licenses set forth in Sections 2.1(a), 2.1(b) or 2.1(c); PROVIDED, HOWEVER, that AspenTech shall not have the right to grant to any Third Party (a) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form that authorizes or grants rights to such Third Party to further sublicense such Hyprotech Products or MUSIC Products in Source Code Form; (b) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form or Object Code Form that authorizes or grants rights to such Third Party to incorporate or bundle (in whole or in part) such Hyprotech Products or MUSIC Products in Source Code Form or Object Code Form into a Third-Party Product for purposes of the distribution or sale of such Third-Party Product; or (c) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form that authorizes or grants rights to such Third Party to use (in whole or in part)

such Hyprotech Products or MUSIC Products in Source Code Form in a Third-Party Product for purposes of the distribution or sale of such Third Party Product; PROVIDED FURTHER THAT AspenTech shall not have the right to grant to any Third Party a sublicense of the Operator Training Products in Source Code Form, except in connection with the performance of the Existing OTS Contracts. Notwithstanding the limitations set forth in this Section 2.2, AspenTech shall have the right to grant to any Major Product Line Acquirer a worldwide, perpetual, irrevocable, sole and exclusive right and sublicense under all of the applicable rights and licenses set forth in Sections 2.1(a) and/or 2.1(b) (with the rights of such Major Product Line Acquirer to grant further sublicenses) with respect to the Major Product Line IP for the Major Product Line acquired by such Major Product Line Acquirer (each, a "MAJOR PRODUCT LINE SUBLICENSE"). For avoidance of doubt, any sublicense by the Major Product Line Acquirer of the Major Product Line IP to AspenTech or its Affiliates shall be subject to the restrictions set forth herein on sublicensing to Third Parties as if AspenTech and its Affiliates were Third Parties.

2.3 SUBLICENSES. Without limiting the terms and conditions of Section 2.2, AspenTech shall only grant sublicenses under the Licensed IP or Licensed Property pursuant to written sublicense agreements ("SUBLICENSE AGREEMENTS"). Further:

a. In any Sublicense Agreement that includes a sublicense to the Source Code Form of the software included in the Licensed Property, such Sublicense Agreement shall (i) prohibit the sublicensee from making such software in Source Code Form or any portion thereof available to third parties pursuant to the GNU General Public License or any similar "open source code" license or otherwise as freeware, shareware or on any other unrestricted basis, and (ii) requires such sublicensee to maintain the confidentiality of such software in Source Code Form and not to disclose such source code to any third party, other than employees and consultants of such sublicensee that have entered into written agreements that protect the confidentiality of such source code; and

b. In any Sublicense Agreement that includes a sublicense to the Object Code Form (but not the Source Code Form) of the software included in the Licensed Property, such Sublicense Agreement shall prohibit the sublicensee from reverse engineering, decompiling, or disassembling the Object Code Form of any such sublicensed software; and

c. In any Sublicense Agreement that includes a sublicense to any software included in the Licensed Property (whether in Source Code Form or Object Code Form), such Sublicense Agreement shall (i) except in the case of a Major Product Line Sublicense, require the return or destruction of all of such sublicensed software after the termination of the applicable sublicense agreement, and (ii) require such sublicensee to comply with terms that are not inconsistent with the terms of this Agreement.

AspenTech shall, at its own expense, use commercially reasonable efforts to investigate each instance of a material breach of any Sublicense Agreement that AspenTech learns of and enforce the terms and conditions of each such Sublicense Agreement. In the event any such sublicensee breaches a Sublicense Agreement and such breach has an IP Material Adverse Effect, AspenTech shall promptly notify Honeywell in writing and provide reasonably sufficient information for Honeywell to assess the breach and AspenTech's resolution thereof.

2.4 DELIVERY; RETENTION. Without limiting and subject to AspenTech's delivery obligations under the Purchase Agreement, AspenTech shall be entitled to retain copies of the Hyprotech Property, Operator Training Property, and MUSIC Product in its possession immediately prior to the Effective Date, PROVIDED THAT upon termination of the license set forth in Section 2.1(c), at Honeywell's sole discretion and option, AspenTech shall (A) promptly deliver to Honeywell all copies of the Operator Training Property that is in tangible form including without limitation any materials embodying or containing the Operator Training Property, or (B)

destroy the Operator Training Property and furnish Honeywell with a certificate signed by an executive officer of AspenTech certifying as to its destruction.

2.5 OWNERSHIP.

a. AspenTech acknowledges that Honeywell is the owner of all rights, title and interest in and to the Licensed IP and Licensed Property worldwide other than AspenTech's rights hereunder solely as a licensee. Nothing herein shall be construed to establish or evidence ownership by AspenTech of any Licensed IP or Licensed Property, in whole or in part. AspenTech shall not obtain or claim any ownership or other interest in the Licensed Property or Licensed IP, or any portion thereof, other than the non-exclusive licenses set forth herein. AspenTech shall take no steps to challenge Honeywell's ownership of the Licensed Property and the Licensed IP, or the validity or enforceability of the Licensed Property and the Licensed IP.

b. AspenTech shall not obscure, alter, or remove any patent, copyright, trademark, or service marking or legend contained on or in any Licensed Property.

c. AspenTech shall promptly report to Honeywell any actual or suspected violation of this Section 2.5 by an AspenTech Related Party that has an IP Material Adverse Effect or by any other Third Party, and shall cooperate with Honeywell and take such further steps as may reasonably be requested by Honeywell, at Honeywell's expense, to prevent or remedy any such violation.

2.6 NO WARRANTY. LICENSOR PROVIDES THE LICENSED PROPERTY AND LICENSED IP ON AN "AS IS" BASIS WITHOUT WARRANTY OF ANY KIND. LICENSOR EXPRESSLY DISCLAIMS ALL WARRANTIES AND CONDITIONS, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE LICENSED PROPERTY AND LICENSED IP, INCLUDING ALL IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY, NONINFRINGEMENT, TITLE AND FITNESS FOR A PARTICULAR PURPOSE, OR ARISING OUT OF A COURSE OF DEALING, USAGE OR TRADE PRACTICE. LICENSOR SPECIFICALLY DISCLAIMS ANY WARRANTY THAT THE FUNCTIONS CONTAINED IN THE IT PROPERTY WILL MEET ASPENTECH'S REQUIREMENTS OR WILL OPERATE IN COMBINATIONS OR IN A MANNER SELECTED FOR USE BY ASPENTECH, OR THAT THE OPERATION OF ANY LICENSED PROPERTY WILL BE UNINTERRUPTED OR ERROR FREE.

3. ENFORCEMENT

3.1 HONEYWELL'S EXCLUSIVE RIGHT OF ENFORCEMENT. AspenTech shall notify Honeywell of any actual or suspected infringement or unauthorized use of any Licensed Property and

Licensed IP by a AspenTech Related Party that has an IP Material Adverse Effect or by any other Third Party within thirty (30) days after becoming aware of such actual or suspected infringement or unauthorized use. Honeywell shall continue to have at all times the sole and exclusive right, but not the obligation, to take whatever lawful steps it deems necessary or desirable to enforce the Licensed Property and Licensed IP against infringing Third Parties, including the filing and prosecution of litigation, and AspenTech shall reasonably cooperate in such action at Honeywell's expense. AspenTech shall take no steps to enforce the Licensed Property and Licensed IP without Honeywell's prior written consent.

4. PAYMENTS

4.1 NO PAYMENT. Neither Party shall have any obligation to make any payment of any kind to the other Party under this Agreement or otherwise with respect to the rights and licenses set forth hereunder.

4.2 TAXES. AspenTech agrees to bear and be responsible for the payment of

all taxes, levies, and assessments imposed on AspenTech and arising out of this Agreement (excluding any tax based upon Honeywell's net income).

5. ADDITIONAL COVENANTS

5.1 CONFIDENTIALITY OF SOURCE CODE. Without limiting the rights and licenses set forth in this Agreement, each Party agrees that, for a period of fifteen (15) years from the Effective Date, it shall not disclose, or allow the disclosure of, the Hyprotech Products, Operator Training Products, or MUSIC Product in Source Code Form of any portion thereof to any person or entity (including, without limitation, any employee, agent or contractor of such Party), except (a) pursuant to a written confidentiality agreement that prohibits the recipient from disclosing such source code to any third party without the express written consent of the disclosing party and (b) if such consent is given, each Party shall require in writing that any further disclosure by the recipient is made only pursuant to a written confidentiality agreement that is no less protective of the Hyprotech Products, Operator Training Products, or MUSIC Products in Source Code Form than this Section 5.1, PROVIDED THAT Honeywell's foregoing obligations with regard to the Operator Training Products shall terminate upon the expiration of the OTS Term.

5.2 OTHER CONFIDENTIAL LICENSED PROPERTY. Without limiting and in addition to the rights and obligations under Section 5.1, AspenTech agrees that, for a period of ten (10) years from the Effective Date, AspenTech shall not disclose any Confidential Licensed Property to any person or entity (other than employees of AspenTech), except (a) pursuant to a written confidentiality agreement that prohibits the recipient from disclosing such confidential information to any third party without the express written consent of AspenTech and (b) if such

consent is given, AspenTech shall require in writing that any further disclosure by the recipient is made only pursuant to a written confidentiality agreement that is no less protective of the confidential information than this Section 5.2. The obligations of AspenTech specified in this Section 5.2 shall not apply, and AspenTech shall have no further obligations, with respect to any Confidential Licensed Property to the extent that such Confidential Licensed Property is (i) generally known to the public at the time of disclosure; (ii) becomes generally known without AspenTech or its Affiliates violating any confidentiality obligations owed to Honeywell; or (iii) is disclosed by Honeywell to a third party without any obligation of confidentiality. Nothing in this Section 5.2 shall limit AspenTech's obligation of confidentiality as set forth in Section 5.1.

5.3 LIMITATION. Notwithstanding anything contained in Section 5.1 or 5.2 to the contrary, neither Section 5.1 nor 5.2 shall prohibit a Party from disclosing any information subject thereto to the extent required in order for such Party to comply with applicable laws and regulations or legal or administrative processes or otherwise as required in order to protect or enforce such Party's rights or to perform such Party's obligations under this Agreement, the Ancillary Agreements or in connection with tax or other regulatory filings, litigation or financial reporting purposes. In the event that either Party is requested or required by a Governmental Entity (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the information subject to Section 5.1 or 5.2, it is agreed that the Party will provide the other Party with prompt notice of each such request so that the other Party may seek an appropriate protective order or other appropriate remedy and the notifying Party will reasonably cooperate with the other Party, at the other Party's expense, to obtain such protective order or other remedy. In the event that such protective order or other remedy is not sought or obtained within a reasonable time under the circumstances, the notifying Party may furnish only that portion of the information which it is legally compelled to disclose or advised by legal counsel to disclose and will use its commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any information so furnished.

5.4 ADDITIONAL COVENANTS. Neither Party shall at any time make the Licensed Property or Licensed IP or any portion thereof available to third parties pursuant to the GNU General Public License or any similar "open source code" license or otherwise as freeware, shareware or on any other unrestricted basis.

5.5 TECHNICAL ASSISTANCE. For purposes of clarity, neither Party is obligated to provide any consulting or technical assistance to the other Party except as otherwise expressly provided in the Software Support Agreement.

6. LIABILITY

6.1 EXCEPT FOR LIABILITIES WHICH ARE THE RESPONSIBILITY OF ASPENTECH ARISING FROM A BREACH BY ASPENTECH OF SECTIONS 2.1, 2.2, 2.3, 2.5(a), 5.1, 5.2, AND 5.3, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON OR ENTITY FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, STATUTORY OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF DATA OR LOSS OF USE DAMAGES) ARISING OUT OF THIS AGREEMENT OR THE RIGHTS OR LICENSES SET FORTH HEREUNDER, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES.

7. TERM

7.1 TERM. The term of this Agreement shall begin as of the Effective Date and shall remain in effect, with respect to each item of Licensed IP, for the entire duration of such item of Licensed IP.

7.2 SURVIVAL. The terms and conditions of the following Articles and Sections will survive termination or expiration of this Agreement for any reason: Sections 2.1, 2.2, 2.3, 2.5(a), 2.6, 5.1, 5.2, 5.3, 5.4, 6.1, this 7.2, and Article 8. In addition, the termination or expiration of this Agreement shall not relieve any party of any liability that accrued prior to such termination or expiration or any losses from any willful breach. Except as expressly provided in this Section 7.2, all other provisions of this Agreement shall terminate upon the expiration or termination hereof.

8. MISCELLANEOUS

8.1 NO THIRD PARTY BENEFICIARIES. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective permitted successors and permitted assigns.

8.2 ACTION TO BE TAKEN BY AFFILIATES; PARENT GUARANTEE. AspenTech shall ensure and guarantee that each Affiliate to whom AspenTech sublicenses rights in the Licensed Property or Licensed IP after the date hereof uses it in a manner that is consistent with the terms of this Agreement. Any failure of any such Affiliate to comply with the provisions of this Agreement relating to the Licensed Property or the Licensed IP shall be deemed to constitute a breach of this Agreement by AspenTech. Aspen Technology, Inc. ("PARENT") hereby guarantees the obligations of AspenTech and its Affiliates under this Agreement that may arise as a result of any breach of this Agreement by AspenTech or its Affiliates.

8.3 ENTIRE AGREEMENT. This Agreement (together with the Purchase Agreement, all documents referred to therein, the Ancillary Agreements and the Confidentiality Agreement) constitutes the entire agreement between AspenTech and Honeywell. These Agreements supersede any prior agreements or understandings between AspenTech and Honeywell (including, without limitation, the Letter of Intent dated May 13, 2004 by and between Parent and Honeywell), whether written or oral, with respect to the subject matter covered by such agreements, other than the Confidentiality Agreement.

8.4 SUCCESSION AND ASSIGNMENT. The licenses set forth in this Agreement are personal to AspenTech and, except as expressly provided herein, AspenTech may not assign or sublicense this Agreement, or any of its rights herein, or delegate any of its obligations hereunder, without the prior written approval of Honeywell. Notwithstanding the foregoing, AspenTech may assign all, but not less than all, of its rights under this Agreement to (a) any Affiliate of AspenTech, PROVIDED THAT such assignment will not relieve AspenTech of any obligation or duty hereunder if not performed by such Affiliate and AspenTech and Parent shall guarantee the performance by such Affiliate, and (b) a successor to all or substantially all of that portion of its business to which this Agreement relates, in each case, without the prior consent of Honeywell. Any permitted assignee shall be bound to the provisions of this Agreement. Honeywell may assign this Agreement and any of its rights herein, or delegate any of its obligations hereunder, without the prior written approval of AspenTech, provided that any such assignee assumes all of Honeywell's rights and obligations hereunder. Any attempted assignment in violation of this provision shall be void ab initio and of no force and effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns.

8.5 NOTICES. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

IF TO HONEYWELL:	COPY TO:
Telecopy:	Telecopy:
Attention:	Attention:
IF TO ASPENTECH:	COPY TO:
Aspen Technology, Inc. Ten Canal Park Cambridge, MA 02141 Telecopy: (617) 949-1717 Attention: General Counsel	Wilmer Cutler Pickering Hale and Dorr LLP 60 State Street Boston, MA 02109 Telecopy: (617) 526-5000 Attention: Mark L. Johnson, Esq.

Any Party may give any notice, request, demand, claim or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the Party for whom it is intended. Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

8.6 AMENDMENTS AND WAIVERS. The Parties may mutually amend or waive any provision of this Agreement at any time. No amendment or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.7 SEVERABILITY. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other

situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the body making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision, to delete specific words

or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

8.8 EXPENSES. Except as otherwise specifically provided to the contrary in this Agreement, each of the Parties shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby including, without limitation, any brokerage fees, commissions or finders fees in connection with the transactions contemplated by this Agreement.

8.9 SPECIFIC PERFORMANCE. (a) AspenTech acknowledges and agrees that Honeywell would be damaged irreparably in the event any of the provisions of Sections 2.1, 2.2, 2.3, 2.5(a), 2.5(c), 3, 5.1, 5.2, 5.3, and/or 5.4 of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, AspenTech agrees that Honeywell may be entitled to an injunction or injunctions to prevent breaches of, and enforce, Sections 2.1, 2.2, 2.3, 2.5(a), 2.5(c), 3, 5.1, 5.2, 5.3, and 5.4 of this Agreement in any action instituted in or before any Governmental Entity. (b) Honeywell acknowledges and agrees that AspenTech would be damaged irreparably in the event any of the provisions of Sections 5.1 and/or 5.4 of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, Honeywell agrees that AspenTech may be entitled to an injunction or injunctions to prevent breaches of, and enforce, Sections 5.1 and 5.4 of this Agreement in any action instituted in or before any Governmental Entity.

8.10 NO LIMITATION OF REMEDIES. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed as limiting any relief or remedies which Honeywell has at law or in equity for breach of this Agreement.

8.11 GOVERNING LAW. This Agreement and any disputes hereunder shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

8.12 SUBMISSION TO JURISDICTION. Each Party (a) submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of such action or proceeding may be heard and determined only in any such court, (c) waives any claim of inconvenient forum or other challenge to venue in such court, and (d) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each Party agrees to accept service of any summons, complaint, or other initial pleading made in the manner provided for the

giving of notices in Section 8.5. Nothing in this Section 8.11 however, shall affect the right of any Party to serve such summons, complaint, or initial pleading in any other manner permitted by law.

8.13 CONSTRUCTION.

a. The language used in this Agreement shall be deemed to be the

language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

b. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

c. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

d. Any reference herein to an Article, section, or clause shall be deemed to refer to an Article, section, or clause of this Agreement, unless the context clearly indicates otherwise.

e. All references to "$", "Dollars" or "US$" refer to currency of the United States of America.

8.14 WAIVER OF JURY TRIAL. To the extent permitted by applicable law, each Party hereby irrevocably waives all rights to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of any Party in the negotiation, administration, performance and enforcement of this Agreement.

8.15 INCORPORATION OF EXHIBITS. The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

8.16 COUNTERPARTS AND FACSIMILE SIGNATURE. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

8.16 EXPORT. AspenTech shall comply with all applicable export laws and regulations of all jurisdictions with respect to the Licensed Property and obtain, at its own expense, any required permits or export clearances.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

HONEYWELL LIMITED-HONEYWELL LIMITEE:

By: /s/John R. Ethier
Name: John R. Ethier
Title: V.P. CFO

ASPENTECH CANADA LTD.

By: /s/Stephen J. Doyle
Name: Stephen J. Doyle
Title: Director

Solely with respect to Sections 8.2 and 8.4 hereof:

ASPEN TECHNOLOGY, INC.

By: /s/Charles F. Kane

Name: Charles F. Kane

Title: Interim CEO and CFO

[SIGNATURE PAGE TO LICENSE AGREEMENT]

Exhibit 10.5

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

HYPROTECH CANADA LICENSE AGREEMENT

THIS HYPROTECH LICENSE AGREEMENT (the "AGREEMENT") is made and entered into as of this 23rd day of December, 2004 (the "EFFECTIVE DATE"), by and between Hyprotech Company, a limited liability company organized under the laws of Nova Scotia, Canada ("ASPENTECH"), and Honeywell Limited-Honeywell Limitee, Candian company ("HONEYWELL"). AspenTech and Honeywell are each referred to herein as a "PARTY" and collectively as the "PARTIES." All capitalized terms that are not otherwise defined herein shall have the respective meanings ascribed to such terms in the Purchase and Sale Agreement dated as of October 6, 2004 by and among AspenTech, certain of its affiliates, and Honeywell (the "PURCHASE AGREEMENT").

WHEREAS, AspenTech and Honeywell have entered into the Purchase Agreement pursuant to which AspenTech has agreed, subject to the terms and conditions set forth therein, to transfer to Honeywell all of its right, title and interest in and to certain Engineering Software Assets, including the Assigned Intellectual Property, effective as of the Closing Date subject to the non-exclusive licenses set forth in this Agreement; and

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, AspenTech desires to retain certain rights and licenses with respect to IT Property and Assigned Intellectual Property as set forth herein.

NOW THEREFORE, in consideration of the mutual agreements and covenants set forth herein, Honeywell and AspenTech hereby agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

1.1 "ASPENTECH RELATED PARTY" means (a) any sublicensee, customer, distributor, reseller, OEM, joint venturer, partner, agent or direct or indirect sales channels of AspenTech, any of its Affiliates, or any of the foregoing parties, or (b) any other person or entity with which AspenTech or any of its Affiliates has a continuing business relationship; PROVIDED, HOWEVER,

that the following persons and entities shall not be considered to be AspenTech Related Parties: (i) [**] and its successors or assigns, and (ii) for purposes of the [**].

1.2 "CONFIDENTIAL LICENSED PROPERTY" means Licensed Property that AspenTech or its Affiliates treated as confidential as of the Effective Date.

1.3 "EXISTING OTS CONTRACTS" means (a) each Retained AspenTech Contract (as defined in the Subcontract Agreement), (b) each Assigned Contract for which customer consent for assignment is not obtained until such time as such customer consent has been obtained, (c) each contract set forth on Schedule 1.1(b)(ii) to the Purchase Agreement (other than Multi-Product Agreements) and (d) any change orders to any of the foregoing agreements made in the ordinary course consistent with AspenTech's past practice.

1.4 "HYPROTECH PROPERTY" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all IT Property other than the Operator Training Property and the MUSIC Product. For purpose of clarity, the Hyprotech Property includes, without limitation, the Hyprotech Products and Genesis Project Materials.

1.5 "HYPROTECH IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the IT Property (including, without limitation, the Hyprotech Property), exclusive of the Operator Training IP and the MUSIC IP.

1.6 "IP MATERIAL ADVERSE EFFECT" means any material breach or violation by an AspenTech Related Party of a Sublicense Agreement (as defined in Section 2.3 below) or an infringement or misappropriation by an AspenTech Related Party of the Licensed Property and/or Licensed IP that, in AspenTech's reasonable judgment, gives rise to: (i) a threat of abandonment of, or (ii) an impingement upon the validity or enforceability of, in each case, any item of Licensed Property and/or Licensed IP.

1.7 "INTELLECTUAL PROPERTY" means all (a) registered and unregistered statutory and common law copyrights, whether published or unpublished, works of authorship, and all registrations, applications for registration, and renewals thereof, (b) trade secrets, know-how, confidential information, processes and formulas, (c) patents and patent applications, invention disclosures, industrial or utility models, and inventors certificates throughout the world and all inventions contained therein, all provisional, divisional, continuation, continuation-in-part, or substitute applications based on the foregoing, any patents that shall issue on any of the foregoing or on any improvements, reissues, or reexaminations thereof, and patents and patent applications, including, without limitation, to patents of importation, improvement, or addition, utility models, and inventors certificates, corresponding in whole or in part to any of the above-

described patent and patent applications that are issued, filed, or to be filed in any and all countries, and any patents that shall subsequently issue therefrom including any renewals, divisions, reissues, continuations, or extensions thereof, (d) data rights and information, and (e) other intellectual property and proprietary rights whether patented or unpatented, or registered or unregistered.

1.8 "LICENSED IP" means the Operator Training IP, MUSIC IP, and the Hyprotech IP.

1.9 "LICENSED PROPERTY" means the Operator Training Property, MUSIC Product and Hyprotech Property.

1.10 "MAJOR PRODUCT LINE" means the Licensed Property that comprises or relates primarily to each of the following five product families: (i) HYSYS and related options and extensions, including ComThermo, (ii) Batch processing products (i.e., BDK), (iii) Heat exchanger products (i.e., TASC, ACOL, APLE, FIHR, etc.), (iv) Conceptual engineering products (i.e. HX-NET, Distil), and (v) Hydraulics (i.e., all the ProFES and related products).

1.11 "MAJOR PRODUCT LINE IP" means the Licensed IP in and to each Major Product Line.

1.12 "MAJOR PRODUCT LINE ACQUIRER" means an acquirer of all or substantially all of the business of AspenTech and its Affiliates that relates to any Major Product Line.

1.13 "MUSIC IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the MUSIC Product.

1.14 "MUSIC PRODUCT" means all of AspenTech's right, title and interest (immediately prior to Closing) in and to the (a) computer programs (including code in source code, object code and executable forms), interfaces, tools (including, without limitation, internal development and migration tools), development environments, flow charts, libraries, modules, add-ons, patches, bug fixes, object libraries, test programs, regression test software, proprietary programming languages, enhancements, customizations, scripts, utilities,

databases, data and algorithms constituting or embodied in the Assigned Products known as "MUSIC", and the interfaces, programs and modules related thereto that are set forth in Schedule 1.1(a)(i)(B) of the Purchase Agreement; and (b) Documentation and Records for the MUSIC product.

1.15 "OBJECT CODE FORM" means a form of software code resulting from the translation or processing of software in Source Code Form by a computer into machine language or intermediate code or other executable code, which thus is in a form that would not be convenient to human understanding of the program.

1.16 "OPERATOR TRAINING IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the Operator Training Property, excluding the MUSIC IP.

1.17 "OPERATOR TRAINING PROPERTY" means all of AspenTech's right, title and interest (immediately prior to Closing) in and to the (a) Operator Training Products and the (b) Documentation and Records related solely to the Operator Training Products, excluding in all cases the MUSIC Product.

1.18 "OTS FIELD OF USE" means the provision of Restricted Services.

1.19 "OTS TERM" means the period starting as of the Effective Date and ending upon the expiration or termination of all obligations of AspenTech and its Affiliates under all of the Existing OTS Contracts.

1.20 "SOFTWARE SUPPORT AGREEMENT" means the agreement entered into by the Parties simultaneously herewith and entitled the Software Support Agreement.

1.21 "SOURCE CODE FORM" means a form of software code in which a computer program's logic is easily deduced by a human being with skill in the art.

1.22 "SUBCONTRACT AGREEMENT" means the Subcontract Agreement entered into by the Parties simultaneously herewith.

1.23 "THIRD PARTY" means a person or entity other than AspenTech or its Affiliates.

1.24 "THIRD-PARTY PRODUCT" means a product that is not marketed, licensed, or sold by (a) AspenTech or any of its Affiliates (or any of their respective permitted assignees or permitted successors), distributors, resellers, OEMs, agents, or other indirect sales channels of any of the foregoing persons or entities, or (b) a joint venture or partnership of AspenTech, or other Third Party with which AspenTech or any of its Affiliates has a continuing business relationship for the development, marketing, sales, or distribution of such product.

2. LICENSE

2.1 LICENSED RIGHTS.

a. GENERAL LICENSE TO HYPROTECH IP. AspenTech retains under the Hyprotech IP and the Hyprotech Property a worldwide, non-exclusive, royalty-free, perpetual, irrevocable right and license, with the right to sublicense solely as set forth in Sections 2.2 and 2.3 below

(provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), (A) to make, have made, use, have used, sell, have sold, offer to sell, and import any product or provide any service covered by the Hyprotech IP and exercise any other rights in the Hyprotech IP in connection therewith, and (B) to copy, modify, enhance, prepare derivative works of, improve, maintain, support, develop, demonstrate, promote, distribute and transmit the Hyprotech

Property (in Source Code Form, Object Code Form or any other applicable form) and any derivative work thereof, in each case, for any purpose.

b. FIELD LICENSE TO MUSIC. AspenTech retains under the MUSIC Product and MUSIC IP, a worldwide, non-exclusive, royalty-free, perpetual, irrevocable right and license, with the right to sublicense solely as set forth in Sections 2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), (A) to make, have made, use, have used, sell, have sold, offer to sell, and import any product or provide service covered by the MUSIC IP and exercise any other rights in the MUSIC IP in connection therewith, in each case, solely outside of the OTS Field of Use, and (B) to copy, modify, enhance, prepare derivative works of, improve, maintain, support, develop, demonstrate, promote, distribute and transmit the MUSIC Product (in Source Code Form, Object Code Form or any other applicable form) and any derivative work thereof, in each case, solely for use outside of the OTS Field of Use.

c. PROJECT LICENSE TO OPERATOR TRAINING PRODUCTS. During the OTS Term, AspenTech retains under the Operator Training IP and Operator Training Property, a worldwide, non-exclusive, royalty-free right and license, with the right to sublicense, solely as set forth in Sections 2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), to exercise any rights in the Operator Training IP and the Operator Training Property (in Source Code Form, Object Code Form or any other applicable form) solely in connection with performing the Existing OTS Contracts which Existing OTS Contracts shall not be renewed and shall not be amended (other than change orders made in the ordinary course of business consistent with AspenTech's past practice). The rights and licenses set forth in this Section 2.1(c) shall terminate upon the termination of the OTS Term.

d. NO UPDATES. For avoidance of doubt, the licenses set forth in this Section 2.1 are limited to the Licensed Property and Licensed IP existing as of the Effective Date and do not include products relating thereto or Intellectual Property therein that are, in each case, developed by or for Honeywell after the Effective Date.

e. DISCLOSURE. Subject to the terms of this Agreement, the rights and licenses set forth in Sections 2.1(a) and (b) and 2.2 include the right to disclose the Source Code Form of

the applicable Licensed Property, PROVIDED THAT such disclosure is in accordance with the obligations and restrictions set forth in Sections 2.2 and 2.3 of this Agreement and the confidentiality obligations and restrictions set forth in Section 5.1, 5.2, and 5.4 of this Agreement.

f. IRREVOCABILITY. Notwithstanding anything to the contrary in this Agreement or otherwise, the rights and licenses set forth under Sections 2.1(a), 2.1(b) and 2.2 hereof shall be irrevocable and non-terminable, and such rights and licenses shall survive and shall remain irrevocable and non-terminable regardless of any breach or termination of this Agreement for any reason.

2.2 SUBLICENSING. AspenTech shall have the right to grant licenses and/or sublicenses (with the rights of the licensees and/or sublicensees to grant further sublicenses) of any of the rights and licenses set forth in Sections 2.1(a), 2.1(b) or 2.1(c); PROVIDED, HOWEVER, that AspenTech shall not have the right to grant to any Third Party (a) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form that authorizes or grants rights to such Third Party to further sublicense such Hyprotech Products or MUSIC Products in Source Code Form; (b) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form or Object Code Form that authorizes or grants rights to such Third Party to incorporate or bundle (in whole or in part) such Hyprotech Products or MUSIC Products in Source Code Form or Object Code Form into a Third-Party Product for purposes of the

distribution or sale of such Third-Party Product; or (c) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form that authorizes or grants rights to such Third Party to use (in whole or in part) such Hyprotech Products or MUSIC Products in Source Code Form in a Third-Party Product for purposes of the distribution or sale of such Third Party Product; PROVIDED FURTHER THAT AspenTech shall not have the right to grant to any Third Party a sublicense of the Operator Training Products in Source Code Form, except in connection with the performance of the Existing OTS Contracts. Notwithstanding the limitations set forth in this Section 2.2, AspenTech shall have the right to grant to any Major Product Line Acquirer a worldwide, perpetual, irrevocable, sole and exclusive right and sublicense under all of the applicable rights and licenses set forth in Sections 2.1(a) and/or 2.1(b) (with the rights of such Major Product Line Acquirer to grant further sublicenses) with respect to the Major Product Line IP for the Major Product Line acquired by such Major Product Line Acquirer (each, a "MAJOR PRODUCT LINE SUBLICENSE"). For avoidance of doubt, any sublicense by the Major Product Line Acquirer of the Major Product Line IP to AspenTech or its Affiliates shall be subject to the restrictions set forth herein on sublicensing to Third Parties as if AspenTech and its Affiliates were Third Parties.

2.3 SUBLICENSES. Without limiting the terms and conditions of Section 2.2, AspenTech shall only grant sublicenses under the Licensed IP or Licensed Property pursuant to written sublicense agreements ("SUBLICENSE AGREEMENTS"). Further:

a. In any Sublicense Agreement that includes a sublicense to the Source Code Form of the software included in the Licensed Property, such Sublicense Agreement shall (i) prohibit the sublicensee from making such software in Source Code Form or any portion thereof available to third parties pursuant to the GNU General Public License or any similar "open source code" license or otherwise as freeware, shareware or on any other unrestricted basis, and (ii) requires such sublicensee to maintain the confidentiality of such software in Source Code Form and not to disclose such source code to any third party, other than employees and consultants of such sublicensee that have entered into written agreements that protect the confidentiality of such source code; and

b. In any Sublicense Agreement that includes a sublicense to the Object Code Form (but not the Source Code Form) of the software included in the Licensed Property, such Sublicense Agreement shall prohibit the sublicensee from reverse engineering, decompiling, or disassembling the Object Code Form of any such sublicensed software; and

c. In any Sublicense Agreement that includes a sublicense to any software included in the Licensed Property (whether in Source Code Form or Object Code Form), such Sublicense Agreement shall (i) except in the case of a Major Product Line Sublicense, require the return or destruction of all of such sublicensed software after the termination of the applicable sublicense agreement, and (ii) require such sublicensee to comply with terms that are not inconsistent with the terms of this Agreement.

AspenTech shall, at its own expense, use commercially reasonable efforts to investigate each instance of a material breach of any Sublicense Agreement that AspenTech learns of and enforce the terms and conditions of each such Sublicense Agreement. In the event any such sublicensee breaches a Sublicense Agreement and such breach has an IP Material Adverse Effect, AspenTech shall promptly notify Honeywell in writing and provide reasonably sufficient information for Honeywell to assess the breach and AspenTech's resolution thereof.

2.4 DELIVERY; RETENTION. Without limiting and subject to AspenTech's delivery obligations under the Purchase Agreement, AspenTech shall be entitled to retain copies of the Hyprotech Property, Operator Training Property, and MUSIC Product in its possession immediately prior to the Effective Date, PROVIDED THAT upon termination of the license set forth in Section 2.1(c), at Honeywell's sole discretion and option, AspenTech shall (A) promptly deliver to

Honeywell all copies of the Operator Training Property that is in tangible form including without limitation any materials embodying or containing the Operator Training Property, or (B)

destroy the Operator Training Property and furnish Honeywell with a certificate signed by an executive officer of AspenTech certifying as to its destruction.

2.5 OWNERSHIP.

a. AspenTech acknowledges that Honeywell is the owner of all rights, title and interest in and to the Licensed IP and Licensed Property worldwide other than AspenTech's rights hereunder solely as a licensee. Nothing herein shall be construed to establish or evidence ownership by AspenTech of any Licensed IP or Licensed Property, in whole or in part. AspenTech shall not obtain or claim any ownership or other interest in the Licensed Property or Licensed IP, or any portion thereof, other than the non-exclusive licenses set forth herein. AspenTech shall take no steps to challenge Honeywell's ownership of the Licensed Property and the Licensed IP, or the validity or enforceability of the Licensed Property and the Licensed IP.

b. AspenTech shall not obscure, alter, or remove any patent, copyright, trademark, or service marking or legend contained on or in any Licensed Property.

c. AspenTech shall promptly report to Honeywell any actual or suspected violation of this Section 2.5 by an AspenTech Related Party that has an IP Material Adverse Effect or by any other Third Party, and shall cooperate with Honeywell and take such further steps as may reasonably be requested by Honeywell, at Honeywell's expense, to prevent or remedy any such violation.

2.6 NO WARRANTY. LICENSOR PROVIDES THE LICENSED PROPERTY AND LICENSED IP ON AN "AS IS" BASIS WITHOUT WARRANTY OF ANY KIND. LICENSOR EXPRESSLY DISCLAIMS ALL WARRANTIES AND CONDITIONS, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE LICENSED PROPERTY AND LICENSED IP, INCLUDING ALL IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY, NONINFRINGEMENT, TITLE AND FITNESS FOR A PARTICULAR PURPOSE, OR ARISING OUT OF A COURSE OF DEALING, USAGE OR TRADE PRACTICE. LICENSOR SPECIFICALLY DISCLAIMS ANY WARRANTY THAT THE FUNCTIONS CONTAINED IN THE IT PROPERTY WILL MEET ASPENTECH'S REQUIREMENTS OR WILL OPERATE IN COMBINATIONS OR IN A MANNER SELECTED FOR USE BY ASPENTECH, OR THAT THE OPERATION OF ANY LICENSED PROPERTY WILL BE UNINTERRUPTED OR ERROR FREE.

3. ENFORCEMENT

3.1 HONEYWELL'S EXCLUSIVE RIGHT OF ENFORCEMENT. AspenTech shall notify Honeywell of any actual or suspected infringement or unauthorized use of any Licensed Property and

Licensed IP by a AspenTech Related Party that has an IP Material Adverse Effect or by any other Third Party within thirty (30) days after becoming aware of such actual or suspected infringement or unauthorized use. Honeywell shall continue to have at all times the sole and exclusive right, but not the obligation, to take whatever lawful steps it deems necessary or desirable to enforce the Licensed Property and Licensed IP against infringing Third Parties, including the filing and prosecution of litigation, and AspenTech shall reasonably cooperate in such action at Honeywell's expense. AspenTech shall take no steps to enforce the Licensed Property and Licensed IP without Honeywell's prior written consent.

4. PAYMENTS

4.1 NO PAYMENT. Neither Party shall have any obligation to make any payment of any kind to the other Party under this Agreement or otherwise with

respect to the rights and licenses set forth hereunder.

4.2 TAXES. AspenTech agrees to bear and be responsible for the payment of all taxes, levies, and assessments imposed on AspenTech and arising out of this Agreement (excluding any tax based upon Honeywell's net income).

5. ADDITIONAL COVENANTS

5.1 CONFIDENTIALITY OF SOURCE CODE. Without limiting the rights and licenses set forth in this Agreement, each Party agrees that, for a period of fifteen (15) years from the Effective Date, it shall not disclose, or allow the disclosure of, the Hyprotech Products, Operator Training Products, or MUSIC Product in Source Code Form of any portion thereof to any person or entity (including, without limitation, any employee, agent or contractor of such Party), except (a) pursuant to a written confidentiality agreement that prohibits the recipient from disclosing such source code to any third party without the express written consent of the disclosing party and (b) if such consent is given, each Party shall require in writing that any further disclosure by the recipient is made only pursuant to a written confidentiality agreement that is no less protective of the Hyprotech Products, Operator Training Products, or MUSIC Products in Source Code Form than this Section 5.1, PROVIDED THAT Honeywell's foregoing obligations with regard to the Operator Training Products shall terminate upon the expiration of the OTS Term.

5.2 OTHER CONFIDENTIAL LICENSED PROPERTY. Without limiting and in addition to the rights and obligations under Section 5.1, AspenTech agrees that, for a period of ten (10) years from the Effective Date, AspenTech shall not disclose any Confidential Licensed Property to any person or entity (other than employees of AspenTech), except (a) pursuant to a written confidentiality agreement that prohibits the recipient from disclosing such confidential information to any third party without the express written consent of AspenTech and (b) if such

consent is given, AspenTech shall require in writing that any further disclosure by the recipient is made only pursuant to a written confidentiality agreement that is no less protective of the confidential information than this Section 5.2. The obligations of AspenTech specified in this Section 5.2 shall not apply, and AspenTech shall have no further obligations, with respect to any Confidential Licensed Property to the extent that such Confidential Licensed Property is (i) generally known to the public at the time of disclosure; (ii) becomes generally known without AspenTech or its Affiliates violating any confidentiality obligations owed to Honeywell; or (iii) is disclosed by Honeywell to a third party without any obligation of confidentiality. Nothing in this Section 5.2 shall limit AspenTech's obligation of confidentiality as set forth in Section 5.1.

5.3 LIMITATION. Notwithstanding anything contained in Section 5.1 or 5.2 to the contrary, neither Section 5.1 nor 5.2 shall prohibit a Party from disclosing any information subject thereto to the extent required in order for such Party to comply with applicable laws and regulations or legal or administrative processes or otherwise as required in order to protect or enforce such Party's rights or to perform such Party's obligations under this Agreement, the Ancillary Agreements or in connection with tax or other regulatory filings, litigation or financial reporting purposes. In the event that either Party is requested or required by a Governmental Entity (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the information subject to Section 5.1 or 5.2, it is agreed that the Party will provide the other Party with prompt notice of each such request so that the other Party may seek an appropriate protective order or other appropriate remedy and the notifying Party will reasonably cooperate with the other Party, at the other Party's expense, to obtain such protective order or other remedy. In the event that such protective order or other remedy is not sought or obtained within a reasonable time under the circumstances, the notifying Party may furnish only that portion of the information which it is legally compelled to disclose or

advised by legal counsel to disclose and will use its commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any information so furnished.

5.4 ADDITIONAL COVENANTS. Neither Party shall at any time make the Licensed Property or Licensed IP or any portion thereof available to third parties pursuant to the GNU General Public License or any similar "open source code" license or otherwise as freeware, shareware or on any other unrestricted basis.

5.5 TECHNICAL ASSISTANCE. For purposes of clarity, neither Party is obligated to provide any consulting or technical assistance to the other Party except as otherwise expressly provided in the Software Support Agreement.

6. LIABILITY

6.1 EXCEPT FOR LIABILITIES WHICH ARE THE RESPONSIBILITY OF ASPENTECH ARISING FROM A BREACH BY ASPENTECH OF SECTIONS 2.1, 2.2, 2.3, 2.5(a), 5.1, 5.2, AND 5.3, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON OR ENTITY FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, STATUTORY OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF DATA OR LOSS OF USE DAMAGES) ARISING OUT OF THIS AGREEMENT OR THE RIGHTS OR LICENSES SET FORTH HEREUNDER, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES.

7. TERM

7.1 TERM. The term of this Agreement shall begin as of the Effective Date and shall remain in effect, with respect to each item of Licensed IP, for the entire duration of such item of Licensed IP.

7.2 SURVIVAL. The terms and conditions of the following Articles and Sections will survive termination or expiration of this Agreement for any reason: Sections 2.1, 2.2, 2.3, 2.5(a), 2.6, 5.1, 5.2, 5.3, 5.4, 6.1, this 7.2, and Article 8. In addition, the termination or expiration of this Agreement shall not relieve any party of any liability that accrued prior to such termination or expiration or any losses from any willful breach. Except as expressly provided in this Section 7.2, all other provisions of this Agreement shall terminate upon the expiration or termination hereof.

8. MISCELLANEOUS

8.1 NO THIRD PARTY BENEFICIARIES. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective permitted successors and permitted assigns.

8.2 ACTION TO BE TAKEN BY AFFILIATES; PARENT GUARANTEE. AspenTech shall ensure and guarantee that each Affiliate to whom AspenTech sublicenses rights in the Licensed Property or Licensed IP after the date hereof uses it in a manner that is consistent with the terms of this Agreement. Any failure of any such Affiliate to comply with the provisions of this Agreement relating to the Licensed Property or the Licensed IP shall be deemed to constitute a breach of this Agreement by AspenTech. Aspen Technology, Inc. ("PARENT") hereby guarantees the obligations of AspenTech and its Affiliates under this Agreement that may arise as a result of any breach of this Agreement by AspenTech or its Affiliates.

8.3 ENTIRE AGREEMENT. This Agreement (together with the Purchase Agreement, all documents referred to therein, the Ancillary Agreements and the Confidentiality Agreement) constitutes the entire agreement between AspenTech and Honeywell. These Agreements supersede any prior agreements or understandings between AspenTech and Honeywell (including, without limitation, the Letter of

Intent dated May 13, 2004 by and between Parent and Honeywell), whether written or oral, with respect to the subject matter covered by such agreements, other than the Confidentiality Agreement.

8.4 SUCCESSION AND ASSIGNMENT. The licenses set forth in this Agreement are personal to AspenTech and, except as expressly provided herein, AspenTech may not assign or sublicense this Agreement, or any of its rights herein, or delegate any of its obligations hereunder, without the prior written approval of Honeywell. Notwithstanding the foregoing, AspenTech may assign all, but not less than all, of its rights under this Agreement to (a) any Affiliate of AspenTech, PROVIDED THAT such assignment will not relieve AspenTech of any obligation or duty hereunder if not performed by such Affiliate and AspenTech and Parent shall guarantee the performance by such Affiliate, and (b) a successor to all or substantially all of that portion of its business to which this Agreement relates, in each case, without the prior consent of Honeywell. Any permitted assignee shall be bound to the provisions of this Agreement. Honeywell may assign this Agreement and any of its rights herein, or delegate any of its obligations hereunder, without the prior written approval of AspenTech, provided that any such assignee assumes all of Honeywell's rights and obligations hereunder. Any attempted assignment in violation of this provision shall be void ab initio and of no force and effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns.

8.5 NOTICES. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

IF TO HONEYWELL:	COPY TO:
Telecopy:	Telecopy:
Attention:	Attention:
IF TO ASPENTECH:	COPY TO:
Aspen Technology, Inc. Ten Canal Park Cambridge, MA 02141 Telecopy: (617) 949-1717 Attention: General Counsel	Wilmer Cutler Pickering Hale and Dorr LLP 60 State Street Boston, MA 02109 Telecopy: (617) 526-5000 Attention: Mark L. Johnson, Esq.

Any Party may give any notice, request, demand, claim or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the Party for whom it is intended. Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

8.6 AMENDMENTS AND WAIVERS. The Parties may mutually amend or waive any provision of this Agreement at any time. No amendment or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.7 SEVERABILITY. Any term or provision of this Agreement that is invalid

or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the body making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision, to delete specific words

or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

8.8 EXPENSES. Except as otherwise specifically provided to the contrary in this Agreement, each of the Parties shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby including, without limitation, any brokerage fees, commissions or finders fees in connection with the transactions contemplated by this Agreement.

8.9 SPECIFIC PERFORMANCE. (a) AspenTech acknowledges and agrees that Honeywell would be damaged irreparably in the event any of the provisions of Sections 2.1, 2.2, 2.3, 2.5(a), 2.5(c), 3, 5.1, 5.2, 5.3, and/or 5.4 of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, AspenTech agrees that Honeywell may be entitled to an injunction or injunctions to prevent breaches of, and enforce, Sections 2.1, 2.2, 2.3, 2.5(a), 2.5(c), 3, 5.1, 5.2, 5.3, and 5.4 of this Agreement in any action instituted in or before any Governmental Entity. (b) Honeywell acknowledges and agrees that AspenTech would be damaged irreparably in the event any of the provisions of Sections 5.1 and/or 5.4 of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, Honeywell agrees that AspenTech may be entitled to an injunction or injunctions to prevent breaches of, and enforce, Sections 5.1 and 5.4 of this Agreement in any action instituted in or before any Governmental Entity.

8.10 NO LIMITATION OF REMEDIES. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed as limiting any relief or remedies which Honeywell has at law or in equity for breach of this Agreement.

8.11 GOVERNING LAW. This Agreement and any disputes hereunder shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

8.12 SUBMISSION TO JURISDICTION. Each Party (a) submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of such action or proceeding may be heard and determined only in any such court, (c) waives any claim of inconvenient forum or other challenge to venue in such court, and (d) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each Party agrees to accept service of any summons, complaint, or other initial pleading made in the manner provided for the

giving of notices in Section 8.5. Nothing in this Section 8.11 however, shall affect the right of any Party to serve such summons, complaint, or initial pleading in any other manner permitted by law.

8.13 CONSTRUCTION.

a. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

b. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

c. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

d. Any reference herein to an Article, section, or clause shall be deemed to refer to an Article, section, or clause of this Agreement, unless the context clearly indicates otherwise.

e. All references to "$", "Dollars" or "US$" refer to currency of the United States of America.

8.14 WAIVER OF JURY TRIAL. To the extent permitted by applicable law, each Party hereby irrevocably waives all rights to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of any Party in the negotiation, administration, performance and enforcement of this Agreement.

8.15 INCORPORATION OF EXHIBITS. The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

8.16 COUNTERPARTS AND FACSIMILE SIGNATURE. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

8.16 EXPORT. AspenTech shall comply with all applicable export laws and regulations of all jurisdictions with respect to the Licensed Property and obtain, at its own expense, any required permits or export clearances.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

HONEYWELL LIMITED-HONEYWELL LIMITEE:

By: /s/John R. Ethier
Name: John R. Ethier
Title: V.P. CFO

HYPROTECH COMPANY

By: /s/D.E. Moult
Name: D.E. Moult
Title: CFO

Solely with respect to Sections 8.2 and 8.4 hereof:

ASPEN TECHNOLOGY, INC.

By: /s/Charles F. Kane

Name: Charles F. Kane

Title: Interim CEO and CFO

[SIGNATURE PAGE TO LICENSE AGREEMENT]

Exhibit 10.6

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

HYPROTECH UK LICENSE AGREEMENT

THIS HYPROTECH LICENSE AGREEMENT (the "AGREEMENT") is made and entered into as of this 23rd day of December, 2004 (the "EFFECTIVE DATE"), by and between Hyprotech UK Ltd., a limited liability company organized under the laws of England ("ASPENTECH"), and Honeywell Control Systems Limited, a company organized under the laws of the United Kingdom ("HONEYWELL"). AspenTech and Honeywell are each referred to herein as a "PARTY" and collectively as the "PARTIES." All capitalized terms that are not otherwise defined herein shall have the respective meanings ascribed to such terms in the Purchase and Sale Agreement dated as of October 6, 2004 by and among AspenTech, certain of its affiliates, and Honeywell (the "PURCHASE AGREEMENT").

WHEREAS, AspenTech and Honeywell have entered into the Purchase Agreement pursuant to which AspenTech has agreed, subject to the terms and conditions set forth therein, to transfer to Honeywell all of its right, title and interest in and to certain Engineering Software Assets, including the Assigned Intellectual Property, effective as of the Closing Date subject to the non-exclusive licenses set forth in this Agreement; and

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, AspenTech desires to retain certain rights and licenses with respect to IT Property and Assigned Intellectual Property as set forth herein.

NOW THEREFORE, in consideration of the mutual agreements and covenants set forth herein, Honeywell and AspenTech hereby agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

1.1 "ASPENTECH RELATED PARTY" means (a) any sublicensee, customer, distributor, reseller, OEM, joint venturer, partner, agent or direct or indirect sales channels of AspenTech, any of its Affiliates, or any of the foregoing parties, or (b) any other person or entity with which AspenTech or any of its Affiliates has a continuing business relationship; PROVIDED, HOWEVER, that the following persons and entities shall not be considered to be AspenTech Related Parties: (i) [**] and its successors or assigns, and (ii) for purposes of the [**].

1.2 "CONFIDENTIAL LICENSED PROPERTY" means Licensed Property that AspenTech or its Affiliates treated as confidential as of the Effective Date.

1.3 "EXISTING OTS CONTRACTS" means (a) each Retained AspenTech Contract (as defined in the Subcontract Agreement), (b) each Assigned Contract for which customer consent for assignment is not obtained until such time as such customer consent has been obtained, (c)

each contract set forth on Schedule 1.1(b)(ii) to the Purchase Agreement (other than Multi-Product Agreements) and (d) any change orders to any of the foregoing agreements made in the ordinary course consistent with AspenTech's past practice.

1.4 "HYPROTECH PROPERTY" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all IT Property other than the Operator Training Property and the MUSIC Product. For purpose of clarity, the Hyprotech Property includes, without limitation, the Hyprotech Products and Genesis Project Materials.

1.5 "HYPROTECH IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the IT Property (including, without limitation, the Hyprotech Property), exclusive of the Operator Training IP and the MUSIC IP.

1.6 "IP MATERIAL ADVERSE EFFECT" means any material breach or violation by an AspenTech Related Party of a Sublicense Agreement (as defined in Section 2.3 below) or an infringement or misappropriation by an AspenTech Related Party of the Licensed Property and/or Licensed IP that, in AspenTech's reasonable judgment, gives rise to: (i) a threat of abandonment of, or (ii) an impingement upon the validity or enforceability of, in each case, any item of Licensed Property and/or Licensed IP.

1.7 "INTELLECTUAL PROPERTY" means all (a) registered and unregistered statutory and common law copyrights, whether published or unpublished, works of authorship, and all registrations, applications for registration, and renewals thereof, (b) trade secrets, know-how, confidential information, processes and formulas, (c) patents and patent applications, invention disclosures, industrial or utility models, and inventors certificates throughout the world and all inventions contained therein, all provisional, divisional, continuation, continuation-in-part, or substitute applications based on the foregoing, any patents that shall issue on any of the foregoing or on any improvements, reissues, or reexaminations thereof, and patents and patent applications, including, without limitation, to patents of importation, improvement, or addition, utility models, and inventors certificates, corresponding in whole or in part to any of the above-described patent and patent applications that are issued, filed, or to be filed in any and all countries, and any patents that shall subsequently issue therefrom including any renewals, divisions, reissues, continuations, or extensions thereof, (d) data rights and information, and (e) other intellectual property and proprietary rights whether patented or unpatented, or registered or unregistered.

1.8 "LICENSED IP" means the Operator Training IP, MUSIC IP, and the Hyprotech IP.

1.9 "LICENSED PROPERTY" means the Operator Training Property, MUSIC Product and Hyprotech Property.

1.10 "MAJOR PRODUCT LINE" means the Licensed Property that comprises or relates primarily to each of the following five product families: (i) HYSYS and related options and extensions, including ComThermo, (ii) Batch processing products (i.e., BDK), (iii) Heat exchanger products (i.e., TASC, ACOL, APLE, FIHR, etc.), (iv) Conceptual engineering products (i.e. HX-NET, Distil), and (v) Hydraulics (i.e., all the ProFES and related products).

1.11 "MAJOR PRODUCT LINE IP" means the Licensed IP in and to each Major Product Line.

1.12 "MAJOR PRODUCT LINE ACQUIRER" means an acquirer of all or substantially all of the business of AspenTech and its Affiliates that relates to any Major Product Line.

1.13 "MUSIC IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the MUSIC Product.

1.14 "MUSIC PRODUCT" means all of AspenTech's right, title and interest (immediately prior to Closing) in and to the (a) computer programs (including code in source code, object code and executable forms), interfaces, tools (including, without limitation, internal development and migration tools), development environments, flow charts, libraries, modules, add-ons, patches, bug fixes, object libraries, test programs, regression test software, proprietary programming languages, enhancements, customizations, scripts, utilities, databases, data and algorithms constituting or embodied in the Assigned Products

known as "MUSIC", and the interfaces, programs and modules related thereto that are set forth in Schedule 1.1(a)(i)(B) of the Purchase Agreement; and (b) Documentation and Records for the MUSIC product.

1.15 "OBJECT CODE FORM" means a form of software code resulting from the translation or processing of software in Source Code Form by a computer into machine language or intermediate code or other executable code, which thus is in a form that would not be convenient to human understanding of the program.

1.16 "OPERATOR TRAINING IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the Operator Training Property, excluding the MUSIC IP.

1.17 "OPERATOR TRAINING PROPERTY" means all of AspenTech's right, title and interest (immediately prior to Closing) in and to the (a) Operator Training Products and the (b) Documentation and Records related solely to the Operator Training Products, excluding in all cases the MUSIC Product.

1.18 "OTS FIELD OF USE" means the provision of Restricted Services.

1.19 "OTS TERM" means the period starting as of the Effective Date and ending upon the expiration or termination of all obligations of AspenTech and its Affiliates under all of the Existing OTS Contracts.

1.20 "SOFTWARE SUPPORT AGREEMENT" means the agreement entered into by the Parties simultaneously herewith and entitled the Software Support Agreement.

1.21 "SOURCE CODE FORM" means a form of software code in which a computer program's logic is easily deduced by a human being with skill in the art.

1.22 "SUBCONTRACT AGREEMENT" means the Subcontract Agreement entered into by the Parties simultaneously herewith.

1.23 "THIRD PARTY" means a person or entity other than AspenTech or its Affiliates.

1.24 "THIRD-PARTY PRODUCT" means a product that is not marketed, licensed, or sold by (a) AspenTech or any of its Affiliates (or any of their respective permitted assignees or permitted successors), distributors, resellers, OEMs, agents, or other indirect sales channels of any of the foregoing persons or entities, or (b) a joint venture or partnership of AspenTech, or other Third Party with which AspenTech or any of its Affiliates has a continuing business relationship for the development, marketing, sales, or distribution of such product.

2. LICENSE

2.1 LICENSED RIGHTS.

a. GENERAL LICENSE TO HYPROTECH IP. AspenTech retains under the Hyprotech IP and the Hyprotech Property a worldwide, non-exclusive, royalty-free, perpetual, irrevocable right and license, with the right to sublicense solely as set forth in Sections 2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), (A) to make, have made, use, have used, sell, have sold, offer to sell, and import any product or provide any service covered by the Hyprotech IP and exercise any other rights in the Hyprotech IP in connection therewith, and (B) to copy, modify, enhance, prepare derivative works of, improve, maintain, support, develop, demonstrate, promote, distribute and transmit the Hyprotech Property (in Source Code Form, Object Code Form or any other applicable form) and any derivative work thereof, in each case, for any purpose.

b. FIELD LICENSE TO MUSIC. AspenTech retains under the MUSIC Product and MUSIC IP, a worldwide, non-exclusive, royalty-free, perpetual,

irrevocable right and license, with the right to sublicense solely as set forth in Sections 2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), (A) to make, have made, use, have used, sell, have sold, offer to sell, and import any product or provide service covered by the MUSIC IP and exercise any other rights in the MUSIC IP in connection therewith, in each case, solely outside of the OTS Field of Use, and (B) to copy, modify, enhance, prepare derivative works of, improve, maintain, support, develop, demonstrate, promote, distribute and transmit the MUSIC Product (in Source Code Form, Object Code Form or any other applicable form) and any derivative work thereof, in each case, solely for use outside of the OTS Field of Use.

c. PROJECT LICENSE TO OPERATOR TRAINING PRODUCTS. During the OTS Term, AspenTech retains under the Operator Training IP and Operator Training Property, a worldwide, non-exclusive, royalty-free right and license, with the right to sublicense, solely as set forth in Sections 2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), to exercise any rights in the Operator Training IP and the Operator Training Property (in Source Code Form, Object Code Form or any other applicable form) solely in connection with performing the Existing OTS Contracts which Existing OTS Contracts shall not be renewed and shall not be amended (other than change orders made in the ordinary course of business

consistent with AspenTech's past practice). The rights and licenses set forth in this Section 2.1(c) shall terminate upon the termination of the OTS Term.

d. NO UPDATES. For avoidance of doubt, the licenses set forth in this Section 2.1 are limited to the Licensed Property and Licensed IP existing as of the Effective Date and do not include products relating thereto or Intellectual Property therein that are, in each case, developed by or for Honeywell after the Effective Date.

e. DISCLOSURE. Subject to the terms of this Agreement, the rights and licenses set forth in Sections 2.1(a) and (b) and 2.2 include the right to disclose the Source Code Form of the applicable Licensed Property, PROVIDED THAT such disclosure is in accordance with the obligations and restrictions set forth in Sections 2.2 and 2.3 of this Agreement and the confidentiality obligations and restrictions set forth in Section 5.1, 5.2, and 5.4 of this Agreement.

f. IRREVOCABILITY. Notwithstanding anything to the contrary in this Agreement or otherwise, the rights and licenses set forth under Sections 2.1(a), 2.1(b) and 2.2 hereof shall be irrevocable and non-terminable, and such rights and licenses shall survive and shall remain irrevocable and non-terminable regardless of any breach or termination of this Agreement for any reason.

2.2 SUBLICENSING. AspenTech shall have the right to grant licenses and/or sublicenses (with the rights of the licensees and/or sublicensees to grant further sublicenses) of any of the rights and licenses set forth in Sections 2.1(a), 2.1(b) or 2.1(c); PROVIDED, HOWEVER, that AspenTech shall not have the right to grant to any Third Party (a) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form that authorizes or grants rights to such Third Party to further sublicense such Hyprotech Products or MUSIC Products in Source Code Form; (b) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form or Object Code Form that authorizes or grants rights to such Third Party to incorporate or bundle (in whole or in part) such Hyprotech Products or MUSIC Products in Source Code Form or Object Code Form into a Third-Party Product for purposes of the distribution or sale of such Third-Party Product; or (c) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form that authorizes or grants rights to such Third Party to use (in whole or in part) such Hyprotech Products or MUSIC Products in Source Code Form in a Third-Party Product for purposes of the distribution or sale of such Third Party Product; PROVIDED FURTHER THAT AspenTech shall not have the right to grant to any Third

Party a sublicense of the Operator Training Products in Source Code Form, except in connection with the performance of the Existing OTS Contracts. Notwithstanding the limitations set forth in this Section 2.2, AspenTech shall have the right to grant to any Major Product Line Acquirer a worldwide, perpetual, irrevocable, sole and exclusive right and sublicense under all of the applicable rights and licenses set forth in Sections 2.1(a) and/or 2.1(b) (with the rights of such Major Product Line Acquirer to grant further sublicenses) with respect to the Major Product Line IP for the Major Product Line acquired by such Major Product Line Acquirer (each, a "MAJOR PRODUCT LINE SUBLICENSE"). For avoidance of doubt, any sublicense by the Major Product Line Acquirer of the Major Product Line IP to AspenTech or its Affiliates shall be subject to the restrictions set forth herein on sublicensing to Third Parties as if AspenTech and its Affiliates were Third Parties.

2.3 SUBLICENSES. Without limiting the terms and conditions of Section 2.2, AspenTech shall only grant sublicenses under the Licensed IP or Licensed Property pursuant to written sublicense agreements ("SUBLICENSE AGREEMENTS"). Further:

a. In any Sublicense Agreement that includes a sublicense to the Source Code Form of the software included in the Licensed Property, such Sublicense Agreement shall (i) prohibit the sublicensee from making such software in Source Code Form or any portion thereof available to third parties pursuant to the GNU General Public License or any similar "open source code" license or otherwise as freeware, shareware or on any other unrestricted basis, and (ii) requires such sublicensee to maintain the confidentiality of such software in Source Code Form and not to disclose such source code to any third party, other than employees and consultants of such sublicensee that have entered into written agreements that protect the confidentiality of such source code; and

b. In any Sublicense Agreement that includes a sublicense to the Object Code Form (but not the Source Code Form) of the software included in the Licensed Property, such Sublicense Agreement shall prohibit the sublicensee from reverse engineering, decompiling, or disassembling the Object Code Form of any such sublicensed software; and

c. In any Sublicense Agreement that includes a sublicense to any software included in the Licensed Property (whether in Source Code Form or Object Code Form), such Sublicense Agreement shall (i) except in the case of a Major Product Line Sublicense, require the return or destruction of all of such sublicensed software after the termination of the applicable sublicense agreement, and (ii) require such sublicensee to comply with terms that are not inconsistent with the terms of this Agreement.

AspenTech shall, at its own expense, use commercially reasonable efforts to investigate each instance of a material breach of any Sublicense Agreement that AspenTech learns of and enforce the terms and conditions of each such Sublicense Agreement. In the event any such sublicensee breaches a Sublicense Agreement and such breach has an IP Material Adverse Effect, AspenTech shall promptly notify Honeywell in writing and provide reasonably sufficient information for Honeywell to assess the breach and AspenTech's resolution thereof.

2.4 DELIVERY; RETENTION. Without limiting and subject to AspenTech's delivery obligations under the Purchase Agreement, AspenTech shall be entitled to retain copies of the Hyprotech Property, Operator Training Property, and MUSIC Product in its possession immediately prior to the Effective Date, PROVIDED THAT upon termination of the license set forth in Section 2.1(c), at Honeywell's sole discretion and option, AspenTech shall (A) promptly deliver to Honeywell all copies of the Operator Training Property that is in tangible form including without limitation any materials embodying or containing the Operator Training Property, or (B) destroy the Operator Training Property and furnish Honeywell with a certificate signed by an executive officer of AspenTech certifying as to its destruction.

2.5 OWNERSHIP.

a. AspenTech acknowledges that Honeywell is the owner of all rights, title and interest in and to the Licensed IP and Licensed Property worldwide other than AspenTech's

rights hereunder solely as a licensee. Nothing herein shall be construed to establish or evidence ownership by AspenTech of any Licensed IP or Licensed Property, in whole or in part. AspenTech shall not obtain or claim any ownership or other interest in the Licensed Property or Licensed IP, or any portion thereof, other than the non-exclusive licenses set forth herein. AspenTech shall take no steps to challenge Honeywell's ownership of the Licensed Property and the Licensed IP, or the validity or enforceability of the Licensed Property and the Licensed IP.

b. AspenTech shall not obscure, alter, or remove any patent, copyright, trademark, or service marking or legend contained on or in any Licensed Property.

c. AspenTech shall promptly report to Honeywell any actual or suspected violation of this Section 2.5 by an AspenTech Related Party that has an IP Material Adverse Effect or by any other Third Party, and shall cooperate with Honeywell and take such further steps as may reasonably be requested by Honeywell, at Honeywell's expense, to prevent or remedy any such violation.

2.6 NO WARRANTY. LICENSOR PROVIDES THE LICENSED PROPERTY AND LICENSED IP ON AN "AS IS" BASIS WITHOUT WARRANTY OF ANY KIND. LICENSOR EXPRESSLY DISCLAIMS ALL WARRANTIES AND CONDITIONS, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE LICENSED PROPERTY AND LICENSED IP, INCLUDING ALL IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY, NONINFRINGEMENT, TITLE AND FITNESS FOR A PARTICULAR PURPOSE, OR ARISING OUT OF A COURSE OF DEALING, USAGE OR TRADE PRACTICE. LICENSOR SPECIFICALLY DISCLAIMS ANY WARRANTY THAT THE FUNCTIONS CONTAINED IN THE IT PROPERTY WILL MEET ASPENTECH'S REQUIREMENTS OR WILL OPERATE IN COMBINATIONS OR IN A MANNER SELECTED FOR USE BY ASPENTECH, OR THAT THE OPERATION OF ANY LICENSED PROPERTY WILL BE UNINTERRUPTED OR ERROR FREE.

3. ENFORCEMENT

3.1 HONEYWELL'S EXCLUSIVE RIGHT OF ENFORCEMENT. AspenTech shall notify Honeywell of any actual or suspected infringement or unauthorized use of any Licensed Property and Licensed IP by a AspenTech Related Party that has an IP Material Adverse Effect or by any other Third Party within thirty (30) days after becoming aware of such actual or suspected infringement or unauthorized use. Honeywell shall continue to have at all times the sole and exclusive right, but not the obligation, to take whatever lawful steps it deems necessary or desirable to enforce the Licensed Property and Licensed IP against infringing Third Parties, including the filing and prosecution of litigation, and AspenTech shall reasonably cooperate in such action at Honeywell's expense. AspenTech shall take no steps to enforce the Licensed Property and Licensed IP without Honeywell's prior written consent.

4. PAYMENTS

4.1 NO PAYMENT. Neither Party shall have any obligation to make any payment of any kind to the other Party under this Agreement or otherwise with respect to the rights and licenses set forth hereunder.

4.2 TAXES. AspenTech agrees to bear and be responsible for the payment of all taxes, levies, and assessments imposed on AspenTech and arising out of this Agreement (excluding any tax based upon Honeywell's net income).

5. ADDITIONAL COVENANTS

5.1 CONFIDENTIALITY OF SOURCE CODE. Without limiting the rights and licenses set forth in this Agreement, each Party agrees that, for a period of fifteen (15) years from the Effective Date, it shall not disclose, or allow the disclosure of, the Hyprotech Products, Operator Training Products, or MUSIC Product in Source Code Form of any portion thereof to any person or entity (including, without limitation, any employee, agent or contractor of such Party), except (a) pursuant to a written confidentiality agreement that prohibits the recipient from disclosing such source code to any third party without the express written consent of the disclosing party and (b) if such consent is given, each Party shall require in writing that any further disclosure by the recipient is made only pursuant to a written confidentiality agreement that is no less protective of the Hyprotech Products, Operator Training Products, or MUSIC Products in Source Code Form than this Section 5.1, PROVIDED THAT Honeywell's foregoing obligations with regard to the Operator Training Products shall terminate upon the expiration of the OTS Term.

5.2 OTHER CONFIDENTIAL LICENSED PROPERTY. Without limiting and in addition to the rights and obligations under Section 5.1, AspenTech agrees that, for a period of ten (10) years from the Effective Date, AspenTech shall not disclose any Confidential Licensed Property to any person or entity (other than employees of AspenTech), except (a) pursuant to a written confidentiality agreement that prohibits the recipient from disclosing such confidential information to any third party without the express written consent of AspenTech and (b) if such consent is given, AspenTech shall require in writing that any further disclosure by the recipient is made only pursuant to a written confidentiality agreement that is no less protective of the confidential information than this Section 5.2. The obligations of AspenTech specified in this Section 5.2 shall not apply, and AspenTech shall have no further obligations, with respect to any Confidential Licensed Property to the extent that such Confidential Licensed Property is (i) generally known to the public at the time of disclosure; (ii) becomes generally known without AspenTech or its Affiliates violating any confidentiality obligations owed to Honeywell; or (iii) is disclosed by Honeywell to a third party without any obligation of confidentiality. Nothing in this Section 5.2 shall limit AspenTech's obligation of confidentiality as set forth in Section 5.1.

5.3 LIMITATION. Notwithstanding anything contained in Section 5.1 or 5.2 to the contrary, neither Section 5.1 nor 5.2 shall prohibit a Party from disclosing any information subject thereto to the extent required in order for such Party to comply with applicable laws and regulations or legal or administrative processes or otherwise as required in order to protect or enforce such Party's rights or to perform such Party's obligations under this Agreement, the Ancillary Agreements or in connection with tax or other regulatory filings, litigation or financial reporting purposes. In the event that either Party is requested or required by a Governmental Entity (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the information subject to Section 5.1 or 5.2, it is agreed that the Party will provide the other Party with prompt notice of each such request so that the other Party may seek an appropriate protective order or other appropriate remedy and the notifying Party will reasonably cooperate with the other Party, at the other

Party's expense, to obtain such protective order or other remedy. In the event that such protective order or other remedy is not sought or obtained within a reasonable time under the circumstances, the notifying Party may furnish only that portion of the information which it is legally compelled to disclose or advised by legal counsel to disclose and will use its commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any information so furnished.

5.4 ADDITIONAL COVENANTS. Neither Party shall at any time make the Licensed Property or Licensed IP or any portion thereof available to third parties pursuant to the GNU General Public License or any similar "open source code" license or otherwise as freeware, shareware or on any other unrestricted

basis.

5.5 TECHNICAL ASSISTANCE. For purposes of clarity, neither Party is obligated to provide any consulting or technical assistance to the other Party except as otherwise expressly provided in the Software Support Agreement.

6. LIABILITY

6.1 EXCEPT FOR LIABILITIES WHICH ARE THE RESPONSIBILITY OF ASPENTECH ARISING FROM A BREACH BY ASPENTECH OF SECTIONS 2.1, 2.2, 2.3, 2.5(a), 5.1, 5.2, AND 5.3, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON OR ENTITY FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, STATUTORY OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF DATA OR LOSS OF USE DAMAGES) ARISING OUT OF THIS AGREEMENT OR THE RIGHTS OR LICENSES SET FORTH HEREUNDER, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES.

7. TERM

7.1 TERM. The term of this Agreement shall begin as of the Effective Date and shall remain in effect, with respect to each item of Licensed IP, for the entire duration of such item of Licensed IP.

7.2 SURVIVAL. The terms and conditions of the following Articles and Sections will survive termination or expiration of this Agreement for any reason: Sections 2.1, 2.2, 2.3, 2.5(a), 2.6, 5.1, 5.2, 5.3, 5.4, 6.1, this 7.2, and Article 8. In addition, the termination or expiration of this Agreement shall not relieve any party of any liability that accrued prior to such termination or expiration or any losses from any willful breach. Except as expressly provided in this Section 7.2, all other provisions of this Agreement shall terminate upon the expiration or termination hereof.

8. MISCELLANEOUS

8.1 NO THIRD PARTY BENEFICIARIES. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective permitted successors and permitted assigns.

8.2 ACTION TO BE TAKEN BY AFFILIATES; PARENT GUARANTEE. AspenTech shall ensure and guarantee that each Affiliate to whom AspenTech sublicenses rights in the Licensed Property or Licensed IP after the date hereof uses it in a manner that is consistent with the terms of this Agreement. Any failure of any such Affiliate to comply with the provisions of this Agreement relating to the Licensed Property or the Licensed IP shall be deemed to constitute a breach of this Agreement by AspenTech. Aspen Technology, Inc. ("PARENT") hereby guarantees the obligations of AspenTech and its Affiliates under this Agreement that may arise as a result of any breach of this Agreement by AspenTech or its Affiliates.

8.3 ENTIRE AGREEMENT. This Agreement (together with the Purchase Agreement, all documents referred to therein, the Ancillary Agreements and the Confidentiality Agreement) constitutes the entire agreement between AspenTech and Honeywell. These Agreements supersede any prior agreements or understandings between AspenTech and Honeywell (including, without limitation, the Letter of Intent dated May 13, 2004 by and between Parent and Honeywell), whether written or oral, with respect to the subject matter covered by such agreements, other than the Confidentiality Agreement.

8.4 SUCCESSION AND ASSIGNMENT. The licenses set forth in this Agreement are personal to AspenTech and, except as expressly provided herein, AspenTech may not assign or sublicense this Agreement, or any of its rights herein, or delegate any of its obligations hereunder, without the prior written approval of Honeywell. Notwithstanding the foregoing, AspenTech may assign all, but not less than all, of its rights under this Agreement to (a) any Affiliate of AspenTech, PROVIDED THAT such assignment will not relieve AspenTech of any obligation or

duty hereunder if not performed by such Affiliate and AspenTech and Parent shall guarantee the performance by such Affiliate, and (b) a successor to all or substantially all of that portion of its business to which this Agreement relates, in each case, without the prior consent of Honeywell. Any permitted assignee shall be bound to the provisions of this Agreement. Honeywell may assign this Agreement and any of its rights herein, or delegate any of its obligations hereunder, without the prior written approval of AspenTech, provided that any such assignee assumes all of Honeywell's rights and obligations hereunder. Any attempted assignment in violation of this provision shall be void ab initio and of no force and effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns.

8.5 NOTICES. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

IF TO HONEYWELL:	COPY TO:
Telecopy:	Telecopy:
Attention:	Attention:
IF TO ASPENTECH:	COPY TO:
Aspen Technology, Inc. Ten Canal Park Cambridge, MA 02141 Telecopy: (617) 949-1717 Attention: General Counsel	Wilmer Cutler Pickering Hale and Dorr LLP 60 State Street Boston, MA 02109 Telecopy: (617) 526-5000 Attention: Mark L. Johnson, Esq.

Any Party may give any notice, request, demand, claim or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the Party for whom it is intended. Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

8.6 AMENDMENTS AND WAIVERS. The Parties may mutually amend or waive any provision of this Agreement at any time. No amendment or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.7 SEVERABILITY. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the body making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement

shall be enforceable as so modified.

8.8 EXPENSES. Except as otherwise specifically provided to the contrary in this Agreement, each of the Parties shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby

including, without limitation, any brokerage fees, commissions or finders fees in connection with the transactions contemplated by this Agreement.

8.9 SPECIFIC PERFORMANCE. (a) AspenTech acknowledges and agrees that Honeywell would be damaged irreparably in the event any of the provisions of Sections 2.1, 2.2, 2.3, 2.5(a), 2.5(c), 3, 5.1, 5.2, 5.3, and/or 5.4 of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, AspenTech agrees that Honeywell may be entitled to an injunction or injunctions to prevent breaches of, and enforce, Sections 2.1, 2.2, 2.3, 2.5(a), 2.5(c), 3, 5.1, 5.2, 5.3, and 5.4 of this Agreement in any action instituted in or before any Governmental Entity. (b) Honeywell acknowledges and agrees that AspenTech would be damaged irreparably in the event any of the provisions of Sections 5.1 and/or 5.4 of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, Honeywell agrees that AspenTech may be entitled to an injunction or injunctions to prevent breaches of, and enforce, Sections 5.1 and 5.4 of this Agreement in any action instituted in or before any Governmental Entity.

8.10 NO LIMITATION OF REMEDIES. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed as limiting any relief or remedies which Honeywell has at law or in equity for breach of this Agreement.

8.11 GOVERNING LAW. This Agreement and any disputes hereunder shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

8.12 SUBMISSION TO JURISDICTION. Each Party (a) submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of such action or proceeding may be heard and determined only in any such court, (c) waives any claim of inconvenient forum or other challenge to venue in such court, and (d) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each Party agrees to accept service of any summons, complaint, or other initial pleading made in the manner provided for the giving of notices in Section 8.5. Nothing in this Section 8.11 however, shall affect the right of any Party to serve such summons, complaint, or initial pleading in any other manner permitted by law.

8.13 CONSTRUCTION.

a. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

b. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

c. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or

interpretation of this Agreement.

d. Any reference herein to an Article, section, or clause shall be deemed to refer to an Article, section, or clause of this Agreement, unless the context clearly indicates otherwise.

e. All references to "$", "Dollars" or "US$" refer to currency of the United States of America.

8.14 WAIVER OF JURY TRIAL. To the extent permitted by applicable law, each Party hereby irrevocably waives all rights to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of any Party in the negotiation, administration, performance and enforcement of this Agreement.

8.15 INCORPORATION OF EXHIBITS. The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

8.16 COUNTERPARTS AND FACSIMILE SIGNATURE. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

8.16 EXPORT. AspenTech shall comply with all applicable export laws and regulations of all jurisdictions with respect to the Licensed Property and obtain, at its own expense, any required permits or export clearances.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

HONEYWELL CONTROL SYSTEMS LIMITED:

By: /s/John R. Ethier
Name: John R. Ethier
Title: V.P. CFO

HYPROTECH UK LTD.

By: /s/Stephen J. Doyle
Name: Stephen J. Doyle
Title: Director

Solely with respect to Sections 8.2 and 8.4 hereof:

ASPEN TECHNOLOGY, INC.

By: /s/Charles F. Kane
Name: Charles F. Kane
Title: Interim CEO and CFO

Exhibit 10.7

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

ASPENTECH UK LICENSE AGREEMENT

THIS HYPROTECH LICENSE AGREEMENT (the "AGREEMENT") is made and entered into as of this 23rd day of December, 2004 (the "EFFECTIVE DATE"), by and between Hyprotech UK Ltd., a limited liability company organized under the laws of England ("ASPENTECH"), and Honeywell Control Systems Limited, a company organized under the laws of the United Kingdom ("HONEYWELL"). AspenTech and Honeywell are each referred to herein as a "PARTY" and collectively as the "PARTIES." All capitalized terms that are not otherwise defined herein shall have the respective meanings ascribed to such terms in the Purchase and Sale Agreement dated as of October 6, 2004 by and among AspenTech, certain of its affiliates, and Honeywell (the "PURCHASE AGREEMENT").

WHEREAS, AspenTech and Honeywell have entered into the Purchase Agreement pursuant to which AspenTech has agreed, subject to the terms and conditions set forth therein, to transfer to Honeywell all of its right, title and interest in and to certain Engineering Software Assets, including the Assigned Intellectual Property, effective as of the Closing Date subject to the non-exclusive licenses set forth in this Agreement; and

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, AspenTech desires to retain certain rights and licenses with respect to IT Property and Assigned Intellectual Property as set forth herein.

NOW THEREFORE, in consideration of the mutual agreements and covenants set forth herein, Honeywell and AspenTech hereby agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

1.1 "ASPENTECH RELATED PARTY" means (a) any sublicensee, customer, distributor, reseller, OEM, joint venturer, partner, agent or direct or indirect sales channels of AspenTech, any of its Affiliates, or any of the foregoing parties, or (b) any other person or entity with which AspenTech or any of its Affiliates has a continuing business relationship; PROVIDED, HOWEVER,

that the following persons and entities shall not be considered to be AspenTech Related Parties: (i) [**] and its successors or assigns, and (ii) for purposes of the [**].

1.2 "CONFIDENTIAL LICENSED PROPERTY" means Licensed Property that AspenTech or its Affiliates treated as confidential as of the Effective Date.

1.3 "EXISTING OTS CONTRACTS" means (a) each Retained AspenTech Contract (as defined in the Subcontract Agreement), (b) each Assigned Contract for which customer consent for assignment is not obtained until such time as such customer consent has been obtained, (c) each contract set forth on Schedule 1.1(b)(ii) to the Purchase Agreement (other than Multi-Product Agreements) and (d) any change orders to any of the foregoing agreements made in the ordinary course consistent with AspenTech's past practice.

1.4 "HYPROTECH PROPERTY" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all IT Property other than the Operator Training Property and the MUSIC Product. For purpose of clarity, the Hyprotech Property includes, without limitation, the Hyprotech Products and Genesis Project Materials.

1.5 "HYPROTECH IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the IT Property (including, without limitation, the Hyprotech Property), exclusive of the Operator Training IP and the MUSIC IP.

1.6 "IP MATERIAL ADVERSE EFFECT" means any material breach or violation by an AspenTech Related Party of a Sublicense Agreement (as defined in Section 2.3 below) or an infringement or misappropriation by an AspenTech Related Party of the Licensed Property and/or Licensed IP that, in AspenTech's reasonable judgment, gives rise to: (i) a threat of abandonment of, or (ii) an impingement upon the validity or enforceability of, in each case, any item of Licensed Property and/or Licensed IP.

1.7 "INTELLECTUAL PROPERTY" means all (a) registered and unregistered statutory and common law copyrights, whether published or unpublished, works of authorship, and all registrations, applications for registration, and renewals thereof, (b) trade secrets, know-how, confidential information, processes and formulas, (c) patents and patent applications, invention disclosures, industrial or utility models, and inventors certificates throughout the world and all inventions contained therein, all provisional, divisional, continuation, continuation-in-part, or substitute applications based on the foregoing, any patents that shall issue on any of the foregoing or on any improvements, reissues, or reexaminations thereof, and patents and patent applications, including, without limitation, to patents of importation, improvement, or addition, utility models, and inventors certificates, corresponding in whole or in part to any of the above-

described patent and patent applications that are issued, filed, or to be filed in any and all countries, and any patents that shall subsequently issue therefrom including any renewals, divisions, reissues, continuations, or extensions thereof, (d) data rights and information, and (e) other intellectual property and proprietary rights whether patented or unpatented, or registered or unregistered.

1.8 "LICENSED IP" means the Operator Training IP, MUSIC IP, and the Hyprotech IP.

1.9 "LICENSED PROPERTY" means the Operator Training Property, MUSIC Product and Hyprotech Property.

1.10 "MAJOR PRODUCT LINE" means the Licensed Property that comprises or relates primarily to each of the following five product families: (i) HYSYS and related options and extensions, including ComThermo, (ii) Batch processing products (i.e., BDK), (iii) Heat exchanger products (i.e., TASC, ACOL, APLE, FIHR, etc.), (iv) Conceptual engineering products (i.e. HX-NET, Distil), and (v) Hydraulics (i.e., all the ProFES and related products).

1.11 "MAJOR PRODUCT LINE IP" means the Licensed IP in and to each Major Product Line.

1.12 "MAJOR PRODUCT LINE ACQUIRER" means an acquirer of all or substantially all of the business of AspenTech and its Affiliates that relates to any Major Product Line.

1.13 "MUSIC IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the MUSIC Product.

1.14 "MUSIC PRODUCT" means all of AspenTech's right, title and interest (immediately prior to Closing) in and to the (a) computer programs (including code in source code, object code and executable forms), interfaces, tools (including, without limitation, internal development and migration tools), development environments, flow charts, libraries, modules, add-ons, patches, bug fixes, object libraries, test programs, regression test software, proprietary programming languages, enhancements, customizations, scripts, utilities,

databases, data and algorithms constituting or embodied in the Assigned Products known as "MUSIC", and the interfaces, programs and modules related thereto that are set forth in Schedule 1.1(a)(i)(B) of the Purchase Agreement; and (b) Documentation and Records for the MUSIC product.

1.15 "OBJECT CODE FORM" means a form of software code resulting from the translation or processing of software in Source Code Form by a computer into machine language or intermediate code or other executable code, which thus is in a form that would not be convenient to human understanding of the program.

1.16 "OPERATOR TRAINING IP" means all of AspenTech's right, title and interest (immediately prior to the Closing) in and to all Intellectual Property embodied in the Operator Training Property, excluding the MUSIC IP.

1.17 "OPERATOR TRAINING PROPERTY" means all of AspenTech's right, title and interest (immediately prior to Closing) in and to the (a) Operator Training Products and the (b) Documentation and Records related solely to the Operator Training Products, excluding in all cases the MUSIC Product.

1.18 "OTS FIELD OF USE" means the provision of Restricted Services.

1.19 "OTS TERM" means the period starting as of the Effective Date and ending upon the expiration or termination of all obligations of AspenTech and its Affiliates under all of the Existing OTS Contracts.

1.20 "SOFTWARE SUPPORT AGREEMENT" means the agreement entered into by the Parties simultaneously herewith and entitled the Software Support Agreement.

1.21 "SOURCE CODE FORM" means a form of software code in which a computer program's logic is easily deduced by a human being with skill in the art.

1.22 "SUBCONTRACT AGREEMENT" means the Subcontract Agreement entered into by the Parties simultaneously herewith.

1.23 "THIRD PARTY" means a person or entity other than AspenTech or its Affiliates.

1.24 "THIRD-PARTY PRODUCT" means a product that is not marketed, licensed, or sold by (a) AspenTech or any of its Affiliates (or any of their respective permitted assignees or permitted successors), distributors, resellers, OEMs, agents, or other indirect sales channels of any of the foregoing persons or entities, or (b) a joint venture or partnership of AspenTech, or other Third Party with which AspenTech or any of its Affiliates has a continuing business relationship for the development, marketing, sales, or distribution of such product.

2. LICENSE

2.1 LICENSED RIGHTS.

a. GENERAL LICENSE TO HYPROTECH IP. AspenTech retains under the Hyprotech IP and the Hyprotech Property a worldwide, non-exclusive, royalty-free, perpetual, irrevocable right and license, with the right to sublicense solely as set forth in Sections 2.2 and 2.3 below

(provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), (A) to make, have made, use, have used, sell, have sold, offer to sell, and import any product or provide any service covered by the Hyprotech IP and exercise any other rights in the Hyprotech IP in connection therewith, and (B) to copy, modify, enhance, prepare derivative works of, improve, maintain, support, develop, demonstrate, promote, distribute and transmit the Hyprotech

Property (in Source Code Form, Object Code Form or any other applicable form) and any derivative work thereof, in each case, for any purpose.

b. FIELD LICENSE TO MUSIC. AspenTech retains under the MUSIC Product and MUSIC IP, a worldwide, non-exclusive, royalty-free, perpetual, irrevocable right and license, with the right to sublicense solely as set forth in Sections 2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), (A) to make, have made, use, have used, sell, have sold, offer to sell, and import any product or provide service covered by the MUSIC IP and exercise any other rights in the MUSIC IP in connection therewith, in each case, solely outside of the OTS Field of Use, and (B) to copy, modify, enhance, prepare derivative works of, improve, maintain, support, develop, demonstrate, promote, distribute and transmit the MUSIC Product (in Source Code Form, Object Code Form or any other applicable form) and any derivative work thereof, in each case, solely for use outside of the OTS Field of Use.

c. PROJECT LICENSE TO OPERATOR TRAINING PRODUCTS. During the OTS Term, AspenTech retains under the Operator Training IP and Operator Training Property, a worldwide, non-exclusive, royalty-free right and license, with the right to sublicense, solely as set forth in Sections 2.2 and 2.3 below (provided that AspenTech shall remain subject to the restrictions set forth in Sections 2.1(e), 2.5(a), 5.1, 5.2 and 5.4 below in granting any such sublicense), to exercise any rights in the Operator Training IP and the Operator Training Property (in Source Code Form, Object Code Form or any other applicable form) solely in connection with performing the Existing OTS Contracts which Existing OTS Contracts shall not be renewed and shall not be amended (other than change orders made in the ordinary course of business consistent with AspenTech's past practice). The rights and licenses set forth in this Section 2.1(c) shall terminate upon the termination of the OTS Term.

d. NO UPDATES. For avoidance of doubt, the licenses set forth in this Section 2.1 are limited to the Licensed Property and Licensed IP existing as of the Effective Date and do not include products relating thereto or Intellectual Property therein that are, in each case, developed by or for Honeywell after the Effective Date.

e. DISCLOSURE. Subject to the terms of this Agreement, the rights and licenses set forth in Sections 2.1(a) and (b) and 2.2 include the right to disclose the Source Code Form of

the applicable Licensed Property, PROVIDED THAT such disclosure is in accordance with the obligations and restrictions set forth in Sections 2.2 and 2.3 of this Agreement and the confidentiality obligations and restrictions set forth in Section 5.1, 5.2, and 5.4 of this Agreement.

f. IRREVOCABILITY. Notwithstanding anything to the contrary in this Agreement or otherwise, the rights and licenses set forth under Sections 2.1(a), 2.1(b) and 2.2 hereof shall be irrevocable and non-terminable, and such rights and licenses shall survive and shall remain irrevocable and non-terminable regardless of any breach or termination of this Agreement for any reason.

2.2 SUBLICENSING. AspenTech shall have the right to grant licenses and/or sublicenses (with the rights of the licensees and/or sublicensees to grant further sublicenses) of any of the rights and licenses set forth in Sections 2.1(a), 2.1(b) or 2.1(c); PROVIDED, HOWEVER, that AspenTech shall not have the right to grant to any Third Party (a) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form that authorizes or grants rights to such Third Party to further sublicense such Hyprotech Products or MUSIC Products in Source Code Form; (b) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form or Object Code Form that authorizes or grants rights to such Third Party to incorporate or bundle (in whole or in part) such Hyprotech Products or MUSIC Products in Source Code Form or Object Code Form into a Third-Party Product for purposes of the

distribution or sale of such Third-Party Product; or (c) a sublicense of its rights in the Hyprotech Products or MUSIC Products in Source Code Form that authorizes or grants rights to such Third Party to use (in whole or in part) such Hyprotech Products or MUSIC Products in Source Code Form in a Third-Party Product for purposes of the distribution or sale of such Third Party Product; PROVIDED FURTHER THAT AspenTech shall not have the right to grant to any Third Party a sublicense of the Operator Training Products in Source Code Form, except in connection with the performance of the Existing OTS Contracts. Notwithstanding the limitations set forth in this Section 2.2, AspenTech shall have the right to grant to any Major Product Line Acquirer a worldwide, perpetual, irrevocable, sole and exclusive right and sublicense under all of the applicable rights and licenses set forth in Sections 2.1(a) and/or 2.1(b) (with the rights of such Major Product Line Acquirer to grant further sublicenses) with respect to the Major Product Line IP for the Major Product Line acquired by such Major Product Line Acquirer (each, a "MAJOR PRODUCT LINE SUBLICENSE"). For avoidance of doubt, any sublicense by the Major Product Line Acquirer of the Major Product Line IP to AspenTech or its Affiliates shall be subject to the restrictions set forth herein on sublicensing to Third Parties as if AspenTech and its Affiliates were Third Parties.

2.3 SUBLICENSES. Without limiting the terms and conditions of Section 2.2, AspenTech shall only grant sublicenses under the Licensed IP or Licensed Property pursuant to written sublicense agreements ("SUBLICENSE AGREEMENTS"). Further:

a. In any Sublicense Agreement that includes a sublicense to the Source Code Form of the software included in the Licensed Property, such Sublicense Agreement shall (i) prohibit the sublicensee from making such software in Source Code Form or any portion thereof available to third parties pursuant to the GNU General Public License or any similar "open source code" license or otherwise as freeware, shareware or on any other unrestricted basis, and (ii) requires such sublicensee to maintain the confidentiality of such software in Source Code Form and not to disclose such source code to any third party, other than employees and consultants of such sublicensee that have entered into written agreements that protect the confidentiality of such source code; and

b. In any Sublicense Agreement that includes a sublicense to the Object Code Form (but not the Source Code Form) of the software included in the Licensed Property, such Sublicense Agreement shall prohibit the sublicensee from reverse engineering, decompiling, or disassembling the Object Code Form of any such sublicensed software; and

c. In any Sublicense Agreement that includes a sublicense to any software included in the Licensed Property (whether in Source Code Form or Object Code Form), such Sublicense Agreement shall (i) except in the case of a Major Product Line Sublicense, require the return or destruction of all of such sublicensed software after the termination of the applicable sublicense agreement, and (ii) require such sublicensee to comply with terms that are not inconsistent with the terms of this Agreement.

AspenTech shall, at its own expense, use commercially reasonable efforts to investigate each instance of a material breach of any Sublicense Agreement that AspenTech learns of and enforce the terms and conditions of each such Sublicense Agreement. In the event any such sublicensee breaches a Sublicense Agreement and such breach has an IP Material Adverse Effect, AspenTech shall promptly notify Honeywell in writing and provide reasonably sufficient information for Honeywell to assess the breach and AspenTech's resolution thereof.

2.4 DELIVERY; RETENTION. Without limiting and subject to AspenTech's delivery obligations under the Purchase Agreement, AspenTech shall be entitled to retain copies of the Hyprotech Property, Operator Training Property, and MUSIC Product in its possession immediately prior to the Effective Date, PROVIDED THAT upon termination of the license set forth in Section 2.1(c), at Honeywell's sole discretion and option, AspenTech shall (A) promptly deliver to

Honeywell all copies of the Operator Training Property that is in tangible form including without limitation any materials embodying or containing the Operator Training Property, or (B)

destroy the Operator Training Property and furnish Honeywell with a certificate signed by an executive officer of AspenTech certifying as to its destruction.

2.5 OWNERSHIP.

a. AspenTech acknowledges that Honeywell is the owner of all rights, title and interest in and to the Licensed IP and Licensed Property worldwide other than AspenTech's rights hereunder solely as a licensee. Nothing herein shall be construed to establish or evidence ownership by AspenTech of any Licensed IP or Licensed Property, in whole or in part. AspenTech shall not obtain or claim any ownership or other interest in the Licensed Property or Licensed IP, or any portion thereof, other than the non-exclusive licenses set forth herein. AspenTech shall take no steps to challenge Honeywell's ownership of the Licensed Property and the Licensed IP, or the validity or enforceability of the Licensed Property and the Licensed IP.

b. AspenTech shall not obscure, alter, or remove any patent, copyright, trademark, or service marking or legend contained on or in any Licensed Property.

c. AspenTech shall promptly report to Honeywell any actual or suspected violation of this Section 2.5 by an AspenTech Related Party that has an IP Material Adverse Effect or by any other Third Party, and shall cooperate with Honeywell and take such further steps as may reasonably be requested by Honeywell, at Honeywell's expense, to prevent or remedy any such violation.

2.6 NO WARRANTY. LICENSOR PROVIDES THE LICENSED PROPERTY AND LICENSED IP ON AN "AS IS" BASIS WITHOUT WARRANTY OF ANY KIND. LICENSOR EXPRESSLY DISCLAIMS ALL WARRANTIES AND CONDITIONS, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE LICENSED PROPERTY AND LICENSED IP, INCLUDING ALL IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY, NONINFRINGEMENT, TITLE AND FITNESS FOR A PARTICULAR PURPOSE, OR ARISING OUT OF A COURSE OF DEALING, USAGE OR TRADE PRACTICE. LICENSOR SPECIFICALLY DISCLAIMS ANY WARRANTY THAT THE FUNCTIONS CONTAINED IN THE IT PROPERTY WILL MEET ASPENTECH'S REQUIREMENTS OR WILL OPERATE IN COMBINATIONS OR IN A MANNER SELECTED FOR USE BY ASPENTECH, OR THAT THE OPERATION OF ANY LICENSED PROPERTY WILL BE UNINTERRUPTED OR ERROR FREE.

3. ENFORCEMENT

3.1 HONEYWELL'S EXCLUSIVE RIGHT OF ENFORCEMENT. AspenTech shall notify Honeywell of any actual or suspected infringement or unauthorized use of any Licensed Property and

Licensed IP by a AspenTech Related Party that has an IP Material Adverse Effect or by any other Third Party within thirty (30) days after becoming aware of such actual or suspected infringement or unauthorized use. Honeywell shall continue to have at all times the sole and exclusive right, but not the obligation, to take whatever lawful steps it deems necessary or desirable to enforce the Licensed Property and Licensed IP against infringing Third Parties, including the filing and prosecution of litigation, and AspenTech shall reasonably cooperate in such action at Honeywell's expense. AspenTech shall take no steps to enforce the Licensed Property and Licensed IP without Honeywell's prior written consent.

4. PAYMENTS

4.1 NO PAYMENT. Neither Party shall have any obligation to make any payment of any kind to the other Party under this Agreement or otherwise with

respect to the rights and licenses set forth hereunder.

4.2 TAXES. AspenTech agrees to bear and be responsible for the payment of all taxes, levies, and assessments imposed on AspenTech and arising out of this Agreement (excluding any tax based upon Honeywell's net income).

5. ADDITIONAL COVENANTS

5.1 CONFIDENTIALITY OF SOURCE CODE. Without limiting the rights and licenses set forth in this Agreement, each Party agrees that, for a period of fifteen (15) years from the Effective Date, it shall not disclose, or allow the disclosure of, the Hyprotech Products, Operator Training Products, or MUSIC Product in Source Code Form of any portion thereof to any person or entity (including, without limitation, any employee, agent or contractor of such Party), except (a) pursuant to a written confidentiality agreement that prohibits the recipient from disclosing such source code to any third party without the express written consent of the disclosing party and (b) if such consent is given, each Party shall require in writing that any further disclosure by the recipient is made only pursuant to a written confidentiality agreement that is no less protective of the Hyprotech Products, Operator Training Products, or MUSIC Products in Source Code Form than this Section 5.1, PROVIDED THAT Honeywell's foregoing obligations with regard to the Operator Training Products shall terminate upon the expiration of the OTS Term.

5.2 OTHER CONFIDENTIAL LICENSED PROPERTY. Without limiting and in addition to the rights and obligations under Section 5.1, AspenTech agrees that, for a period of ten (10) years from the Effective Date, AspenTech shall not disclose any Confidential Licensed Property to any person or entity (other than employees of AspenTech), except (a) pursuant to a written confidentiality agreement that prohibits the recipient from disclosing such confidential information to any third party without the express written consent of AspenTech and (b) if such

consent is given, AspenTech shall require in writing that any further disclosure by the recipient is made only pursuant to a written confidentiality agreement that is no less protective of the confidential information than this Section 5.2. The obligations of AspenTech specified in this Section 5.2 shall not apply, and AspenTech shall have no further obligations, with respect to any Confidential Licensed Property to the extent that such Confidential Licensed Property is (i) generally known to the public at the time of disclosure; (ii) becomes generally known without AspenTech or its Affiliates violating any confidentiality obligations owed to Honeywell; or (iii) is disclosed by Honeywell to a third party without any obligation of confidentiality. Nothing in this Section 5.2 shall limit AspenTech's obligation of confidentiality as set forth in Section 5.1.

5.3 LIMITATION. Notwithstanding anything contained in Section 5.1 or 5.2 to the contrary, neither Section 5.1 nor 5.2 shall prohibit a Party from disclosing any information subject thereto to the extent required in order for such Party to comply with applicable laws and regulations or legal or administrative processes or otherwise as required in order to protect or enforce such Party's rights or to perform such Party's obligations under this Agreement, the Ancillary Agreements or in connection with tax or other regulatory filings, litigation or financial reporting purposes. In the event that either Party is requested or required by a Governmental Entity (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the information subject to Section 5.1 or 5.2, it is agreed that the Party will provide the other Party with prompt notice of each such request so that the other Party may seek an appropriate protective order or other appropriate remedy and the notifying Party will reasonably cooperate with the other Party, at the other Party's expense, to obtain such protective order or other remedy. In the event that such protective order or other remedy is not sought or obtained within a reasonable time under the circumstances, the notifying Party may furnish only that portion of the information which it is legally compelled to disclose or

advised by legal counsel to disclose and will use its commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any information so furnished.

5.4 ADDITIONAL COVENANTS. Neither Party shall at any time make the Licensed Property or Licensed IP or any portion thereof available to third parties pursuant to the GNU General Public License or any similar "open source code" license or otherwise as freeware, shareware or on any other unrestricted basis.

5.5 TECHNICAL ASSISTANCE. For purposes of clarity, neither Party is obligated to provide any consulting or technical assistance to the other Party except as otherwise expressly provided in the Software Support Agreement.

6. LIABILITY

6.1 EXCEPT FOR LIABILITIES WHICH ARE THE RESPONSIBILITY OF ASPENTECH ARISING FROM A BREACH BY ASPENTECH OF SECTIONS 2.1, 2.2, 2.3, 2.5(a), 5.1, 5.2, AND 5.3, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON OR ENTITY FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, STATUTORY OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF DATA OR LOSS OF USE DAMAGES) ARISING OUT OF THIS AGREEMENT OR THE RIGHTS OR LICENSES SET FORTH HEREUNDER, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES.

7. TERM

7.1 TERM. The term of this Agreement shall begin as of the Effective Date and shall remain in effect, with respect to each item of Licensed IP, for the entire duration of such item of Licensed IP.

7.2 SURVIVAL. The terms and conditions of the following Articles and Sections will survive termination or expiration of this Agreement for any reason: Sections 2.1, 2.2, 2.3, 2.5(a), 2.6, 5.1, 5.2, 5.3, 5.4, 6.1, this 7.2, and Article 8. In addition, the termination or expiration of this Agreement shall not relieve any party of any liability that accrued prior to such termination or expiration or any losses from any willful breach. Except as expressly provided in this Section 7.2, all other provisions of this Agreement shall terminate upon the expiration or termination hereof.

8. MISCELLANEOUS

8.1 NO THIRD PARTY BENEFICIARIES. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective permitted successors and permitted assigns.

8.2 ACTION TO BE TAKEN BY AFFILIATES; PARENT GUARANTEE. AspenTech shall ensure and guarantee that each Affiliate to whom AspenTech sublicenses rights in the Licensed Property or Licensed IP after the date hereof uses it in a manner that is consistent with the terms of this Agreement. Any failure of any such Affiliate to comply with the provisions of this Agreement relating to the Licensed Property or the Licensed IP shall be deemed to constitute a breach of this Agreement by AspenTech. Aspen Technology, Inc. ("PARENT") hereby guarantees the obligations of AspenTech and its Affiliates under this Agreement that may arise as a result of any breach of this Agreement by AspenTech or its Affiliates.

8.3 ENTIRE AGREEMENT. This Agreement (together with the Purchase Agreement, all documents referred to therein, the Ancillary Agreements and the Confidentiality Agreement) constitutes the entire agreement between AspenTech and Honeywell. These Agreements supersede any prior agreements or understandings between AspenTech and Honeywell (including, without limitation, the Letter of

Intent dated May 13, 2004 by and between Parent and Honeywell), whether written or oral, with respect to the subject matter covered by such agreements, other than the Confidentiality Agreement.

8.4 SUCCESSION AND ASSIGNMENT. The licenses set forth in this Agreement are personal to AspenTech and, except as expressly provided herein, AspenTech may not assign or sublicense this Agreement, or any of its rights herein, or delegate any of its obligations hereunder, without the prior written approval of Honeywell. Notwithstanding the foregoing, AspenTech may assign all, but not less than all, of its rights under this Agreement to (a) any Affiliate of AspenTech, PROVIDED THAT such assignment will not relieve AspenTech of any obligation or duty hereunder if not performed by such Affiliate and AspenTech and Parent shall guarantee the performance by such Affiliate, and (b) a successor to all or substantially all of that portion of its business to which this Agreement relates, in each case, without the prior consent of Honeywell. Any permitted assignee shall be bound to the provisions of this Agreement. Honeywell may assign this Agreement and any of its rights herein, or delegate any of its obligations hereunder, without the prior written approval of AspenTech, provided that any such assignee assumes all of Honeywell's rights and obligations hereunder. Any attempted assignment in violation of this provision shall be void ab initio and of no force and effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns.

8.5 NOTICES. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

IF TO HONEYWELL:	COPY TO:
Telecopy:	Telecopy:
Attention:	Attention:
IF TO ASPENTECH:	COPY TO:
Aspen Technology, Inc. Ten Canal Park Cambridge, MA 02141 Telecopy: (617) 949-1717 Attention: General Counsel	Wilmer Cutler Pickering Hale and Dorr LLP 60 State Street Boston, MA 02109 Telecopy: (617) 526-5000 Attention: Mark L. Johnson, Esq.

Any Party may give any notice, request, demand, claim or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the Party for whom it is intended. Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

8.6 AMENDMENTS AND WAIVERS. The Parties may mutually amend or waive any provision of this Agreement at any time. No amendment or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.7 SEVERABILITY. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the

validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the body making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision, to delete specific words

or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

8.8 EXPENSES. Except as otherwise specifically provided to the contrary in this Agreement, each of the Parties shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby including, without limitation, any brokerage fees, commissions or finders fees in connection with the transactions contemplated by this Agreement.

8.9 SPECIFIC PERFORMANCE. (a) AspenTech acknowledges and agrees that Honeywell would be damaged irreparably in the event any of the provisions of Sections 2.1, 2.2, 2.3, 2.5(a), 2.5(c), 3, 5.1, 5.2, 5.3, and/or 5.4 of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, AspenTech agrees that Honeywell may be entitled to an injunction or injunctions to prevent breaches of, and enforce, Sections 2.1, 2.2, 2.3, 2.5(a), 2.5(c), 3, 5.1, 5.2, 5.3, and 5.4 of this Agreement in any action instituted in or before any Governmental Entity. (b) Honeywell acknowledges and agrees that AspenTech would be damaged irreparably in the event any of the provisions of Sections 5.1 and/or 5.4 of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, Honeywell agrees that AspenTech may be entitled to an injunction or injunctions to prevent breaches of, and enforce, Sections 5.1 and 5.4 of this Agreement in any action instituted in or before any Governmental Entity.

8.10 NO LIMITATION OF REMEDIES. Except as expressly set forth in this Agreement, nothing in this Agreement shall be construed as limiting any relief or remedies which Honeywell has at law or in equity for breach of this Agreement.

8.11 GOVERNING LAW. This Agreement and any disputes hereunder shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

8.12 SUBMISSION TO JURISDICTION. Each Party (a) submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of such action or proceeding may be heard and determined only in any such court, (c) waives any claim of inconvenient forum or other challenge to venue in such court, and (d) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each Party agrees to accept service of any summons, complaint, or other initial pleading made in the manner provided for the

giving of notices in Section 8.5. Nothing in this Section 8.11 however, shall affect the right of any Party to serve such summons, complaint, or initial pleading in any other manner permitted by law.

8.13 CONSTRUCTION.

a. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

b. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

c. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

d. Any reference herein to an Article, section, or clause shall be deemed to refer to an Article, section, or clause of this Agreement, unless the context clearly indicates otherwise.

e. All references to "$", "Dollars" or "US$" refer to currency of the United States of America.

8.14 WAIVER OF JURY TRIAL. To the extent permitted by applicable law, each Party hereby irrevocably waives all rights to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of any Party in the negotiation, administration, performance and enforcement of this Agreement.

8.15 INCORPORATION OF EXHIBITS. The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

8.16 COUNTERPARTS AND FACSIMILE SIGNATURE. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

8.16 EXPORT. AspenTech shall comply with all applicable export laws and regulations of all jurisdictions with respect to the Licensed Property and obtain, at its own expense, any required permits or export clearances.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

By: _____

Name: _____

Title: _____

HONEYWELL CONTROL SYSTEMS LIMITED:

By: /s/John R. Ethier

Nme: John R. Ethier

Title: V.P. CFO

Solely with respect to Sections 8.2 and 8.4 hereof:

ASPEN TECHNOLOGY, INC.

By: /s/Charles F. Kane

Name: Charles F. Kane

Title: Interim CEO and CFO

[SIGNATURE PAGE TO LICENSE AGREEMENT]

Exhibit 10.8

THIRD AMENDMENT TO NON-RECOURSE RECEIVABLES PURCHASE AGREEMENT

This Third Amendment to Non-Recourse Receivables Purchase Agreement (this "Amendment") is entered into as of December 31, 2004, by and between SILICON VALLEY BANK, a California-chartered bank, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at One Newton Executive Park, Suite 200, 2221 Washington Street, Newton, Massachusetts 02462, doing business under the name "Silicon Valley East" ("Buyer") and ASPEN TECHNOLOGY, INC., a Delaware corporation with offices at Ten Canal Park, Cambridge, Massachusetts 02141 ("Seller").

1. DESCRIPTION OF EXISTING AGREEMENT. Reference is made to a certain Non-Recourse Receivables Purchase Agreement by and between Buyer and Seller dated as of December 31, 2003, as amended by a certain First Amendment to Non-Recourse Receivables Purchase Agreement dated June 30, 3004, as further amended by a certain Second Amendment to Non-Recourse Receivables Purchase Agreement dated September 30, 2004 (as further amended from time to time, the "Purchase Agreement"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Purchase Agreement.

2. DESCRIPTION OF CHANGE IN TERMS.

MODIFICATION TO PURCHASE AGREEMENT. The Purchase Agreement shall be amended by deleting Section 2.1 thereof and inserting in lieu thereof the following Section 2.1:

> "2.1 SALE AND PURCHASE. Subject to the terms and conditions of this Agreement, with respect to each Purchase, effective on each applicable Purchase Date, Seller agrees to sell to Buyer and Buyer agrees to buy from Seller all right, title, and interest (but none of the obligations with respect to) of the Seller to the payment of all sums owing or to be owing from the Account Debtors under each Purchased Receivable to the extent of the Purchased Receivable Amount for such Purchased Receivable.
>
> Each purchase and sale hereunder shall be in the sole discretion of Buyer and Seller. In any event, Buyer will not (i) purchase any Receivables in excess of an aggregate outstanding amount exceeding Thirty-Nine Million Dollars ($39,000,000.00), or (ii) purchase any Receivables under this Agreement after January 1, 2005. The purchase of each Purchased Receivable may be evidenced by an assignment or bill of sale in a form acceptable to Buyer."

3. FEES. Seller shall pay to Buyer a modification fee of Five Thousand Dollars ($5,000.00), which fee shall be due on the date hereof and shall be deemed fully earned as of the date hereof. Seller shall also reimburse Buyer for all legal fees and expenses incurred in connection with this Amendment.

4. CONSISTENT CHANGES. The Purchase Agreement is hereby amended wherever necessary to reflect the changes described above.

5. RATIFICATION OF LOAN DOCUMENTS. Seller hereby ratifies, confirms, and reaffirms all terms and conditions of the Purchase Agreement.

6. CONTINUING VALIDITY. Seller understands and agrees that in modifying the Purchase Agreement, Buyer is relying upon Seller's representations, warranties, and agreements, as set forth in the Purchase Agreement. Except as expressly modified pursuant to this Amendment, the terms of the Purchase Agreement remain unchanged and in full force and effect. Buyer's agreement to modifications to the Purchase Agreement pursuant to this Amendment in no way shall obligate Buyer to make any future modifications to the Purchase Agreement.

7. NO DEFENSES OF SELLER. Seller hereby acknowledges and agrees that Seller

has no offsets, defenses, claims, or counterclaims against Buyer with respect to the Purchase Agreement or otherwise, and that if Seller now has, or ever did have, any offsets, defenses, claims, or counterclaims against Buyer, whether

known or unknown, at law or in equity, all of them are hereby expressly WAIVED and Seller hereby RELEASES Buyer from any liability thereunder.

8. COUNTERSIGNATURE. This Amendment shall become effective only when it shall have been executed by Seller and Buyer.

This Amendment is executed as a sealed instrument under the laws of the Commonwealth of Massachusetts as of the date first written above.

SELLER:	BUYER:
ASPEN TECHNOLOGY, INC.	SILICON VALLEY BANK
By: /s/ Charles F. Kane	By: /s/ John Peck
Name: Charles F. Kane	Name: John Peck
Title: Senior VP and CFO	Title: Vice President

EXHIBIT 31.1

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark Fusco, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspen Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) [Not applicable]
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

/s/ Mark Fusco

Mark Fusco
President and Chief Executive Officer
(Principal Executive Officer)

Date: March 15, 2005

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EXHIBIT 31.2

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles F. Kane certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspen Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) [Not applicable]
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting

/s/ Charles F. Kane

Charles F. Kane
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: March 15, 2005

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EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Aspen Technology, Inc. (the "Company") for the period ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Mark Fusco, President and Chief Executive Officer of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: March 15, 2005

/s/ Mark Fusco

Mark Fusco
President and Chief Executive Officer

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EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Aspen Technology, Inc. (the "Company") for the period ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Charles F. Kane, Senior Vice President and Chief Financial Officer of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: March 15, 2005

/s/ Charles F. Kane

Charles F. Kane
Senior Vice President and Chief Financial Officer

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