



## Aspen Technology Reports Fiscal Year 2003 Second Quarter Financial Results

January 30, 2003

CAMBRIDGE, Mass.--(BUSINESS WIRE)--Jan. 30, 2003--

License revenues grow 24 percent sequentially; expenses decline substantially

Aspen Technology, Inc. (NASDAQ: AZPN) today reported financial results for its fiscal 2003 second quarter and six months ending December 31, 2002.

Total revenues for the second quarter grew to \$83.0 million, with license revenues of \$36.8 million, up 24 percent from the previous quarter, and services revenue of \$46.2 million. On a Generally Accepted Accounting Principles (GAAP) basis, the company reported a second quarter net loss of \$136.9 million, or \$3.59 per share, which, after adjustment for restructuring and other charges, and preferred stock dividend and discount accretion, resulted in net income of \$0.6 million, or \$0.02 per share in the second quarter. The restructuring and other charges, which totaled \$135.2 million, were primarily related to the write-down of certain assets due to the declining market values of businesses AspenTech acquired or invested in. Also included, was the impact of previously announced headcount reductions and related facilities consolidations, which constituted a much smaller proportion of the restructuring and other charges.

"We met or exceeded all of our key operational objectives in the December quarter, which enabled us to restore the company to operating profitability, excluding charges, a quarter earlier than we anticipated," said David McQuillin, President and CEO of AspenTech. "Solid customer demand, particularly in the refining and oil & gas sectors, coupled with improved execution, led to sequential top-line growth. Expenses were down substantially from last quarter, as we realized the benefit of headcount reductions and cost control measures implemented earlier in the year."

"In addition, we ended the quarter with more cash than we had forecasted, due to an increase in the sale of installment receivables and improved collection activity. Our success in the second quarter was an important milestone for the company and gives us confidence that we can sustain this improved execution, as we move toward achieving our revenue and profitability targets for the rest of this fiscal year."

During the second fiscal quarter, AspenTech signed significant license transactions with bp, UOP, PetroCanada, ConocoPhillips, Ameriven, TotalFinaElf, Fluor Daniel and Bristol Myers Squibb. The company saw strong demand for its Engineering solutions, and Manufacturing/Supply Chain product line revenues were in line with expectations.

Also during the second quarter, over 2000 attendees from more than 600 companies and 48 countries attended AspenWorld, the pre-eminent global conference for the process industries. This forum brought together industry analysts and executives from a wide range of process manufacturing sectors to discuss business issues currently facing the industry. The event enabled AspenTech to showcase its newest offerings and communicate the company's vision and strategy for Enterprise Operations Management.

The company recently secured a new \$25 million commercial line of credit with Silicon Valley Bank, which will replace its previous line of credit with Fleet Bank. The two-year, secured credit facility will carry an interest of the prime rate plus 0.5 percent.

The company will be holding a conference call to discuss its financial results, business outlook, and related corporate and financial matters at 4:45 p.m. EST on Thursday, January 30, 2003. Interested parties may listen to a live Webcast of the call by logging on to AspenTech's website: <http://www.aspentech.com> and clicking on the "Webcast" link under the Investor Relations section of the site. A replay of the call will be archived on AspenTech's website for ten days and will also be available for forty-eight hours via telephone, beginning at 8:00 p.m. EST on January 30, 2003, by dialing 719-457-0820 and entering in confirmation code 463511.

### About AspenTech

Aspen Technology, Inc. is a leading supplier of enterprise software to the process industries, enabling its customers to increase their margins and optimize their business performance. AspenTech's engineering solutions, including Hyprotech's technologies, help companies design and improve their plants and processes, maximizing returns throughout their operational life. AspenTech's manufacturing/supply chain solutions allow companies to run their plants and supply chains more profitably, from customer demand through to the delivery of the finished products. Over 1,200 leading companies rely on AspenTech's software every day to drive improvements across their most important engineering and operational processes. AspenTech's customers include: Air Liquide, AstraZeneca, Bayer, BASF, BP, ChevronTexaco, Dow Chemical, DuPont, ExxonMobil, GlaxoSmithKline, Lyondell Equistar, Merck, Mitsubishi Chemical, Shell, Southern Company, TXU Energy and Unilever. For more information, visit [www.aspentech.com](http://www.aspentech.com).

The third and fourth paragraphs of this press release contains forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. For this purpose, any statement using the term "will," "should," "could," "anticipates," "believes" or a comparable term is a forward-looking statement. Actual results may vary significantly from AspenTech's expectations based on a number of risks and uncertainties, including: AspenTech's lengthy sales cycle which makes it difficult to predict quarterly operating results; fluctuations in AspenTech's quarterly operating results; AspenTech's dependence on customers in the cyclical chemicals, petrochemicals and petroleum industries; AspenTech's need to hire additional qualified personnel and its dependence on key current employees; intense competition; AspenTech's dependence on systems integrators and other strategic partners; and other risk factors described from time to time in AspenTech's periodic reports and registration statements filed with the Securities and Exchange Commission. AspenTech cannot guarantee any future results, levels of activity, performance, or achievements. Moreover, neither AspenTech nor anyone else assumes responsibility for the accuracy and completeness of any forward-looking statements. AspenTech undertakes no obligation to update any of the forward-looking statements after the date of this press release.

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ASPEN TECHNOLOGY, INC.  
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS  
(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2002	Dec. 31, 2001
REVENUES: □				
Software licenses	\$36,781	\$39,939	\$66,427	\$59,170
Services	46,192	47,057	93,796	94,017
Total revenues	82,973	86,996	160,223	153,187
EXPENSES: □				
Cost of software licenses	3,511	3,054	6,846	5,498
Cost of services	26,823	30,261	54,831	60,403
Selling and marketing	27,031	28,451	56,185	55,075
Research and development	15,997	17,829	33,742	35,828
General and administrative	8,923	7,520	18,744	14,942
Restructuring and other charges	135,244	-	134,501	2,642
Total costs and expenses	217,529	87,115	304,849	174,388
Income (loss) from operations	(134,556)	(119)	(144,626)	(21,201)
Other income (expense), net	(313)	(171)	(814)	(355)
Interest income, net	268	144	849	897
Income (loss) before provision for (benefit from) income taxes	(134,601)	(146)	(144,591)	(20,659)
Provision for (benefit from) income taxes	-	(44)	-	(6,198)
Net income (loss)	(134,601)	(102)	(144,591)	(14,461)
Accretion of preferred stock discount and dividend	(2,287)	-	(4,521)	-
Net income (loss) applicable to common stockholders	\$ (136,888)	\$ (102)	\$ (149,112)	\$ (14,461)
Basic and diluted earnings (loss) per share:				
Net income (loss) per share	\$ (3.53)	\$ (0.00)	\$ (3.80)	\$ (0.46)
Accretion of preferred □ stock discount and dividend	(0.06)	-	(0.12)	-
Net income (loss) per share applicable to common stockholders	\$ (3.59)	\$ (0.00)	\$ (3.91)	\$ (0.46)

Weighted average shares outstanding - basic and diluted	38,128	31,748	38,092	31,740
Pro Forma before Restructuring and other charges, and Preferred stock discount and dividend accretion:				
Net income (loss)	\$643	\$ (102)	\$ (10,090)	\$ (12,612)
Diluted earnings (loss) per share	\$0.02	\$ (0.00)	\$ (0.26)	\$ (0.40)
Weighted average shares outstanding - diluted	39,560	31,748	38,092	31,740

Supplemental information - Reconciliation of net income (loss)  
to pro forma net income (loss)

	Three Months Ended		Six Months Ended	
	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2002	Dec. 31, 2001
Net income (loss)	\$ (136,888)	\$ (102)	\$ (149,112)	\$ (14,461)
Adjustments to net loss:				
Restructuring and other charges, net of tax effect	135,244	--	134,501	1,849
Preferred stock discount and dividend accretion	2,287	--	4,521	--
Pro forma net income (loss)	\$ 643	\$ (102)	\$ (10,090)	\$ (12,612)

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

	Dec. 31, 2002	June 30, 2002
ASSETS		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 53,665	\$ 52,120
Accounts receivable and unbilled services, net	98,345	125,987
Current portion of long-term installments receivable, net	36,418	40,404
Deferred tax asset	2,929	2,929
Prepaid expenses and other current assets	20,676	18,699
Total current assets	212,033	240,139
Long-term installments receivable, net	69,296	68,318
Equipment and leasehold improvements, net	39,447	50,803
Computer software development costs, net	15,017	13,810
Intangible assets, net	43,081	125,363
Purchased intellectual property, net	2,143	27,626

Deferred tax asset	15,576	15,576
Other assets	6,036	6,708
Total assets	\$402,629	\$548,343

#### LIABILITIES AND STOCKHOLDERS' EQUITY

##### Current liabilities:

Current portion of long-term debt	\$ 4,807	\$ 5,334
Amount owed to Accenture	8,300	11,100
Accounts payable and accrued expenses	93,258	94,987
Unearned revenue	17,730	20,983
Deferred revenue	35,612	38,624

Total current liabilities	159,707	171,028
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Long-term debt, less current maturities	89,584	92,135
Obligation subject to common stock settlement	4,245	1,810
Deferred revenue, less current portion	15,797	9,548
Deferred tax liability	14,964	15,003
Other liabilities	5,268	5,031

Total stockholders' equity	113,064	253,788
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Total liabilities and stockholders' equity	\$402,629	\$548,343
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