



Aspen Technology Announces Financial Results for the Fourth Quarter and Fiscal Year 2014

August 13, 2014

BURLINGTON, Mass.--(BUSINESS WIRE)--Aug. 13, 2014-- Aspen Technology, Inc. (NASDAQ: AZPN), a leading provider of software and services to the process industries, today announced financial results for its fourth quarter and fiscal year ended June 30, 2014.

"We are pleased to report a strong finish to fiscal 2014, with fourth quarter results that exceeded our expectations across all key financial metrics," said Antonio Pietri, President and Chief Executive Officer of AspenTech. "During fiscal 2014 AspenTech grew total license contract value in excess of 12% year-over-year and generated \$200 million of free cash flow. AspenTech continues to deliver new innovation through the aspenONE subscription software offering and we are confident about the runway for growth through increased adoption levels across our customer base."

Fourth Quarter and Fiscal Year 2014 Business Highlights

- The license portion of total contract value was \$1.85 billion at the end of fiscal 2014, which increased 3.4% from March 31, 2014 and 12.2% compared to the end of fiscal 2013.
- Total contract value, including the value of bundled maintenance, was \$2.2 billion at the end of fiscal 2014, which increased 3.9% from March 31, 2014 and 13.7% compared to the end of fiscal 2013.
- Annual spend, which the company defines as the annualized value of all term license and maintenance revenue contracts at the end of the quarter, was approximately \$380 million at the end of fiscal 2014, which increased 3.1% from March 31, 2014 and 12.3% compared to the end of fiscal 2013.

Summary of Fourth Quarter Fiscal Year 2014 Financial Results

AspenTech's total revenue of \$101.5 million increased 21.9% from \$83.3 million in the fourth quarter of the prior year.

- **Subscription and software revenue** was \$91.6 million in the fourth quarter of fiscal 2014, an increase from \$73.8 million in the fourth quarter of fiscal 2013.
- **Services and other revenue** was \$10.0 million in the fourth quarter of fiscal 2014, an increase from \$9.5 million in the fourth quarter of fiscal 2013.

For the quarter ended June 30, 2014, AspenTech reported income from operations of \$37.4 million, compared to income from operations of \$15.4 million for the quarter ended June 30, 2013.

Net income was \$26.7 million for the quarter ended June 30, 2014, leading to net income per share of \$0.29, compared to net income per share of \$0.21 in the same period last fiscal year.

Non-GAAP income from operations, which adds back stock-based compensation expense, restructuring charges, amortization of intangibles associated with acquisitions and non-capitalized acquired technology, was \$40.5 million for the fourth quarter of fiscal 2014, compared to a non-GAAP income from operations of \$18.9 million in the same period last fiscal year. Non-GAAP net income was \$28.7 million, or \$0.31 per share, for the fourth quarter of fiscal 2014, compared to non-GAAP net income of \$22.7 million, or \$0.24 per share, in the same period last fiscal year.

AspenTech had cash and marketable securities of \$298.4 million at June 30, 2014, an increase of \$23.5 million from the end of the prior quarter. During the fourth quarter, the company generated \$58.2 million in cash flow from operations. On a non-GAAP basis, cash flow from operations was \$58.8 million and free cash flow was \$57.4 million after taking into consideration \$1.5 million in capital expenditures and capitalized software. Both non-GAAP figures include \$0.6 million of excess tax benefits from stock-based compensation.

A reconciliation of GAAP to non-GAAP results is provided in the financial tables included in this press release.

Summary of Fiscal Year 2014 Financial Results

AspenTech's total revenue of \$391.5 million increased 25.7% from \$311.4 million for fiscal year 2013.

- **Subscription and software revenue** was \$350.5 million, an increase from \$276.6 million for fiscal year 2013.
- **Services and other revenue** was \$41.0 million, compared to \$34.8 million for fiscal year 2013.

For the fiscal year ended June 30, 2014, AspenTech reported income from operations of \$129.7 million, an improvement from income from operations of \$55.6 million for fiscal year 2013.

Net income was \$85.8 million for the fiscal year ended June 30, 2014, leading to net income per share of \$0.92, compared to net income per share of \$0.47 for fiscal year 2013.

Non-GAAP income from operations was \$149.5 million for fiscal year 2014, an improvement compared to non-GAAP income from operations of \$70.9

million for fiscal year 2013. Non-GAAP net income was \$98.5 million, or \$1.05 per share, for fiscal year 2014, an improvement compared to non-GAAP net income of \$55.1 million, or \$0.58 per share, for fiscal year 2013.

For the fiscal year ended June 30, 2014, the company generated \$200.1 million in cash flow from operations, \$204.7 million in non-GAAP cash flow from operations and \$200 million in free cash flow. Both non-GAAP figures exclude the \$3.9 million cash payment associated with the purchase of non-capitalized acquired technology and include \$0.7 million of excess tax benefits from stock-based compensation.

Use of Non-GAAP Financial Measures

This press release contains “non-GAAP financial measures,” which are not based on a comprehensive set of accounting rules or principles. This non-GAAP information supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by generally accepted accounting principles, or GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. A reconciliation of GAAP to non-GAAP results is included in the financial tables included in this press release.

Management considers both GAAP and non-GAAP financial results in managing AspenTech’s business. As the result of adoption of new licensing models, management believes that a number of AspenTech’s performance indicators based on GAAP, including revenue, gross profit, operating income and net income, should be viewed in conjunction with certain non-GAAP and other business measures in assessing AspenTech’s performance, growth and financial condition. Accordingly, management utilizes a number of non-GAAP and other business metrics, including the non-GAAP metrics set forth in this press release, to track AspenTech’s business performance. None of these non-GAAP metrics should be considered as an alternative to any measure of financial performance calculated in accordance with GAAP.

Conference Call and Webcast

AspenTech will host a conference call and webcast today, August 13, 2014, at 4:30 p.m. (Eastern Time), to discuss the company’s financial results for the fourth quarter and fiscal year 2014 as well as the company’s business outlook.

The live dial-in number is (877) 245-0126 or (706) 634-5625, conference ID code 68139397. Interested parties may also listen to a live webcast of the call by logging on to the Investor Relations section of AspenTech’s website, <http://www.aspentech.com/corporate/investor.cfm>, and clicking on the “webcast” link. A replay of the call will be archived on AspenTech’s website and will also be available via telephone at (855) 859-2056 or (404) 537-3406, conference ID code 68139397, through September 13, 2014.

About AspenTech

AspenTech is a leading supplier of software that optimizes process manufacturing – for energy, chemicals, engineering and construction, and other industries that manufacture and produce products from a chemical process. With integrated aspenONE solutions, process manufacturers can implement best practices for optimizing their engineering, manufacturing and supply chain operations. As a result, AspenTech customers are better able to increase capacity, improve margins, reduce costs and become more energy efficient. To see how the world’s leading process manufacturers rely on AspenTech to achieve their operational excellence goals, visit www.aspentech.com.

Forward-Looking Statements

The second paragraph of this press release contains forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results may vary significantly from AspenTech’s expectations based on a number of risks and uncertainties, including, without limitation: AspenTech’s failure to increase usage and product adoption of aspenONE offerings, and failure to continue to provide innovative, market-leading solutions; demand for, or usage of, aspenONE software declines for any reason; unfavorable economic and market conditions or a lessening demand in the market for process optimization software; and other risk factors described from time to time in AspenTech’s periodic reports filed with the Securities and Exchange Commission. AspenTech cannot guarantee any future results, levels of activity, performance, or achievements. AspenTech expressly disclaims any obligation to update forward-looking statements after the date of this press release.

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ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS *
(Unaudited in thousands, except per share data)

| | Three Months Ended | | Twelve Months Ended | |
|----------------------------|--------------------|---------------|---------------------|----------------|
| | June 30, | | June 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Revenue: | | | | |
| Subscription and software | \$ 91,570 | \$73,791 | \$350,486 | \$276,585 |
| Services and other | 9,962 | 9,473 | 40,967 | 34,802 |
| Total revenue | <u>101,532</u> | <u>83,264</u> | <u>391,453</u> | <u>311,387</u> |
| Cost of revenue: | | | | |
| Subscription and software | 5,167 | 4,904 | 20,141 | 20,148 |
| Services and other | 7,712 | 8,084 | 32,547 | 30,200 |
| Total cost of revenue | <u>12,879</u> | <u>12,988</u> | <u>52,688</u> | <u>50,348</u> |
| Gross profit | <u>88,653</u> | <u>70,276</u> | <u>338,765</u> | <u>261,039</u> |
| Operating expenses: | | | | |

| | | | | |
|---|------------------|-----------------|------------------|------------------|
| Selling and marketing | 23,451 | 25,803 | 94,827 | 93,655 |
| Research and development | 15,769 | 15,939 | 68,410 | 62,516 |
| General and administrative | 12,072 | 13,149 | 45,819 | 49,273 |
| Restructuring charges | - | 2 | (15) | (5) |
| Total operating expenses | <u>51,292</u> | <u>54,893</u> | <u>209,041</u> | <u>205,439</u> |
| Income from operations | 37,361 | 15,383 | 129,724 | 55,600 |
| Interest income | 155 | 518 | 1,124 | 3,379 |
| Interest expense | (5) | (39) | (37) | (424) |
| Other income (expense), net | (471) | (765) | (2,278) | (1,117) |
| Income before provision for (benefit from) income taxes | 37,040 | 15,097 | 128,533 | 57,438 |
| Provision for (benefit from) income taxes | <u>10,362</u> | <u>(5,302)</u> | <u>42,750</u> | <u>12,176</u> |
| Net income | <u>\$ 26,678</u> | <u>\$20,399</u> | <u>\$ 85,783</u> | <u>\$ 45,262</u> |
| Net income per common share: | | | | |
| Basic | \$ 0.29 | \$ 0.22 | \$ 0.93 | \$ 0.48 |
| Diluted | \$ 0.29 | \$ 0.21 | \$ 0.92 | \$ 0.47 |
| Weighted average shares outstanding: | | | | |
| Basic | 91,916 | 93,680 | 92,648 | 93,586 |
| Diluted | 92,710 | 95,257 | 93,665 | 95,410 |

* Beginning with fiscal 2014, revenue from software maintenance and support (SMS) is included within subscription and software revenue in the consolidated statements of operations. Prior to fiscal 2014, SMS revenue was included within services and other revenue. Additionally, beginning with fiscal 2014, the cost of providing SMS is included within subscription and software cost of revenue. Prior to fiscal 2014, the cost of providing SMS was included within services and other cost of revenue. Corresponding line items in the consolidated statements of operations for the three and twelve months ended June 30, 2013 have been reclassified to conform to the current period presentation. Refer to the Company's Form 10-K for the fiscal year ended June 30, 2014 for additional details.

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited in thousands, except share data)

| | <u>June 30,</u> <u>2014</u> | <u>June 30,</u> <u>2013</u> |
|---|--------------------------------|--------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 199,526 | \$ 132,432 |
| Short-term marketable securities | 67,619 | 57,015 |
| Accounts receivable, net | 38,532 | 36,988 |
| Current portion of installments receivable, net | 640 | 13,769 |
| Unbilled services | 1,656 | 1,965 |
| Prepaid expenses and other current assets | 10,567 | 9,665 |
| Prepaid income taxes | 605 | 288 |
| Current deferred tax assets | <u>10,537</u> | <u>33,229</u> |
| Total current assets | 329,682 | 285,351 |
| Long-term marketable securities | 31,270 | 35,353 |
| Non-current installments receivable, net | 811 | 963 |
| Property, equipment and leasehold improvements, net | 7,588 | 7,829 |
| Computer software development costs, net | 1,390 | 1,742 |
| Goodwill | 19,276 | 19,132 |
| Non-current deferred tax assets | 12,765 | 25,250 |
| Other non-current assets | <u>5,190</u> | <u>7,128</u> |
| Total assets | <u>\$ 407,972</u> | <u>\$ 382,748</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 412 | \$ 846 |
| Accrued expenses and other current liabilities | 34,984 | 34,577 |
| Income taxes payable | 2,168 | 1,697 |

| | | |
|--|-------------------|-------------------|
| Current deferred revenue | 228,940 | 178,341 |
| Total current liabilities | <u>266,504</u> | <u>215,461</u> |
| Non-current deferred revenue | 45,942 | 53,012 |
| Other non-current liabilities | 11,850 | 12,377 |
| Commitments and contingencies | | |
| Series D redeemable convertible preferred stock, \$0.10 par value— | | |
| Authorized— 3,636 shares as of June 30, 2014 and 2013 | | |
| Issued and outstanding— none as of June 30, 2014 and 2013 | | |
| Stockholders' equity: | | |
| Common stock, \$0.10 par value— Authorized—210,000,000 shares | | |
| Issued— 101,033,740 shares at June 30, 2014 and 99,945,545 shares at June 30, 2013 | | |
| Outstanding— 91,661,850 shares at June 30, 2014 and 93,683,769 shares at June 30, 2013 | 10,103 | 9,995 |
| Additional paid-in capital | 591,324 | 575,770 |
| Accumulated deficit | (264,034) | (349,817) |
| Accumulated other comprehensive income | 9,372 | 7,263 |
| Treasury stock, at cost—9,371,890 shares of common stock at June 30, 2014 and 6,261,776 at June 30, 2013 | <u>(263,089)</u> | <u>(141,313)</u> |
| Total stockholders' equity | <u>83,676</u> | <u>101,898</u> |
| Total liabilities and stockholders' equity | <u>\$ 407,972</u> | <u>\$ 382,748</u> |

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited in thousands)

| | Three Months Ended June 30, | | Twelve Months Ended June 30, | |
|---|--------------------------------|-----------------|---------------------------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Cash flows from operating activities: | | | | |
| Net income | \$ 26,678 | \$ 20,399 | \$ 85,783 | \$ 45,262 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 1,360 | 1,115 | 5,215 | 5,229 |
| Net foreign currency loss (gain) | 490 | (285) | 1,934 | (952) |
| Stock-based compensation | 2,954 | 3,342 | 14,056 | 14,637 |
| Deferred income taxes | 8,769 | (10,541) | 34,596 | 5,127 |
| Provision for bad debts | 649 | 458 | 1,793 | 489 |
| Excess tax benefits from stock-based compensation | (590) | (478) | (727) | (478) |
| Other non-cash operating activities | 489 | 453 | 1,847 | 818 |
| Changes in assets and liabilities: | - | | | |
| Accounts receivable | (8,245) | (8,489) | (3,179) | (6,094) |
| Unbilled services | (366) | 265 | 301 | (380) |
| Prepaid expenses, prepaid income taxes, and other assets | (3,380) | (1,061) | 947 | 3,827 |
| Installments receivable | 1,674 | 7,054 | 13,607 | 39,419 |
| Accounts payable, accrued expenses, and other liabilities | 2,744 | 6,239 | 1,633 | (4,947) |
| Deferred revenue | <u>25,016</u> | <u>15,467</u> | <u>42,325</u> | <u>44,605</u> |
| Net cash provided by operating activities | <u>58,242</u> | <u>33,938</u> | <u>200,131</u> | <u>146,562</u> |
| Cash flows from investing activities: | | | | |
| Purchase of marketable securities | (32,814) | (21,884) | (68,356) | (97,597) |
| Maturities of marketable securities | 26,903 | 4,549 | 60,265 | 4,549 |
| Purchase of property, equipment and leasehold improvements | (1,381) | (1,489) | (4,011) | (4,507) |
| Insurance proceeds | - | - | - | 2,222 |
| Purchase of technology intangibles | - | - | (400) | (902) |
| Capitalized computer software development costs | <u>(84)</u> | <u>(563)</u> | <u>(685)</u> | <u>(1,156)</u> |
| Net cash used in investing activities | <u>(7,376)</u> | <u>(19,387)</u> | <u>(13,187)</u> | <u>(97,391)</u> |
| Cash flows from financing activities: | | | | |
| Exercise of stock options | 1,235 | 5,713 | 8,710 | 21,143 |
| Repayments of secured borrowings | - | - | - | (11,010) |
| Repurchases of common stock | <u>(32,857)</u> | <u>(25,426)</u> | <u>(121,776)</u> | <u>(84,677)</u> |

| | | | | |
|--|------------------|------------------|-------------------|------------------|
| Payment of tax withholding obligations related to restricted stock | (1,896) | (1,947) | (7,831) | (7,705) |
| Excess tax benefits from stock-based compensation | 590 | 478 | 727 | 478 |
| Net cash used in financing activities | (32,928) | (21,182) | (120,170) | (81,771) |
| Effect of exchange rate changes on cash and cash equivalents | 105 | 21 | 320 | (210) |
| Increase (decrease) in cash and cash equivalents | 18,043 | (6,610) | 67,094 | (32,810) |
| Cash and cash equivalents, beginning of period | 181,483 | 139,042 | 132,432 | 165,242 |
| Cash and cash equivalents, end of period | \$199,526 | \$132,432 | \$ 199,526 | \$132,432 |

Supplemental disclosure of cash flow information:

| | | | | |
|------------------------|----------|----------|----------|----------|
| Income taxes paid, net | \$ 1,440 | \$ 1,953 | \$ 7,157 | \$ 4,645 |
| Interest paid | 5 | 39 | 37 | 424 |

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

Reconciliation of GAAP to Non-GAAP Results of Operations and Cash Flows

The following tables reflect a reconciliation of selected Aspen Technology GAAP to Non-GAAP results of operations and cash flows. (unaudited in thousands, except per share data)

| | Three Months Ended June 30, | | Twelve Months Ended June 30, | |
|--|--------------------------------|-----------|---------------------------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| Total expenses | | | | |
| GAAP total expenses (a) | \$ 64,171 | \$ 67,881 | \$ 261,729 | \$ 255,787 |
| Less: | | | | |
| Stock-based compensation (b) | (2,954) | (3,342) | (14,056) | (14,637) |
| Non-capitalized acquired technology (c) | - | - | (4,856) | - |
| Restructuring charges | - | (2) | 15 | 5 |
| Amortization of purchased technology intangibles | (224) | (199) | (922) | (702) |
| Non-GAAP total expenses | \$ 60,993 | \$ 64,338 | \$ 241,910 | \$ 240,453 |
| Income from operations | | | | |
| GAAP income from operations | \$ 37,361 | \$ 15,383 | \$ 129,724 | \$ 55,600 |
| Plus: | | | | |
| Stock-based compensation (b) | 2,954 | 3,342 | 14,056 | 14,637 |
| Non-capitalized acquired technology (c) | - | - | 4,856 | - |
| Restructuring charges | - | 2 | (15) | (5) |
| Amortization of purchased technology intangibles | 224 | 199 | 922 | 702 |
| Non-GAAP income from operations | \$ 40,539 | \$ 18,926 | \$ 149,543 | \$ 70,934 |
| Net income | | | | |
| GAAP net income | \$ 26,678 | \$ 20,399 | \$ 85,783 | \$ 45,262 |
| Plus: | | | | |
| Stock-based compensation (b) | 2,954 | 3,342 | 14,056 | 14,637 |
| Non-capitalized acquired technology (c) | - | - | 4,856 | - |
| Restructuring charges | - | 2 | (15) | (5) |
| Amortization of purchased technology intangibles | 224 | 199 | 922 | 702 |
| Less: | | | | |
| Income tax effect on Non-GAAP items (d) | (1,144) | (1,279) | (7,135) | (5,536) |
| Non-GAAP net income | \$ 28,712 | \$ 22,663 | \$ 98,467 | \$ 55,060 |
| Diluted income per share | | | | |
| GAAP diluted income per share | \$ 0.29 | \$ 0.21 | \$ 0.92 | \$ 0.47 |
| Plus: | | | | |
| Stock-based compensation (b) | 0.03 | 0.04 | 0.15 | 0.15 |
| Non-capitalized acquired technology (c) | - | - | 0.05 | - |
| Restructuring charges | - | - | - | - |

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Amortization of purchased technology intangibles | - | - | 0.01 | 0.01 |
| Less: | | | | |
| Income tax effect on Non-GAAP items (d) | (0.01) | (0.01) | (0.08) | (0.06) |
| Non-GAAP diluted income per share | \$ 0.31 | \$ 0.24 | \$ 1.05 | \$ 0.58 |
| Shares used in computing Non-GAAP diluted income per share | 92,710 | 95,257 | 93,665 | 95,410 |

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Results of Operations and Cash Flows

The following tables reflect a reconciliation of selected Aspen Technology GAAP to Non-GAAP results of operations and cash flows.
(unaudited in thousands, except per share data)

| | <u>Three Months Ended</u> <u>June 30,</u> | | <u>Twelve Months Ended</u> <u>June 30,</u> | |
|---|--|------------------|---|-------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Non-GAAP Cash Flows from Operating Activities and Free Cash Flow | | | | |
| GAAP cash flows from operating activities | \$ 58,242 | \$ 33,938 | \$ 200,131 | \$ 146,562 |
| Plus: | | | | |
| Non-capitalized acquired technology (c) | - | - | 3,856 | - |
| Excess tax benefits from stock-based compensation (e) | 590 | 478 | 727 | 478 |
| Non-GAAP Cash Flows from Operating Activities | \$ 58,832 | \$ 34,416 | \$ 204,714 | \$ 147,040 |
| Less: | | | | |
| Purchase of property, equipment and leasehold improvements | (1,381) | (1,489) | (4,011) | (4,507) |
| Capitalized computer software development costs | (84) | (563) | (685) | (1,156) |
| Plus: | | | | |
| Insurance proceeds | - | - | - | 2,222 |
| Free Cash Flow | \$ 57,367 | \$ 32,364 | \$ 200,018 | \$ 143,599 |

(a) GAAP total expenses

| | <u>Three Months Ended</u> <u>June 30,</u> | | <u>Twelve Months Ended</u> <u>June 30,</u> | |
|--------------------------|--|------------------|---|-------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Total costs of revenue | \$ 12,879 | \$ 12,988 | \$ 52,688 | \$ 50,348 |
| Total operating expenses | 51,292 | 54,893 | 209,041 | 205,439 |
| GAAP total expenses | <u>\$ 64,171</u> | <u>\$ 67,881</u> | <u>\$ 261,729</u> | <u>\$ 255,787</u> |

(b) Stock-based compensation expense was as follows:

| | <u>Three Months Ended</u> <u>June 30,</u> | | <u>Twelve Months Ended</u> <u>June 30,</u> | |
|--------------------------------|--|-----------------|---|------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Cost of services and other | \$ 329 | \$ 297 | \$ 1,239 | \$ 1,281 |
| Selling and marketing | 627 | 947 | 3,280 | 3,890 |
| Research and development | 862 | 716 | 4,129 | 2,969 |
| General and administrative | 1,136 | 1,382 | 5,408 | 6,497 |
| Total stock-based compensation | <u>\$ 2,954</u> | <u>\$ 3,342</u> | <u>\$ 14,056</u> | <u>\$ 14,637</u> |

(c) During fiscal 2014, the Company acquired certain technology that did not meet the accounting definition of having reached technological feasibility, and therefore, the cost of the acquired technology was expensed and is included in research and development. The Company excluded the \$4.9 million expense and the \$3.9 million cash payment associated with the acquired technology (non-capitalized acquired technology) from non-GAAP total expenses and non-GAAP cash flows from operating activities and free cash flow respectively to be consistent with past treatment of other transactions where the acquired assets were capitalized. Refer to the Company's Form 10-K for the fiscal year ended June 30, 2014 for additional details.

(d) The income tax effect on non-GAAP items for the three and twelve months ended June 30, 2014 and 2013 is calculated utilizing the Company's

estimated federal and state tax rate of 36%.

(e) Excess tax benefits from stock-based compensation are included in non-GAAP cash flows from operating activities and free cash flow to be consistent with the treatment of other tax benefits. Refer to the Company's Form 10-K for the fiscal year ended June 30, 2014 for additional details.

Source: Aspen Technology, Inc.

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