
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 15, 2005**

ASPEN TECHNOLOGY, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-24786
(Commission
File Number)

04-2739697
(IRS Employer
Identification No.)

Ten Canal Park, Cambridge MA 02141
(Address of Principal Executive Offices) (Zip Code)

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

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- / / Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - / / Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - / / Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - / / Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition

On March 15, 2005, we issued a press release announcing the completion of the previously announced investigation by the audit committee of our board of directors and the restatement of our financial statements for our fiscal years ended June 30, 2000 through 2004. The full text of the press release issued in connection with this announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

On March 15, 2005, we also issued a press release announcing our financial results for our fiscal quarters ended September 30, 2004 and December 31, 2004, the first two quarters of our fiscal year ending June 30, 2005. The full text of the press release issued in connection with this announcement is attached as Exhibit 99.2 to this Current Report on Form 8-K.

The information in this Form 8-K (including Exhibits 99.1 and 99.2) shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

See the Exhibit Index attached hereto.

SIGNATURE

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 hereunto duly authorized.

ASPEN TECHNOLOGY, INC.

Date: March 15, 2005

By: /s/ CHARLES F. KANE

Charles F. Kane
Senior Vice President—Finance and
Chief Financial Officer

EXHIBIT INDEX

| Exhibit No. | Description |
|-------------|--|
| 99.1 | Press release issued by Aspen Technology, Inc. on March 15, 2005, announcing completion of audit committee investigation and restatement of financial statements. |
| 99.2 | Press release issued by Aspen Technology, Inc. on March 15, 2005, announcing financial results for the fiscal quarters ended September 30, 2004 and December 31, 2004. |

**Aspen Technology Announces Completion of Audit Committee Investigation and
Filing of Restated Annual Report with S.E.C.**

CAMBRIDGE, Mass.—March 15, 2005—Aspen Technology, Inc. (Nasdaq: AZPNE), the leading provider of software and services to the process industries, today announced that the Audit Committee of the Company's Board of Directors has completed its previously announced financial review and the Company has restated its financials for each of the fiscal years ended June 30, 2000 through June 30, 2004. In connection with the restatement, the Company has filed with the Securities and Exchange Commission an amendment to its Annual Report on Form 10-K/A for the fiscal year ended June 30, 2004. The Company also has filed with the Securities and Exchange Commission Quarterly Reports on Form 10-Q for the quarters ended September 30, 2004 and December 31, 2004.

The Company believes that it has now complied with the March 15 filing deadline set forth by the Nasdaq Listing Qualifications Panel in granting the Company's request for continued listing on the Nasdaq National Market.

On October 27, 2004, the Company announced that the Audit Committee had commenced a detailed investigation of the Company's 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 Company determined that certain license transactions entered into in fiscal years 1999 through 2002 were accounted for improperly, and concluded that license revenues associated with the transactions were misstated in fiscal years 1999 through 2004.

In addition, and based on information discovered during the Audit Committee's investigation, the Company determined that accounting for software license sales to resellers should have been recorded on a sell-through, or consignment, basis, rather than a sell-in, or upfront, basis resulting in the deferral of license revenues from the period in which they were originally recorded to the period in which the software licenses were sold by the resellers to end users. As a result of the foregoing, the financial statements for the fiscal years 2000 through 2004 have been restated.

The Company has also determined that accounting for tax withholdings involving transactions in Japan and an associated change in Japanese tax law 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 financial statements.

As a result of these restatements, total revenues for fiscal 2004 increased by \$7.3 million or 2%; total revenues for fiscal year 2003 increased by \$23.7 million or 7%; total revenues for fiscal year 2002 increased by \$1.8 million or 1%; total revenues for fiscal year 2001 decreased \$12.5 million or 4%; and total revenue for fiscal year 2000 decreased \$7.0 million or 3%.

The restatement adjustments resulted in increases in net income of \$6.8 million in fiscal year 2004, \$21.6 million in fiscal year 2003, and \$1.2 million in fiscal year 2002. Net income in fiscal years 2001 and 2000 decreased by \$16.4 million and \$8.7 million, respectively. Restatement adjustments for fiscal year 1999 resulted in increases to the opening balance of the accrued deficit account in fiscal year 2000 by \$6.8 million. The revenue restatements did not have an effect on the Company's cash, cash equivalents, or short term investments.

For additional details pertaining to the Company's financial restatements, investors are encouraged to refer to the Company's recently filed amendment to its Annual Report on Form 10-K/A for the fiscal year ended June 30, 2004. For additional details pertaining to the Company's status with respect to its

listing on the Nasdaq National Market, investors are encouraged to refer to the Company's Form 8-K filing made on January 14, 2005.

Conference Call and Webcast

The Company will hold a conference call and webcast to discuss its financial results, the results of its Audit Committee review and financial restatement, the status and outlook for the Company's business, and related corporate and financial matters at 5:45 p.m. Eastern time on March 15, 2005. The live dial-in number for the call is 877-239-3024. Interested parties may also 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 and will also be available for 72 hours via telephone, beginning 8:30 p.m. Eastern time on March 15, 2005, by dialing (800) 642-1687 and entering confirmation code 4697408.

About AspenTech

Aspen Technology, Inc. provides industry-leading software and implementation services that enable process companies to use simulation models to increase efficiency and profitability. aspenONE™, a new generation of software solutions and services from AspenTech, represents a major step forward in helping process manufacturers achieve their strategic operational excellence initiatives. The first comprehensive offering to address the demands of the Enterprise Operations Management (EOM) market, aspenONE provides companies with integrated systems that enable them to manage and optimize their operational performance. Over 1,500 companies license on AspenTech's software, including Aventis, Bayer, BASF, BP, ChevronTexaco, Dow Chemical, DuPont, ExxonMobil, Fluor, GlaxoSmithKline, Shell, and Total. For more information, visit www.aspentech.com.

**Aspen Technology Announces Financial Results
for First and Second Quarters of Fiscal 2005**

CAMBRIDGE, Mass.—March 15, 2005—Aspen Technology, Inc. (Nasdaq: AZPNE), the leading provider of software and services to the process industries, today reported financial results for its quarters ended September 30, 2004 and December 31, 2004, the first two quarters of fiscal 2005. Additionally, the Company announced in a separate press release that the Audit Committee of the Company's Board of Directors has completed its previously announced investigation and that the Company has restated its financial results for each of the fiscal years ended June 30, 2000 through June 30, 2004.

Total revenues for the quarter ended September 30, 2004 totaled \$63.3 million, with software license revenues of \$25.3 million and services revenues of \$38.0 million. On a generally accepted accounting principles in the United States (GAAP) basis, the Company reported a net loss for the quarter of \$33.6 million, or \$0.80 per diluted share, which included restructuring charges and FTC legal costs of \$21.5 million. On a non-GAAP basis, excluding these charges, litigation defense and settlement costs, the gain on the sale of the AXSYS product line, amortization of intangibles, and preferred stock dividend and discount accretion, the Company reported a loss of \$3.7 million, or \$0.04 per diluted share, for the quarter ended September 30, 2004.

Total revenues for the quarter ended December 31, 2004 totaled \$71.6 million, with software license revenues of \$36.7 million and services revenues of \$34.9 million. The Company more than doubled the number of software license transactions of approximately \$1 million or greater from the preceding quarter. On a GAAP basis, the Company reported a net loss for the quarter of \$6.7 million, or \$0.16 per diluted share. On a non-GAAP basis, excluding restructuring charges and FTC legal costs, fees related to the Audit Committee review, litigation defense and settlement costs, one-time contract termination costs, amortization of intangibles, and preferred stock dividend and discount accretion, the Company reported net income of \$3.3 million, or \$0.04 per share, for the quarter ended December 31, 2004.

"The sequential rebound of our software license revenues during the December quarter was significant given the multiple challenges facing the Company, and we believe it demonstrates AspenTech's strategic position within process manufacturers," said Mark Fusco, President and Chief Executive Officer of Aspen Technology. "With the completion of our settlement with the FTC and our restatement of financial results, our entire management team is finally in a position to focus all of its efforts on executing our business strategy. My top priority as the new CEO of AspenTech is now to improve the Company's operations so that we can deliver on the potential of our aspenONE solutions for the Enterprise Operations Management market. We will concentrate our efforts on better serving our customers, which we believe will enable us to grow our revenues and improve our profitability over time."

Focus on Integrated Solutions

"We are focused on taking advantage of the momentum initiated at our AspenWorld Conference in October 2004," said Fusco. "The feedback from our customers has been very positive about the launch of aspenONE, the first comprehensive set of software solutions for the Enterprise Operations Management market. Our aspenONE solutions provide process manufacturers with integrated systems designed to optimize their efficiency and profitability across the process manufacturers' global enterprises.

"We are now able to offer a unique value proposition and a significant return on investment based on solutions that support our customers' integrated business processes. I am confident in the long-term direction of AspenTech given the interest shown in aspenONE, the continued strength of our

customers' businesses, our new solutions, and our continuing implementation of new initiatives to improve our internal business processes and execution."

During the first six months of fiscal 2005, AspenTech signed significant software license agreements with BP, Bayer, Bechtel, DSM, Fluor, Owens Corning, Pfizer, and Solutia. Approximately 70% of the Company's software license revenue during that period was associated with the Company's engineering solutions. Licenses with companies in the petroleum industry and engineering and construction industry made the most significant contributions to the Company's software revenue performance in the first six months of the fiscal year.

Improved Cost Structure

During the second quarter of fiscal 2005, the Company's management continued efforts to reduce the Company's expense infrastructure. On a GAAP basis, the Company's total expenses were \$76.3 million. On a non-GAAP basis, excluding restructuring charges and FTC legal costs, fees related to the Audit Committee review, litigation defense and settlement costs, one-time contract termination costs, amortization of intangibles, and preferred stock dividend and discount accretion, the Company's total expenses were \$69.9 million, down \$2.9 million from last year. Management believes it will be able to leverage its improved operating model to improve the Company's profitability over the next twelve to eighteen months.

"We have worked diligently to put the Company in a position to drive significantly improved levels of profitability," said Charles Kane, Senior Vice President and Chief Financial Officer of Aspen Technology. "We are continuing to evaluate ways to capture organizational efficiencies by eliminating excess facilities charges and improving our business processes and organizational efficiency. A major focus of the Company for the remainder of the year will be to strengthen our balance sheet further, which has already improved dramatically over the past 18 months, with our increase in cash and decrease in debt."

Customer Service Award

During the quarter ended December 31, 2004, AspenTech received a Hall of Fame lifetime achievement award from the Service and Support Professionals Association (SSPA) as a result of the Company's receipt of a fifth straight "STAR" award for delivering outstanding customer service. This achievement recognizes that AspenTech has consistently delivered world-class technical support and customer service, and reflects the Company's commitment to continuously improving its support offerings. AspenTech believes that its ability to help customers capture value with complex solutions and outstanding customer support continues to be an important competitive differentiator in the marketplace.

Conference Call and Webcast

The Company will hold a conference call and webcast to discuss its financial results, the results of its Audit Committee review and financial restatement, the status and outlook for the Company's business, and related corporate and financial matters at 5:45 p.m. Eastern time on March 15, 2005. The live dial-in number for the call is 877-239-3024. Interested parties may also 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 and will also be available for 72 hours via telephone, beginning 8:30 p.m. Eastern time on March 15, 2005, by dialing (800) 642-1687 and entering confirmation code 4697408.

Non-GAAP Results

AspenTech reports non-GAAP financial results, which exclude certain non-operational, non-cash and other specified charges that management generally does not consider in evaluating the Company's ongoing operations. These results are provided as a complement to results provided in accordance with accounting principles generally accepted in the United States (known as "GAAP"). Management

believes these non-GAAP measures help indicate underlying trends in the Company's business, and uses these measures to establish budgets and operational goals that are communicated internally and externally, to manage the Company's business and to evaluate its performance. A reconciliation of non-GAAP to GAAP is included in the attached condensed consolidated financial statements.

About AspenTech

Aspen Technology, Inc. provides industry-leading software and implementation services that enable process companies to use simulation models to increase efficiency and profitability. aspenONE™, a new generation of software solutions and services from AspenTech, represents a major step forward in helping process manufacturers achieve their strategic operational excellence initiatives. The first comprehensive offering to address the demands of the Enterprise Operations Management (EOM) market, aspenONE provides companies with integrated systems that enable them to manage and optimize their operational performance. Over 1,500 companies license on AspenTech's software, including Aventis, Bayer, BASF, BP, ChevronTexaco, Dow Chemical, DuPont, ExxonMobil, Fluor, GlaxoSmithKline, Shell, and Total. For more information, visit www.aspentech.com.

The last sentence of the fourth paragraph and last sentence of the eighth paragraph of this press release contain 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: AspenTech has identified material weakness in its internal controls with respect to software license revenue recognition, that, if not remedied effectively, could result in material misstatements; 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 ability to raise additional capital as required; intense competition; AspenTech's need to develop and market products successfully; reliance on relationships with strategic partners; and other risk factors described from time to time in AspenTech's periodic reports filed with the Securities and Exchange Commission. AspenTech cannot guarantee any future results, levels of activity, performance, or achievements. AspenTech undertakes no obligation to update the forward-looking statements after the date of this press release.

—financial tables follow—

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

| | Three Months Ended | |
|--|-----------------------|-----------------------|
| | September 30, 2004 | September 30, 2003 |
| REVENUES: | | |
| Software licenses | \$ 25,273 | \$ 38,144 |
| Service and other | 37,997 | 42,265 |
| Total revenues | 63,270 | 80,409 |
| COST OF REVENUES: | | |
| Cost of software licenses | 3,941 | 3,617 |
| Cost of service and other | 22,108 | 24,382 |
| Amortization of technology related intangible assets | 1,774 | 1,832 |
| Total cost of revenues | 27,823 | 29,831 |
| Gross profit | 35,447 | 50,578 |
| OPERATING COSTS: | | |
| Selling and marketing | 22,375 | 23,957 |
| Research and development | 12,183 | 16,006 |
| General and administrative (includes litigation defense and settlement costs of \$3,465 and \$0 for the three months ended September 30, 2004 and 2003, respectively)(2) | 10,427 | 6,872 |
| Restructuring charges and FTC legal costs | 21,508 | — |
| Loss (gain) on sales and disposals of assets | (362) | (302) |
| Total operating costs | 66,131 | 46,533 |
| Income (loss) from operations | (30,684) | 4,045 |
| Other income (expense), net | (393) | (691) |
| Interest income, net | 654 | 682 |
| Income (loss) before provision for income taxes | (30,423) | 4,036 |
| Provision for income taxes | 340 | (411) |
| Net income (loss) | (30,083) | 3,625 |
| Accretion of preferred stock discount and dividend(1) | (3,528) | 3,852 |
| Net income (loss) applicable to common stockholders | \$ (33,611) | \$ 7,477 |
| EARNINGS PER SHARE: | | |
| Basic net income (loss) per common share | \$ (0.80) | \$ 0.19 |
| Diluted net income (loss) per common share | \$ (0.80) | \$ 0.15 |
| Weighted average shares outstanding—Basic | 41,796 | 39,772 |
| Weighted average shares outstanding—Diluted | 41,796 | 59,437 |
| PRO FORMA (NON-GAAP) EARNINGS PER SHARE: | | |
| <i>Pro forma (non-GAAP) net income excludes Accretion of preferred stock discount and dividend, Amortization of technology related intangible assets, Litigation defense and settlement costs, Restructuring charges and FTC legal costs, and gain on sale of the AXSYS product line. Pro forma (non-GAAP) weighted average shares outstanding assumes the conversion of the Series D preferred stock to common stock.</i> | | |
| Net income (loss) | \$ (3,670) | \$ 5,457 |
| Diluted earnings (loss) per share | \$ (0.04) | \$ 0.09 |
| Weighted average shares outstanding—diluted | 86,590 | 59,437 |

(1) Detail of this amount is provided on the reconciliation of net income (loss) to pro forma (non-GAAP) net income.

(2)

Supplemental information—

| | Three Months Ended | |
|--|-----------------------|-----------------------|
| | September 30, 2004 | September 30, 2003 |
| Reconciliation of total expenses to pro forma (non-GAAP) total expenses | | |
| Total expenses (cost of revenues and operating costs) | \$ 93,954 | \$ 76,364 |
| Adjustments to total expenses (cost of revenues and operating costs) | | |
| Amortization of technology related intangible assets | (1,774) | (1,832) |
| Litigation defense and settlement costs, included in General and Administrative costs | (3,465) | — |
| Restructuring charges and FTC legal costs | (21,508) | — |
| Gain on sale of AXSYS product line, included in Loss (gain) on sales and disposals of assets | 334 | — |
| Pro forma (non-GAAP) total expenses (cost of revenues and operating costs) | \$ 67,541 | \$ 74,532 |
| Reconciliation of net income (loss) to pro forma (non-GAAP) net income (loss) | | |
| Net income (loss) applicable to common stockholders | \$ (33,611) | \$ 7,477 |
| Adjustments to net income (loss) applicable to common stockholders | | |
| Net effect of adjustments to cost of revenues and operating costs | 26,413 | 1,832 |
| Preferred stock discount and dividend accretion | 3,528 | 2,600 |
| Gain on conversion of Series B redeemable preferred stock | — | (6,452) |
| Pro forma (non-GAAP) net income (loss) | \$ (3,670) | \$ 5,457 |

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

| | September 30, 2004 | June 30, 2004 |
|---|-----------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash, cash equivalents and short-term investments | \$ 92,555 | \$ 107,677 |
| Accounts receivable, net | 47,611 | 50,874 |
| Unbilled services | 17,481 | 15,518 |
| Current portion of long-term installments receivable, net | 25,482 | 25,244 |
| Deferred tax asset | 266 | 31 |
| Prepaid expenses and other current assets | 8,584 | 10,084 |
| Total current assets | 191,979 | 209,428 |
| Long-term installments receivable, net | 55,018 | 65,527 |
| Equipment and leasehold improvements, net | 17,325 | 18,664 |
| Computer software development costs, net | 17,018 | 16,863 |
| Intangible assets, net | 32,291 | 34,307 |
| Purchased intellectual property, net | 1,154 | 1,295 |
| Deferred tax asset | 2,586 | 2,492 |
| Other assets | 3,147 | 3,158 |
| Total assets | \$ 320,518 | \$ 351,734 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 58,366 | \$ 58,595 |
| Accounts payable and accrued expenses | 71,310 | 83,115 |
| Unearned revenue | 18,910 | 18,051 |
| Deferred revenue | 30,689 | 33,462 |
| Deferred tax liability | 424 | 325 |
| Total current liabilities | 179,699 | 193,548 |
| Long-term debt, less current maturities | 1,628 | 1,952 |
| Deferred revenue, less current portion | 4,485 | 5,363 |
| Deferred tax liability | 4,240 | 4,220 |
| Other liabilities | 23,262 | 11,527 |
| Redeemable preferred stock | 110,289 | 106,761 |
| Total stockholders' equity (deficit) | (3,085) | 28,363 |
| Total liabilities and stockholders' equity (deficit) | \$ 320,518 | \$ 351,734 |

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

| | Three Months Ended | | Six Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2004 | December 31, 2003 | December 31, 2004 | December 31, 2003 |
| REVENUES: | | | | |
| 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 REVENUES: | | | | |
| 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 intangible assets | 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 (includes litigation defense and settlement costs and one-time contract termination costs of \$4,460, \$0, \$6,854 and \$0 for the three months ended December 31, 2004 and 2003 and six months ended December 31, 2004 and 2003, respectively)(2) | 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 provision for income taxes | (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(1) | (3,589) | (3,352) | (7,117) | 500 |
| Net income (loss) applicable to common stockholders | \$ (6,698) | \$ 1,235 | \$ (40,309) | \$ 8,712 |
| EARNINGS PER SHARE: | | | | |
| Basic net income (loss) per common share | \$ (0.16) | \$ 0.03 | \$ (0.96) | \$ 0.22 |
| Diluted net income (loss) per common share | \$ (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 | 46,337 |
| PRO FORMA (NON-GAAP) EARNINGS PER SHARE: | | | | |
| <i>Pro forma (non-GAAP) net income excludes Accretion of preferred stock discount and dividend, Amortization of technology related intangible assets, Litigation defense and settlement costs, one-time contract termination costs, Restructuring charges and FTC legal costs, and gain on sale of the AXSYS product line. Pro forma (non-GAAP) weighted average shares outstanding assumes the conversion of the Series D preferred stock to common stock.</i> | | | | |
| Net income | \$ 3,348 | \$ 8,429 | \$ (322) | \$ 13,886 |
| Diluted earnings (loss) per share | \$ 0.04 | \$ 0.10 | \$ (0.00) | \$ 0.19 |
| Weighted average shares outstanding — diluted | 87,209 | 86,651 | 87,203 | 73,589 |

(1) Detail of this amount is provided on the reconciliation of net income (loss) to pro forma (non-GAAP) net income
(2) These parenthetical references will not be presented in our Form 10-K.

Supplemental information—

| | Three Months Ended | | Six Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2004 | December 31, 2003 | December 31, 2004 | December 31, 2003 |
| Reconciliation of total expenses to pro forma (non-GAAP) total expenses | | | | |
| Total expenses (cost of revenues and operating costs) | \$ 76,315 | \$ 76,578 | \$ 170,269 | \$ 152,942 |
| Adjustments to total expenses (cost of revenues and operating costs) | | | | |
| Amortization of technology related intangible assets | (1,778) | (1,842) | (3,552) | (3,674) |
| Litigation defense and settlement costs, included in General and Administrative costs | (300) | — | (3,765) | — |
| Fees associated with the audit committee review, included in General and Administrative costs | (3,089) | — | (3,089) | — |
| One-time contract termination cost, included in General and Administrative costs | (1,071) | — | (1,071) | — |
| Restructuring charges and FTC legal costs | (219) | (2,000) | (21,727) | (2,000) |
| Gain on sale of AXSYS product line, included in Loss (gain) on sales and disposals of assets | — | — | 334 | — |
| Pro forma (non-GAAP) total expenses (cost of revenues and operating costs) | \$ 69,858 | \$ 72,736 | \$ 137,399 | \$ 147,268 |
| Reconciliation of net income (loss) to pro forma (non-GAAP) net income | | | | |
| Net income (loss) applicable to common stockholders | \$ (6,698) | \$ 1,235 | \$ (40,309) | \$ 8,712 |
| Adjustments to net income (loss) applicable to common stockholders | | | | |
| Net effect of adjustments to cost of revenues and operating costs | 6,457 | 3,842 | 32,870 | 5,674 |
| Preferred stock discount and dividend accretion | 3,589 | 3,352 | 7,117 | 5,952 |
| Gain on conversion of Series B redeemable preferred stock | — | — | — | (6,452) |
| Pro forma (non-GAAP) net income | \$ 3,348 | \$ 8,429 | \$ (322) | \$ 13,886 |

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

| | December 31, 2004 | June 30, 2004 |
|---|----------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash, cash equivalents and short-term investments | \$ 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 |
| Equipment and leasehold improvements, net | 16,355 | 18,664 |
| Computer software development costs, net | 16,998 | 16,863 |
| Intangible assets, net | 30,710 | 34,307 |
| Purchased intellectual property, net | 1,013 | 1,295 |
| Deferred tax asset | 2,619 | 2,492 |
| Other assets | 3,117 | 3,158 |
| Total assets | \$ 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, 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 | 113,877 | 106,761 |
| Total stockholders' equity (deficit) | (8,263) | 28,363 |
| Total liabilities and stockholders' equity (deficit) | \$ 315,077 | \$ 351,734 |

