SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO
SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO .

COMMISSION FILE NUMBER: 0-24786

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 NUMBER)
TEN CANAL PARK CAMBRIDGE, MASSACHUSETTS	02141
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (617) 949-1000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
COMMON STOCK, $0.10 PAR VALUE PER SHARE

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 12 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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of September 25, 2000, the aggregate market value of common stock (the only outstanding class of equity of the Registrant) held by nonaffiliates of the Registrant was $1,276,073,189.00, based on a total of 28,675,802 shares of common stock held by nonaffiliates and on a closing price of $44.50 for the common stock as reported on the Nasdaq National Market.

As of September 25, 2000, 29,657,517 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended June 30, 2000. Portions of such proxy statement are incorporated by reference in Part III of this Form 10-K.

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This Form 10-K contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created thereby. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects" and similar expressions are intended to identify forward-looking statements. Readers are cautioned that all forward-looking statements involve risks and uncertainties, many of which are beyond our control, including the factors set forth under "Item 1A. Risk Factors." Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate and there can be no assurance that actual results will be the same as those indicated by the forward-looking statements included in this Form 10-K. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. Moreover, we assume no obligation to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

PART I

ITEM 1. BUSINESS

We are a leading global provider of intelligent decision-support and eBusiness solutions to the process industries. Our decision-support software and service solutions enable our customers to automate, integrate and optimize complex engineering, manufacturing and supply chain functions. Customers use our eBusiness solutions to automate and synchronize collaborations with suppliers, customers and other trading partners over the Internet. Our customers use our solutions to optimize manufacturing performance at the individual plant level, across multiple plants and throughout the extended supply chain. These solutions enable customers to increase their competitiveness and profitability by improving their manufacturing efficiency, responsiveness and product quality.

We believe that our extensive domain knowledge in process modeling and chemical engineering is a competitive advantage. Our customer base of over 1,000 process manufacturers includes 46 of the world's 50 largest chemical companies, 23 of the world's 25 largest petroleum refiners and 18 of the world's 20 largest pharmaceutical companies. In order to leverage our internal sales and marketing efforts, enhance the breadth of our solutions and expand our implementation capabilities, we have established a broad network of strategic partners, including e-Chemicals, Extricity Software, IBM, Microsoft, Origin, PricewaterhouseCoopers and Union Carbide.

RECENT DEVELOPMENTS

On June 1, 2000, we acquired Petrolsoft Corporation, a provider of unified supply chain management systems and eBusiness and eCommerce solutions for wholesalers and retailers of petroleum products. In the acquisition, which has been accounted for as a pooling-of-interests transaction, we issued 2,641,101 shares of common stock, valued on the date of the acquisition at $22.93 per share or $60.6 million in total. Petrolsoft's solutions focus on the supply and distribution of bulk refined fuel products, including motor gasoline, distillates, kerosene and jet fuel, to both retail and wholesale markets. As a result of this acquisition, we believe we now offer the first integrated solution for the optimization and automation of the extended supply chain for petroleum companies, from crude selection, to refining, to delivery of products to the consumer. This integrated solution is designed to enable petroleum companies to integrate planning and scheduling at the refinery with the distribution of products to retail consumers.

On August 29, 2000, we acquired ICARUS Corporation and ICARUS Services Limited, providers of software used by the process manufacturing industries to estimate plant capital costs and evaluate capital project economics. We paid consideration of approximately $24.5 million in connection with this acquisition, including delivering to the targets' stockholders (a) 248,411 shares of common stock, valued on the date of acquisition at $50.0625 per share or $12,436,075.69, (b) $5.9 million in cash and (c) $2.1 million in principal amount of one-year promissory notes. The balance of the acquisition price consisted of cash paid to purchase outstanding ICARUS Corporation options and to satisfy pre-existing severance and change-in-control agreements with ICARUS Corporation employees. We will account for this acquisition as a purchase transaction. This acquisition will enable us to provide additional functionality to companies in the process industries, by integrating the ICARUS financial decision-making tools with our manufacturing modeling, asset optimization and supply chain offerings. We believe process manufacturers will be able to use this integrated solution in making major capital investment decisions, such as building new plants or renovating existing facilities.

On September 14, 2000, we announced that we had formed PetroVantage, Inc. to develop and operate a digital, Internet-based marketplace for crude oil, intermediates and refined petroleum products. We believe that this independent marketplace will provide companies in the petroleum industry with access to real-time, in-depth market information and with the capability to coordinate various business processes with one another. The speed with which these companies are able to make trading decisions and the efficiency with which they are able to organize trading logistics are critical to the profitability of these companies. We have initially committed $10.0 million to fund PetroVantage. Although PetroVantage is a wholly owned subsidiary of our

company, we expect that PetroVantage will operate independently of us and that PetroVantage may solicit some or all of any future funding from strategic third-party investors.

INDUSTRY BACKGROUND

To succeed in an increasingly competitive global environment, process manufacturers must simultaneously reduce costs and increase efficiency, responsiveness and customer satisfaction. Process manufacturers produce petroleum products, petrochemicals, polymers, specialty chemicals, pharmaceuticals, pulp and paper, electric power, food and beverages, consumer products, metals and minerals, and semiconductors using certain common production methods. These methods involve chemical reactions, combustion, mixing, separation, heating, cooling and similar processes to make products in the form of bulk solids, liquids, gases, powders and films. Because process manufacturing tends to be asset-intensive, increases in profitability in these industries depend substantially upon reducing costs of raw materials, energy and capital.

Over the last 20 years, companies in the process industries have invested in a number of technologies to improve manufacturing enterprise performance. Process manufacturers initially automated their production processes by deploying distributed control systems, or DCS, that used computer hardware systems, communication networks and industrial instruments to measure, record and automatically control process variables. More recently, process manufacturers have automated key business processes by implementing enterprise resource planning, or ERP, software solutions that enhance the flow of business information across the enterprise. Even though DCS and ERP solutions can be important components of a solution to improve manufacturing enterprise performance, they do not incorporate either the detailed chemical engineering knowledge essential to optimize the design and operation of manufacturing processes or the plant performance data required to support more intelligent real-time decision making.

To optimize manufacturing enterprise performance, process manufacturers require tools that enable them to fundamentally improve their highly complex production methods and processes. To meet these objectives, intelligent decision-support solutions must provide an accurate understanding of a plant's capabilities, as well as accurate planning and collaborative forecasting information. Because of the complexity of the processes being modeled, solution providers must possess extensive chemical engineering expertise, an in-depth understanding of the process industry manufacturing value chain and the technological know-how to develop and deploy these offerings. These competencies are required to:

- build solutions that process manufacturers use to design and retrofit manufacturing processes;

- plan and schedule production;

- optimize operating parameters in real time;

- rationalize supply chains;

- perform accurate production accounting; and

- improve other functions that impact both productivity and customer satisfaction.

Given the large production volumes typical in the process industries and the relatively low profit margins characteristic of many process sectors, even relatively small reductions in raw material or energy requirements or improvements in input costs, throughput or product yields can significantly increase the profitability of the process manufacturing enterprise.

In recent years, increasingly sophisticated process industry-focused software and service solutions have been developed to address these requirements by automating, integrating and optimizing business processes in engineering, in manufacturing and across the supply chain. Comprehensive solutions must support collaborations among engineering professionals, from process design through construction, startup, commissioning, de-bottlenecking and troubleshooting. In addition, these solutions must address manufacturing challenges, including advanced control and optimization, quality management, yield accounting and maintenance.

As process manufacturers have become more adept at using point solutions that optimize individual engineering and manufacturing business processes, increasingly they are seeking additional performance

improvements by integrating these solutions, both with one another and with DCS, ERP and other enterprise systems, to provide real-time, intelligent decision support. To achieve these objectives, companies are implementing plant-wide optimization solutions to integrate related business processes across a single production facility. Companies are also implementing enterprise optimization solutions to extend this integration across multiple plants within an enterprise by adding planning and scheduling functionality. To achieve true optimization, however, process manufacturers must extend integration beyond the enterprise walls by sharing key business processes and automating and synchronizing collaborations across the extended supply chain of suppliers, customers and other trading partners.

Extended supply chain optimization enables process manufacturers to reduce cycle times substantially, adjust production quickly to meet changing customer requirements, synchronize key business processes with plants and customers across numerous geographies and time zone and quote delivery dates more accurately and reliably. Until recently, no commercial solution existed to meet these challenges in the process industries. Traditional supply chain solutions and emerging business-to-business, or B2B, integration vendors lack the deep process knowledge essential to solve the complex problems faced by process manufacturers attempting to achieve true optimization of their enterprises, from design to production to management of the extended supply chain.

The emergence of the Internet as a critical B2B collaboration platform has accelerated the speed at which information is exchanged and the pace of change within and among enterprises. While the proliferation of B2B applications has made real-time optimization of the extended enterprise a reality in some commercial sectors, most process manufacturers are only beginning to incorporate the Internet into the various aspects of their businesses. At the same time, innovative Internet-enabled solutions are emerging to serve the process industries, enabling the automation of extended supply chains and the establishment of trading exchanges and vertical industry portals. These solutions have the potential to change fundamentally the way process manufacturers interact and compete. The success of these solutions will depend substantially on the caliber of the decision-support tools upon which they are based. As a result of these developments, process manufacturers increasingly are turning to providers with the highest-caliber domain knowledge to assist the manufacturers in using the Internet as a platform to automate, integrate and optimize their manufacturing performance.

Because of the size of the process industries and the rapid and significant return on investment that we believe customers can achieve, the market for automation, integration and optimization solutions in the process industries is significant. Due to the recent availability of these solutions and the traditional hesitancy of process manufacturers to adopt information technology, the market has been only modestly penetrated. According to a recent study by the ARC Advisory Group, the total annual potential market for providing these solutions to the process industries was $10.6 billion in 1999 and growing 3% to 5% annually. ARC estimates that the aggregate software and services revenues from this market totaled $1.1 billion in 1999, leaving the market less than 10% penetrated. According to ARC, while the served market for point solutions is more mature and growing an estimated 15% to 20% per year, the served markets for integrated plant and supply chain/enterprise optimization solutions are projected to increase more than 50% annually and to reach $3.4 billion by 2005. ARC expects that new eBusiness solutions for the process industries will expand the overall market.

THE ASPENTECH ADVANTAGE

We are a leading global provider of intelligent decision-support and eBusiness solutions to the process industries. Our decision-support software and service solutions enable our customers to automate, integrate and optimize complex engineering, manufacturing and supply chain functions. Customers use our eBusiness solutions to automate and synchronize collaborations with suppliers, customers and other trading partners over the Internet. Our customers use our solutions to optimize manufacturing performance at the individual plant level, across multiple plants and throughout the extended supply chain. We have built our reputation as technology leaders over nearly two decades by combining substantial domain expertise in chemical engineering, modeling, computer science and operations research. We believe we have achieved our market leadership in part by solving many of the most challenging manufacturing problems faced by the process industries.

Leading process manufacturers use our solutions to improve their competitiveness, not only by reducing raw material and energy use, cycle time, inventory cost and time to market, but increasingly by synchronizing and streamlining key business processes. In addition, our eBusiness solutions support new business models, increase the intimacy of collaboration with key business partners, improve the agility of manufacturers in adapting to rapid changes and enable a variety of emerging process industry-focused trading exchanges.

Our competitive advantage is based on the following key attributes:

SUBSTANTIAL PROCESS INDUSTRIES EXPERTISE. We believe we have amassed the world's largest collection of process industries domain knowledge concerning modeling and enterprise optimization. Our founders and executives have pioneered many of the most significant advances that today are considered industry standard solutions across a wide variety of engineering, manufacturing and supply chain applications. Our modeling expertise is spread among employees who hold more than 480 advanced degrees in chemical engineering, computer science, operations research and management. This significant base of chemical engineering expertise, process manufacturing experience and industry know-how serves as the foundation for the proprietary solution methods, physical property models and data estimation techniques embodied in our software solutions. We continually enhance these solutions through extensive interaction with our customers, who have performed millions of simulations in thousands of plants using our software. To complement our software expertise, we have assembled a staff of approximately 500 project engineers to provide implementation, advanced process control, real-time optimization, supply chain management and other consulting services. We believe this engineering team is the largest of any independent solution provider. Our expertise spans the process industries vertical markets, from chemicals, petrochemicals and refining to pharmaceuticals, specialty chemicals and polymers.

LARGE AND VALUABLE CUSTOMER BASE. We view our customer base of more than 1,200 process manufacturers as an important strategic asset and as evidence of one of the strongest franchises in the industry. We count among our customers 46 of the world's 50 largest chemical companies, 23 of the world's 25 largest petroleum refiners, and 18 of the world's 20 largest pharmaceutical companies. We also have numerous leading customers in other vertical markets. In addition, 17 of the top 20 major engineering and construction firms that serve these industries use our design software. These relationships enable us to identify and develop or acquire solutions that best meet the needs of our customers, and they are a valuable tool in our efforts to rapidly penetrate the process industries with new innovations. Notwithstanding the breadth of our customer base, we believe the market for our solutions remains only modestly penetrated, particularly for integration and optimization solutions. As process manufacturers increasingly focus on integration and optimization of their enterprises and extended supply chains, we expect many of our existing customers to be among the first to implement our integrated eBusiness solutions.

RAPID, SIGNIFICANT RETURN ON INVESTMENT. We believe customers purchase our solutions because the solutions provide rapid, demonstrable and significant returns on investment. Because of the large production volumes and relatively low profit margins typical in many of the process industries, even small improvements in productivity can generate substantial recurring benefits. First-year savings alone can exceed the software and implementation costs of our solutions. Customers have reported annual savings of up to ten million dollars from implementations of point solutions at an individual plant. Our integrated solutions, whether applied across a plant, an enterprise or an extended supply chain, can yield even greater returns. In addition, our solutions generate important organizational efficiencies and operational improvements, the dollar benefits of which are difficult to estimate.

COMPLETE, INTEGRATED SOLUTION. While some vendors offer stand-alone products that compete with one or more of our solutions, we believe we are the only provider that offers a comprehensive solution to process manufacturers that addresses key business processes in engineering, manufacturing and across the extended supply chain. Our solutions are designed to be used on a stand-alone basis, integrated with one another or integrated with third-party applications. Customers can initially choose to implement a point solution, which is scalable as needs evolve, or our Plantelligence solution, which integrates multiple business processes within a single plant. Our Enterprise Optimization solution extends these optimization benefits across multiple plants within the enterprise by adding planning and scheduling capabilities. To maximize productivity across the

extended enterprise, a process manufacturer can automate and synchronize collaborations among customers, suppliers and other trading partners using our Extended Supply Chain Optimization solution. Our integrated solutions target underpenetrated and rapidly growing market sectors, and they represent an important source of competitive differentiation.

DEMONSTRATED eBUSINESS LEADERSHIP. Our eBusiness solutions automate and synchronize business processes among suppliers, customers and other trading partners, and they provide B2B infrastructure to support process industry-focused collaborative trading exchanges. For example, through our subsidiary PetroVantage, we propose to offer an independent digital marketplace for crude oil, intermediates and refined petroleum products that also will provide a collaboration workflow environment, decision support tools and back office integration. Our processcity.com portal is tailored specifically to promote B2B collaboration among professionals in the process industries by delivering leading edge tools, content and expertise and creating an online professional community. We believe we are the only vendor in the market that offers an integrated solution to address the strategic B2B infrastructure requirements of process manufacturers, because other vendors lack the domain knowledge critical to the underlying decision support.

STRATEGY

Our objective is to establish our intelligent decision-support and eBusiness solutions as the standard for the process manufacturing industries. The key elements of our strategy are:

EXTEND LEADERSHIP OF POINT SOLUTIONS. We believe we offer the most technologically advanced family of point solutions available across the engineering, manufacturing and supply chain functions. In addition to addressing a broad range of challenges faced by process manufacturers, we believe many of our solutions are best-in-class, including process simulation, advanced process control, real-time optimization, scheduling and planning, process information management and supply chain management.

Because these applications form the core of our integrated solutions, we are committed to investing to enhance the functionality of our best-in-class products, as well as developing or acquiring additional point solutions to meet customer needs.

FOCUS ON INTEGRATED PLANTELLIGENCE, ENTERPRISE OPTIMIZATION AND EXTENDED SUPPLY CHAIN OPTIMIZATION OPPORTUNITIES. We believe that process manufacturers increasingly view integrated optimization solutions as essential. Our Plantelligence, Enterprise Optimization and Extended Supply Chain Optimization solutions represent our fastest-growing products. We intend to continue to focus substantial financial and human resources on extending the functionality of, quantifying the benefits of, marketing and selling, and accelerating the implementation of these integrated solutions.

LEVERAGE DOMAIN KNOWLEDGE. We possess an extensive pool of intellectual capital, with exceptional expertise in chemical engineering, computer science, operations research and other process-relevant disciplines. To differentiate and accelerate implementation of our integrated solutions, we have created vertical market-focused business units to develop and commercialize unique, cost-effective solutions that offer our customers best practice approaches to common industry-specific challenges. We also have applied our domain knowledge to create Business Process Templates which target common business processes and provide easily configurable solutions. In addition, the expertise and process industry know-how of our project engineers speeds customer implementation of our solutions. We intend to continue to identify additional opportunities to accelerate adoption of our solutions by leveraging our extensive domain knowledge.

LEVERAGE eBUSINESS LEADERSHIP POSITION. We believe our focus on and early launch of eBusiness solutions for process manufacturers have established our leadership position in the market. Because of our expertise in supply chain management and enterprise optimization for the process industries, we were among the first to develop solutions that synchronize critical interactions among value chains of suppliers, customers and trading partners. Our processcity.com portal is tailored specifically to promote B2B collaboration among professionals in the process industries by delivering leading edge tools, content and expertise and creating an online professional community. Our newly formed subsidiary PetroVantage proposes to offer not only an independent digital petroleum marketplace, but also a collaboration workflow environment, decision support

tools and back office integration. We intend to continue to invest significant resources to leverage our customer relationships and strategic alliances in order to promote our eBusiness solutions and technology leadership throughout the process industries.

EXPAND PARTNER NETWORK. In order to enhance our eBusiness leadership position and augment our sales, marketing, development and implementation capabilities, we are expanding our network of partners. We are working closely with customers, complementary software and hardware vendors, trading exchanges, process licensors, engineering and construction firms, and systems integrators to identify opportunities for collaboration that we believe will speed our time to market with new products, extend our reach to potential customers and increase the resources available to implement our solutions. In fiscal 2000, we entered into strategic relationships with leading software vendors such as Extricity Software and Microsoft, leading process licensors such as Union Carbide, the e-Chemicals trading exchange, and major systems integrators such as IBM Global Services, Origin and PricewaterhouseCoopers. These relationships take a variety of forms, including joint development and implementation, collaborative marketing and technology transfer, and involve various levels of financial commitment, including joint funding, equity investment and prepaid royalties. We believe these partnering arrangements will expand the market opportunities available to us, and we intend to continue to pursue similar alliances.

CONTINUE TO MAKE STRATEGIC INVESTMENTS AND ACQUISITIONS. While we remain committed to internal product development as the most significant source of future opportunity, we intend to continue to take advantage of strategic investment and acquisition opportunities as they arise, especially where they are complementary to our engineering, manufacturing and supply chain solutions or are in our core vertical markets. These may include equity investments, acquisitions of products or technologies that could fill gaps in or meaningfully extend our family of solutions, and acquisitions of expertise that could enhance the overall attractiveness of our solutions. We have derived a significant portion of our growth and solution breadth through investments in and acquisitions of products, expertise and technologies. Most recently, we acquired Petrolsoft in June 2000 to enhance our integrated offering for optimizing and automating the supply chain for petroleum companies and ICARUS in August 2000 to allow us to provide financial decision-making tools with our modeling, asset optimization and supply chain technologies. Our ability to identify and integrate investment and consolidation opportunities has been an important element of our success to date, and we expect our experience with these combinations to differentiate us as additional eBusiness initiatives and other opportunities arise.

SOLUTIONS: SOFTWARE AND SERVICES

We offer a comprehensive portfolio of software products and services that address engineering, manufacturing and supply chain requirements for process manufacturers. Our software, known as the Aspen Enterprise Suite, consists of three focused solution suites: the Aspen Engineering Suite, the Aspen Manufacturing Suite and the Aspen eSupply Chain Suite. Our family of solutions allows a user to start with a point solution and add and integrate additional Aspen and third-party solutions. The Aspen Framework connects our software solutions to one another and to third-party applications, and Aspen Business Process Templates provide a user with a set of pre-configured best practices for common vertical market business processes. A customer can use Plantelligence to integrate Aspen and third-party solutions within a single plant, or it can implement Enterprise Optimization to integrate multiple plants across the enterprise. Ultimately, a user can optimize its extended enterprise by using our Extended Supply Chain Optimization solution to synchronize the entire supply chain. Our Extended Supply Chain Optimization solution provides standard, automated functions between enterprises for order processing, including scheduling of an order for production, tracking the order through production, and certification of the product for delivery to the customer. Our global services practice provides a range of services in support of deployment and program management.

PRODUCT SUITES

We design our products to capture process knowledge in a consistent, accurate and reliable form based on models that customers can use as the basis for decision making across the entire manufacturing life-cycle.

These models and the associated captured knowledge in the supporting information technology systems provide real-time, intelligent decision support across the manufacturing enterprise. Our software solutions can be linked with ERP solutions and DCS systems to improve a customer's ability to gather, analyze and use information across the process manufacturing life-cycle.

ASPEN ENGINEERING SUITE. The Aspen Engineering Suite enables companies to optimize their research and development and engineering workflow -- from the chemist, to conceptual design, to process engineering, to detailed engineering, to start-up and plant operations. By creating and capturing knowledge in the form of models, information can be re-used across the business. Detailed engineering and cost and analysis is supported through integration with Intergraph and ICARUS software.

The table below provides a list of the principal Aspen Engineering products available and their applications:

SOFTWARE SOLUTION	DESCRIPTION	APPLICATION
Aspen Pinch	Process energy and capacity analysis	Process synthesis and analysis
Aspen Plus	Steady state simulation environment	Unit modeling and simulation
Aspen Hetran	Heat exchanger design optimization, rating and simulation	Equipment sizing and rating
Batch Plus	Batch process modeling	Vertical application
Polymers Plus	Polymer steady state and batch modeling	Vertical application
Aspen Zyqad	Multi-user environment to store and share engineering data	Collaborative engineering

The Aspen Engineering Suite is an open environment and is implemented on the Microsoft Windows operating system, while selected parts are available for implementation on UNIX and VMS systems. Implementation of our engineering solutions does not typically require substantial consulting services, although services may be provided for customized model designs and process synthesis.

ASPEN MANUFACTURING SUITE. The Aspen Manufacturing Suite helps companies optimize their manufacturing work processes by supporting information flow and manufacturing execution on a daily basis. The Aspen Manufacturing Suite combines information management tools, control and inferential model tools, and production management to support manufacturing execution, decision making and optimization. It provides the manufacturing agility necessary for collaboration with customers and suppliers, enabling the extended supply chain to function efficiently. Using the Aspen Manufacturing Suite, companies can execute production plans faster, limit deviations from those plans and revise plans in real time based on actual asset performance. The Aspen Manufacturing Suite comprises the following families of software products:

- ADVANCED CONTROL FAMILY -- Minimizes variability, maximizes capacity and provides real-time response to dynamic disturbances.

- INFORMATION MANAGEMENT FAMILY -- Transforms data into meaningful information, making it easily accessible to the end user for real-time decision making.

- PRODUCTION MANAGEMENT FAMILY -- Optimizes manufacturing plant operations to meet current demands in the most economically efficient way.

The table below provides a list of the principal Aspen Manufacturing products available and their applications:

SOFTWARE SOLUTION	DESCRIPTION	APPLICATION
ADVANCED CONTROL FAMILY		
Aspen IQ	Inferred property measurement	Predict process conditions or product quality based on indirect measurements
DMCplus	Multivariable control	Unit and multi-unit advanced control solutions for complex control problems
Aspen Watch	Performance monitoring of DMCplus advanced control applications	Sustained performance of high-value control applications
INFORMATION MANAGEMENT FAMILY		
InfoPlus.21	Real-time database historian	Process monitoring and historical data retention
Batch.21	Organizes manufacturing process information into batch folders to allow comparative assessment	Batch, pharmaceutical and other process analysis in batch-oriented "view" of the world
Aspen Calc	Generic calculation engine, including script editor and scheduler	Custom application support, general purpose application needs tied to real-time data
Aspen Multivariate	Real-time multivariable statistical analysis	Complex process early fault detection and alarming
Aspen Process Explorer	Generic user interface for information management	Visualization of process conditions
PRODUCTION MANAGEMENT FAMILY		
Aspen Process Order	Tracks process order information from beginning to end, linking scheduling, operations and yield accounting groups	Production order management
Aspen Advisor	Data reconciliation and yield accounting system	Large plant yield accounting and balancing
Aspen Process Recipe	Recipe management system, translating process orders to recipes	Manage complex recipe information on-line
ERP Connect	Solution for integrating with ERP systems	Connection to ERP systems

The Aspen Manufacturing Suite is an open environment and supports XML and database and device communication standards. It is implemented in the Microsoft Windows operating system. Implementation of our manufacturing solutions typically requires substantial consulting services.

ASPEN eSUPPLY CHAIN SUITE. The Aspen eSupply Chain Suite combines supply chain management products with flexible B2B collaboration products in a suite with industry-specific applications. This solution suite includes an easy-to-use graphical user interface. Our solutions work together to link our eSupply Chain products with manufacturing systems across the extended enterprise.

The table below provides a list of the principal Aspen eSupply Chain products available and their applications:

SOFTWARE SOLUTION	DESCRIPTION	APPLICATION
Aspen MIMI	Strategic planning, supply chain planning, operations planning and scheduling, supply chain and manufacturing execution	Supply chain management
Aspen B2B Foundation	Business-to-business integration	Integrate customers and business partners into a value chain that spans the extended supply chain
CONFIGURED INDUSTRY SOLUTIONS		
Aspen PIMS	Planning and scheduling	Refinery and bulk petrochemical manufacturing
Semiconductor Global Planner	Planning and scheduling	Fab and fab-less semiconductor manufacturing
Polymers Scheduler	Scheduling	Continuous and semi-batch polymers plants
Aspen Strategic Analyzer	Strategic planning	Analysis of assets, strategic decisions on buy, sell, build, timing and location
Bulk Transport Optimizer	Decision support	Strategic and operational decision support for bulk material transportation

The Aspen eSupply Chain Suite is an open environment and supports XML and database and device communication standards. It is implemented in the Microsoft Windows operating system. Implementation of our eSupply Chain solutions typically requires consulting services, although not to the same extent as our manufacturing solutions.

INTEGRATED SOLUTIONS

INTEGRATION PRODUCTS. Our integration products provide the structure for our integrated business solutions. We have two key product offerings:

- Aspen Framework. Aspen Framework provides a common integration platform for our software solutions and supplies critical links between plant systems and enterprise business systems. Aspen Framework provides enterprise-wide management of installation, version control, security and roles, supports automation and execution of business processes, and enables enterprise-wide data sharing. The open architecture provides the infrastructure to implement integrated solutions that combine in-house technologies, third-party products and our software suites. The Aspen Framework facilitates integration of our products by allowing the various applications to communicate with common databases of design information, real-time information and documents. The Aspen Framework is based on Microsoft DNA technology and includes web-enabled features such as XML and Active Server pages. The Aspen Framework is an open environment, with support of XML and database and device communication standards, and is implemented in the Microsoft Windows operating system, using the Microsoft DNA for manufacturing architecture.

- Aspen Business Process Templates. Our Business Process Templates, or BPTs, combine our software products with pre-configured business processes that incorporate industry best practices for optimizing the enterprise. BPTs embed deep process knowledge relating to engineering, manufacturing and the supply chain. Based on the web-enabled Aspen Framework integration software, BPTs act as a configurable starting point for enterprise optimization solutions.

PLANTELLIGENCE. Our integrated plant-wide solution, which is marketed under the Plantelligence name, enables process manufacturers to drive their plant operations to higher levels of profitability. Plantelligence incorporates products from our Engineering and Manufacturing Suites and selected components from the

eSupply Chain Suite focused on plant planning and scheduling, and uses the Aspen Framework as a vehicle for integrating these products so they work together to support specific business processes. In addition to linking our three solution suites, Plantelligence is designed to integrate with a plant's hardware systems, enterprise resource planning system and existing information technology systems to optimize the operation of the plant. By uniting our products in a common framework, Plantelligence provides a comprehensive set of business improvements to process manufacturing plants. We believe the benefits of integration are an essential part of helping process manufacturers become more competitive. Integrating the technologies that support business processes can help process manufacturers align their people, resources and business processes to drive their manufacturing enterprises to higher levels of productivity and overall performance. The value of this integration is enhanced through the ability of different technology products to share a consistent model of the plant's manufacturing process. By running plants on consistent models that reflect true economic, chemical and physical constraints, manufacturers obtain the critical knowledge they need to develop, execute and evaluate their manufacturing plans and make improvements with each production cycle.

ENTERPRISE OPTIMIZATION. Our Enterprise Optimization solution builds on Plantelligence to coordinate multiple plants within the enterprise. Customers with a wide array of manufacturing plants and assets can implement our Enterprise Optimization solution to enable their plants to work together toward common operating and business goals. Many manufacturing plants continue to act as silos that maximize their own efficiency and productivity. In many cases, process manufacturers have pursued large business process reengineering projects that have failed to coordinate their plants. However, as the process industries become increasingly global and interconnected, we believe that process manufacturers will need to change their business processes so that they can optimize their entire manufacturing enterprise rather than only their individual plants. Our Enterprise Optimization solution is designed to enable process manufacturers to adapt to rapid changes in demand and their business environment, respond quickly to these changes, act as a single enterprise, optimize use of resources, meet customer requirements and operate more profitably.

EXTENDED SUPPLY CHAIN OPTIMIZATION. Our Extended Supply Chain Optimization solution reaches beyond the traditional boundaries of the organization into supplier, partner and customer organizations to automate and optimize collaborative solutions for key business processes. These business processes are automated using Aspen eBusiness and other parts of our eSupply Chain Suite. A mixture of shared and private processes provides the ability to place orders within a customer's production schedule, monitor the progress of the order through production, and certify the product based on established quality parameters for delivery to the customer. Aspen eBusiness also provides the ability to manage inventory in the extended supply chain through collective scheduling and replenishment via trading exchanges in which all supply chain participants collaborate. This functionality results in significant time savings by automating the information exchange and decision processes to improve each participant's responsiveness to its suppliers and customers.

SERVICES

We offer implementation, advanced process control, real-time optimization and other consulting services in order to provide our customers with complete solutions. Customers typically use products from our Engineering Suite without implementation assistance. Customers that purchase products from our Manufacturing and eSupply Chain Suites and our integrated solutions frequently request implementation assistance from us and our partners.

Customers who obtain consulting services from us typically engage us to provide such services over periods of up to 24 months. We generally charge customers for consulting services on a fixed-price basis, but charge customers on a time-and-materials basis for some services, primarily supply chain and on-site advanced process control and optimization services.

We employ a staff of approximately 500 project engineers to provide consulting services to our customers. We believe this large team of experienced and knowledgeable project engineers provides an important source of competitive differentiation. We primarily hire as project engineers individuals who have obtained doctoral or master's degrees in chemical engineering or a related discipline or who have significant relevant industry experience. Our employees include experts in fields including thermophysical properties, distillation, adsorption processes, polymer processes, industrial reactor modeling, the identification of empirical models for

process control or analysis, large-scale optimization, supply distribution systems modeling and scheduling methods.

Historically, most licensees of our planning and scheduling solutions and a limited number of licensees of our process information management and supply chain management systems have obtained implementation consulting services from third-party vendors. Our strategy is to continue to develop and expand relationships with third-party consultants in order to provide a secondary channel of consulting services to augment our process management software solutions and to provide complementary services.

TECHNOLOGY AND PRODUCT DEVELOPMENT

Our base of chemical engineering expertise, process manufacturing experience and industry know-how serves as the foundation for the proprietary solution methods, physical property models and data estimation techniques embodied in our software solutions. Our software and services solutions combine three of our core competencies:

- We support sophisticated empirical models generated from advanced mathematical algorithms developed by our employees. In addition, we support rigorous models of chemical manufacturing processes and the equipment used in those processes. We have used these advanced algorithms to develop proprietary models that provide highly accurate representations of the chemical and physical properties of a broad range of materials typically encountered in the chemicals, petroleum and other process industries.

- We develop software that models key customer manufacturing and business processes and automates the workflow of these processes. This software integrates our broad product line so that the data used in manufacturing processes are seamlessly passed between the applications used in each step of the business processes.

- We have invested significantly in supply chain software, which embeds sophisticated technology allowing customers to optimize their extended supply chain activities. In addition, this software embeds key knowledge about the details of how manufacturing and supply chain operations function in the process industries.

Our product development activities are currently focused on strengthening the integration of our key products, expanding the set of business processes our software covers, exploiting web technology, and enhancing and simplifying the user interface. As of August 31, 2000, we employed a product development staff of more than 330 people.

CUSTOMERS

Our software solutions are installed at the facilities of more than 1,200 customers worldwide. The following table sets forth a selection of our customers from whom we generated at least $250,000 of revenues in fiscal 1999 or 2000.

CHEMICALS AND PETROCHEMICALS
Air Liquide
Akzo Nobel
Aristech Chemical Corporation
Asahi Chemical Industry Co., Ltd
BASF AG
Borealis Exploration Limited
Celanese AG
Condea Vista Company
Copene
Daelim Industrial Co.
The Dow Chemical Company
DSM N.V.
Equistar Chemicals, LP
FMC Corporation
Formosa Petrochemical Corp.
General Electric Company
Hanwha Chemical Corp.
Huntsman Corporation
Kuraray Co., Ltd.
Mitsubishi Chemical Corporation
Mitsui Chemicals
Nova Chemicals, Ltd.
Occidental Chemical Corp.
Polifin Ltd
PPG Industries, Inc.
Sinopec
Solvay S.A.

Union Carbide Chemicals and Plastics Company, Inc
Wacker Corporation
Westlake Management Services Corporation

CONSUMER GOODS & PACKAGING
Bass Plc
Cargill Inc.
Nestle SA
Sealed Air Corp.
Unilever

E&C, LICENSOR, CONSULTING, RESEARCH INSTITUTE
ABB Lummus
Chiyoda Corporation
Jacobs Engineering Group, Inc.
JGC Corporation
Kellogg Brown & Root (KBR)
Kvaerner
LG Group
Linde AG
Logica plc
Lurgi AG
Technip SA
UOP

LIFE SCIENCES AND SPECIALTY CHEMICALS
Agfa Gevaert NV
Albemarle Corporation
Astrazeneca
Aventis Research & Technologies
Bayer Corporation
Borden Chemicals & Plastics
Cabot Corporation
Dow Corning Corporation
E.I. du Pont de Nemours & Company, Inc.
Eli Lilly
Engelhard Corporation
Glaxo Wellcome Plc
Hercules, Inc.
Imperial Chemical Industries plc
Owens Corning
Parke-Davis Limited
Rhodia SA
Roche
Rohm and Haas Company
SmithKline Beecham Pharmaceutical
Solutia Inc.
UCB Chemicals

REFINING, OIL AND GAS
Abu Dhabi National Oil Company
Bharat Petroleum co. Ltd.
BP Amoco plc
Chevron Corporation
Citgo Petroleum Corporation
CNPC
Enbridge Inc.
Eni
Equilon Enterprises LLC
Exxon Company U.S.A.
Fortum Oil and Gas Oy (formerly Neste)
Kuwaiti National Petroleum Company
Lyondell Citgo Refining Company Ltd.
Magyar Olaj LS
Motiva Enterprises LLC
Nippon Petroleum Refining Co.
OMV Aktiengesellschaft
Petrogal Group
Petroleo Brasileiro S.A. -- PETROBRAS
Petroleos de Venezuela, S.A.
Petronas
Phillips Petroleum Company
Repsol Petroleo SA
Shell Oil Company
SK Corp Ltd
Statoil
Sunoco Inc.
Tonen Corp
Tosco Corporation
Total-Fina
Valero Refining Company

METALS, MINING AND MINERALS
Alcoa of Australia, Ltd.
LTV Corporation
Sollac S.A.
Wabash Alloys

PULP AND PAPER
Buckeye Cellulose Corporation
Consolidated Papers, Inc.
Rayonier Inc.
Weyerhaeuser

POWER AND NUCLEAR
BNFL
Electrabel SA/NV
Electricite de France

International revenues accounted for approximately 45.2% of our total revenues in fiscal 1998, 51.8% of our total revenues in fiscal 1999 and 45.4% of our total revenues in fiscal 2000.

SALES AND MARKETING

We employ a value-based sales approach, offering customers a comprehensive suite of software and service solutions that enhance the efficiency and productivity of their process manufacturing operations. We have increasingly focused on selling our solutions as a strategic investment by our customers and therefore target our principal sales efforts at senior management levels, including chief executive officers and senior decision makers in manufacturing, operations and technology.

Because the complexity and cost of our solutions often result in a sales cycle of between six and nine months, we believe that the development of long-term, consultative relationships with our customers is essential to a successful selling strategy. To develop these relationships, we have organized our worldwide sales force by industry and have appointed a single sales account manager to be responsible for our relationship with each customer. In order to market the specific functionality and other complex technical features of our software solutions, each sales account manager leads a specialized team of regional account managers, technical sales engineers and product specialists organized for each sales and marketing effort. Our technical sales engineers typically have advanced degrees in chemical engineering or related disciplines and actively consult with a customer's plant engineers. Product specialists share their detailed knowledge of the specific features of our software solutions. Each sales team also includes participants from our business development group who determine the scope and price of service solutions offered to customers.

We believe that our seasoned direct sales force, consisting of approximately 125 individuals as of August 31, 2000, and our ability to sell at senior levels within customer organizations are important competitive advantages. We have established direct sales offices in key geographic areas where there are high concentrations of potential business. As of August 31, 2000, we had 16 direct sales offices in cities in the United States and 32 direct sales offices in cities outside of the United States, including Brussels, Cambridge (England), Dusseldorf, Hong Kong, Paris, Singapore and Tokyo. In geographic areas of lower customer concentration, we use sales agents and other resellers to leverage our direct sales force and to provide local coverage and first-line support.

We also supplement our direct sales efforts with a variety of marketing initiatives, including public relations activities, campaigns to promote awareness among industry analysts, user groups and our triennial conference, AspenWorld. AspenWorld has become a prominent forum for industry participants, including process manufacturing executives and analysts, to discuss emerging technologies and other process engineering solutions and to attend seminars led by industry experts. The AspenWorld 2000 conference, held in February 2000, attracted more than 2,200 participants.

We also license our software solutions at a substantial discount to universities that agree to use our solutions in teaching and research. We believe that students' familiarity with our solutions will stimulate future demand once the students enter the workplace. Currently, more than 600 universities use our software solutions in undergraduate instruction.

COMPETITION

We face three primary sources of competition:

- commercial vendors of software products targeting one or more process manufacturing functions in the areas of engineering, manufacturing and supply chain, such as Hyprotech, a division of AEA Technology, i2 Technologies, SAP and Simulation Sciences, a division of Invensys;

- vendors of hardware that offer software solutions in order to add value to their proprietary distributed control systems, such as Honeywell and Invensys, and vendors of ERP systems, such as Oracle, PeopleSoft and SAP; and

- large companies in the process industries that have developed their own proprietary software solutions.

Some of our current competitors have significantly greater financial, marketing and other resources than we have. In addition, many of our current 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. The entry of new competitors or alliances into our market could reduce our market share, require us to lower our prices, or both. Many of these factors are outside our control, and we may not be able to maintain or enhance our competitive position against current and future competitors.

INTELLECTUAL PROPERTY

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 United States patents for the expert guidance system in our proprietary graphical user interface, the simulation and optimization methods in our optimization software, a process flow diagram generator in our planning and scheduling software, and a process simulation apparatus in our polymers software. In addition, we have registered or applied to register certain 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 codes for certain products to customers solely for the purpose of special product customization and have deposited copies of the source codes for certain 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 laws of certain countries in which our products are licensed may not protect our products and intellectual property rights to the same extent as the laws of the United States. The laws of many countries in which we license our products protect trademarks solely on the basis of registration. We currently possess a limited number of trademark registrations in certain foreign jurisdictions and have applied for foreign copyright and patent registrations, which correspond to the United States trademarks, copyrights and patents described above, to protect our products in foreign jurisdictions where we conduct business.

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. We could incur substantial costs in protecting and enforcing our intellectual property rights.

Moreover, from time to time third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to our business. In such an event, we may be required to incur significant costs in litigating a resolution to the asserted claims. The outcome of any litigation might require that we pay damages or obtain a license of a third party's proprietary rights in order to continue licensing our products as currently offered. If such a license were required, it might not be available on terms acceptable to us, or at all.

We believe that the success of our business depends more on the quality of our proprietary software products, technology, processes and know-how than on trademarks, copyrights or patents. While we consider our intellectual property rights to be valuable assets, we do not believe that our competitive position in the industry is dependent simply on obtaining legal protection for our software products and technology. Instead, we believe that the success of our business depends primarily on our ability to maintain a leadership position over our competitors in developing our proprietary software products, technology, information, processes and know-how. Nevertheless, we attempt to protect our intellectual property rights with respect to our products and development processes through trademark, copyright and patent registrations, both foreign and domestic, whenever appropriate as part of our ongoing research and development activities.

EMPLOYEES

As of August 31, 2000, we had a total of 1,731 full-time employees. None of our employees is represented by a labor union. We have experienced no work stoppages and believe that our employee relations are good.

While we have substantially expanded the breadth and depth of our management team in recent years, our future success depends to a significant extent on the continued service of Lawrence B. Evans, our principal founder, Chairman and Chief Executive Officer, our other executive officers and a number of engineering, technical, managerial and sales and marketing personnel.

ITEM 1A. RISK FACTORS

In addition to the other information in this Form 10-K, the following factors should be considered in evaluating our company and our business.

RISKS RELATED TO OUR BUSINESS

OUR LENGTHY SALES CYCLE MAKES IT DIFFICULT TO PREDICT QUARTERLY REVENUE LEVELS AND OPERATING RESULTS.

Because license 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 software revenues is difficult to predict, and the delay of an order could cause our quarterly revenues to fall substantially below expectations. Moreover, to the extent that we succeed in shifting customer purchases away from individual software solutions 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. We have limited experience in forecasting the timing of sales of our integrated suites of software and services. 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:

- our ability to attract and retain customers;

- 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, primarily caused by a slowdown in business in some of our international markets;

- the timing of our investments in new product development;

- changes in our operating expenses; and

- fluctuating economic conditions, particularly as they affect companies in the 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 public expectations for that quarter.

Since our expense levels are based in part on anticipated revenues, we may be unable to adjust 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 these factors will continue to affect our operating results for the foreseeable future. Because of the foregoing factors, 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.

As a result of lower-than-anticipated license revenues in our fiscal quarters ended September 30, 1998 and March 31, 1999, our operating results for each of those quarters were below the expectations of public market analysts and many investors. In each case, the market price of our common stock declined substantially upon the announcement of our operating results. 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.

BECAUSE WE DERIVE A MAJORITY OF OUR TOTAL REVENUES FROM CUSTOMERS IN THE CYCLICAL CHEMICALS, PETROCHEMICALS AND PETROLEUM INDUSTRIES, OUR OPERATING RESULTS MAY SUFFER IF THESE INDUSTRIES EXPERIENCE AN ECONOMIC DOWNTURN.

We derive a majority of our total revenues from companies in the 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 chemicals, petrochemicals and petroleum industries are highly cyclical. In the past, worldwide economic downturns and pricing pressures experienced by 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.

IF WE DO NOT HIRE AND RETAIN HIGHLY QUALIFIED EMPLOYEES, WE MAY BE UNABLE TO EXECUTE OUR BUSINESS PLAN SUCCESSFULLY.

Our success depends, in large part, on our ability to attract, hire, train and retain highly qualified employees, particularly project engineers, supply chain and eBusiness experts, sales and marketing personnel and operations research experts. For project engineers and other process manufacturing experts, we primarily hire individuals who have obtained a doctoral or master's degree in chemical engineering or a related discipline or who have significant relevant industry experience. As a result, the pool of qualified potential employees is relatively small, and we face significant competition for these employees, from not only our direct competitors but also our customers, academic institutions and other enterprises. In addition, the pool of individuals with supply chain and eBusiness expertise is very limited, and competition for these individuals is intense. We have limited experience in hiring and retaining employees in this area. Our failure to recruit and retain the highly qualified employees who are integral to our services, product development and sales and marketing efforts may limit the rate at which we generate sales and develop new products and product enhancements, which could hurt our operating results. Moreover, intense competition for these employees may result in significant increases in our labor costs, which would impact our operating results.

WE WILL LOSE VALUABLE STRATEGIC LEADERSHIP AND OUR CUSTOMER RELATIONSHIPS MAY BE HARMED IF WE LOSE THE SERVICES OF OUR CHIEF EXECUTIVE OFFICER OR OTHER KEY PERSONNEL.

Our future success depends to a significant extent on Lawrence B. Evans, our principal founder, Chairman and Chief Executive Officer, our other executive officers and a number of key engineering, technical, managerial and marketing personnel. The loss of the services of any of these individuals or groups of individuals could harm our business. None of our executive officers has entered into an employment agreement with us.

IF WE DO NOT COMPETE SUCCESSFULLY, WE MAY LOSE MARKET SHARE.

We face three primary sources of competition:

- commercial vendors of software products targeting one or more process manufacturing functions in the areas of engineering, manufacturing and supply chain, such as Hyprotech, a division of AEA Technology, i2 Technologies, SAP and Simulation Sciences, a division of Invensys;

- vendors of hardware that offer software solutions in order to add value to their proprietary distributed control systems, such as Honeywell and Invensys, and vendors of ERP systems, such as Oracle, PeopleSoft and SAP; and

- large companies in the process industries that have developed their own proprietary software solutions.

Some of our current competitors have significantly greater financial, marketing and other resources than we have. In addition, many of our current 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. The entry of new competitors or alliances into our market could reduce our market share, require us to lower our prices, or both. Many of these factors are outside our control, and we may not be able to maintain or enhance our competitive position against current and future competitors.

OUR REVENUE GROWTH WILL DEPEND ON OUR RELATIONSHIPS WITH SYSTEMS INTEGRATORS AND OTHER STRATEGIC PARTNERS.

One element of our growth strategy is to increase the number of third-party implementation partners who market and integrate our products. 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 harmed. If our partners fail to implement our solutions for our customers properly, the reputations of our solutions and our company could be harmed and we might be subject to claims by our customers. We also intend to continue to establish partnerships with technology companies, such as Extricity Software, and new eBusiness entities, such as e-Chemicals, to accelerate the development and marketing of our eBusiness solutions. To the extent that we are unsuccessful in maintaining our existing relationships and developing new relationships, our revenue growth may be harmed.

IF WE FAIL TO ANTICIPATE AND RESPOND TO CHANGES IN THE MARKET FOR eBUSINESS SOLUTIONS FOR PROCESS MANUFACTURERS, WHICH IS AT A VERY EARLY STAGE, OUR FUTURE REVENUE GROWTH MAY BE LIMITED.

The use of eBusiness solutions by process manufacturers is at a very early stage. Because this market is new, it is difficult to predict its potential size or growth rate. Moreover, historically the process industries have not been early adopters of new business technologies. In addition, the market for eBusiness software and services for process manufacturing optimization is characterized by rapidly changing technology and customer needs. Our future success depends on our ability to enhance our current eBusiness offerings, to anticipate trends in the process industries regarding use of the Internet, and to develop in a timely and cost-effective manner new software and services that respond to evolving customer needs, emerging Internet technologies and standards, and new competitive software and service offerings.

IF WE FAIL TO INTEGRATE THE OPERATIONS OF THE COMPANIES WE ACQUIRE, WE MAY NOT REALIZE THE ANTICIPATED BENEFITS AND OUR OPERATING COSTS COULD INCREASE.

We intend to continue to pursue strategic acquisitions that will provide us with complementary products, services and technologies and with additional personnel. The identification and pursuit of these acquisition opportunities and the integration of acquired personnel, products, technologies and businesses require a significant amount of management time and skill. There can be no assurance that we will identify suitable acquisition candidates, consummate any acquisition on acceptable terms or successfully integrate any acquired business into our operations. Additionally, in light of the consolidation trend in our industry, we expect to face

competition for acquisition opportunities, which may substantially increase the cost of any potential acquisition.

We have experienced in the past, and may experience again in the future, problems integrating the operations of a newly acquired company with our own operations. Acquisitions also expose us to potential risks, including diversion of management's attention, failure to retain key acquired personnel, assumption of legal or other liabilities and contingencies, and the amortization of goodwill and other acquired intangible assets. Moreover, customer dissatisfaction with, or problems caused by, the performance of any acquired products or technologies could hurt our reputation.

We may issue additional equity securities or incur long-term indebtedness to finance future acquisitions. The issuance of equity securities could result in dilution to existing stockholders, while the use of cash reserves or significant debt financing could reduce our liquidity and weaken our financial condition.

WE MAY LOSE ALL OR PART OF OUR INVESTMENT IN PETROVANTAGE IF PETROVANTAGE IS UNABLE TO DEVELOP AN INDEPENDENT, SELF-SUSTAINING DIGITAL MARKETPLACE.

We have committed to invest $10 million in PetroVantage and may invest additional amounts in the future. We may lose all or a portion of our investment in PetroVantage if PetroVantage's digital marketplace does not gain market acceptance, is unable to achieve profitability or positive cash flow, or otherwise fails to meet our expectations. PetroVantage faces significant risks and uncertainties relating to its ability to implement its new and unproven business model. These risks include the following:

- The operation of a digital marketplace differs significantly from the operation of our traditional business, and PetroVantage has no operating history that can be used to evaluate its business and future prospects. The creation and maintenance of a digital marketplace for bulk commodities such as petroleum is a new, rapidly evolving and intensely competitive business. Barriers to entry are relatively low as potential competitors are able to launch new competing sites at relatively low costs using commercially-available software.

- PetroVantage may be unable to develop and grow awareness of PetroVantage as a recognized, independent brand. A significant marketing budget aimed towards developing and maintaining brand loyalty among PetroVantage's users will be required in order to develop and grow the PetroVantage brand. Even with those expenditures, however, there can be no assurance that PetroVantage's brand promotion activities will yield sufficient revenues to make PetroVantage profitable. Moreover, we intend that PetroVantage be operated and perceived as an independent entity separate from our core business. We believe that PetroVantage's independence is critical to its success because potential users, some of which may compete with our company, will be less likely to utilize the marketplace if they perceive that we, rather than PetroVantage, are operating the marketplace.

- PetroVantage's business model relies on its ability to provide users of the PetroVantage digital marketplace with a superior trading experience and to maintain sufficient transaction volume to attract buyers and sellers to the PetroVantage marketplace. The effective promotion and positioning of PetroVantage will depend heavily upon PetroVantage's efforts to provide users with high quality and efficient service to help them carry out transactions. To accomplish this goal, PetroVantage will invest heavily in site development, technology and operating infrastructure development. We cannot be certain that PetroVantage will be able to develop, license or acquire, and then integrate, those technologies, if at all, without delays or inefficiencies.

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. We bear the risk of cost overruns and inflation in connection with fixed-price engagements, 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.

WE ARE, AND MAY IN THE FUTURE BE, INVOLVED IN SECURITIES CLASS ACTION LITIGATION.

In October and November 1998, stockholders commenced three separate legal actions against us and some of our directors and officers. These lawsuits seek substantial monetary damages for alleged violations of securities laws. If the plaintiffs are successful and their recoveries exceed the limits of our insurance coverage, our financial position will be harmed. Litigation is inherently uncertain and an adverse resolution of these actions may have a negative effect on our operating results in the period in which they are resolved. For further discussion of these lawsuits, see "Item 3. Legal Proceedings."

OUR BUSINESS MAY SUFFER IF WE FAIL TO ADDRESS THE CHALLENGES ASSOCIATED WITH INTERNATIONAL OPERATIONS.

We have derived approximately 50% of our total revenues from customers outside the United States in each of the past three fiscal years. 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;

- 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; 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 United States patents for the expert guidance system in our proprietary graphical user interface, the simulation and optimization methods in our optimization software, a process flow diagram generator in our planning and scheduling software, and a process simulation apparatus in our polymers software. We have registered or have applied to register certain 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 certain 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 laws of certain 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. The laws of many countries in which we license our products protect trademarks solely on the basis of registration. 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.

WE MAY HAVE TO DEFEND AGAINST INTELLECTUAL PROPERTY INFRINGEMENT CLAIMS, WHICH COULD BE EXPENSIVE AND, IF WE ARE NOT SUCCESSFUL, COULD DISRUPT OUR BUSINESS.

Third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to us. In such an event, we may be required to incur significant costs in litigating a resolution to the asserted claims. The outcome of any litigation could require us to pay damages or obtain a license to a third party's proprietary rights in order to continue licensing our products as currently offered. If such a license is required, it might not be available on terms acceptable to us, if at all.

OUR INABILITY TO MANAGE OUR GROWTH MAY HARM OUR OPERATING RESULTS.

We have experienced substantial growth in recent years in the number of our employees, the scope of our operating and financial systems, and the geographic area of our operations. Our operations have expanded significantly through both internal growth and acquisitions. Our growth has placed, and is expected to continue to place, a significant strain on our management and our operating and financial systems. To manage our growth effectively, we must continue to expand our management team, attract, motivate and retain employees, and implement and improve our operating and financial systems. Our current management systems may not be adequate and we may not be able to manage any future growth successfully.

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 used in the design, operation and management of manufacturing processes at large facilities, and any failure of our software could result in significant claims against us for damages or for violations of environmental, safety and other laws and regulations. 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 harm our operating results and financial condition.

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.

WE HAVE ANTI-TAKEOVER DEFENSES THAT COULD DELAY OR PREVENT AN ACQUISITION OF OUR COMPANY, WHICH MAY REDUCE THE MARKET PRICE OF OUR COMMON STOCK.

Our charter and bylaws and applicable Delaware laws contain provisions that may discourage acquisition bids for us and that may deprive stockholders of certain opportunities to receive a premium for their stock as part of an acquisition, which may have the effect of reducing the market price of our common stock. In addition, we have adopted a stockholder rights plan, which also may deter or delay attempts to acquire us or accumulate shares of our common stock.

ITEM 2. PROPERTIES

Our principal offices occupy approximately 110,000 square feet of office space in Cambridge, Massachusetts. The lease of this office space expires on September 30, 2012. We and our subsidiaries also own or lease office space in San Diego, California; Rockville, Maryland; New Providence, New Jersey; Houston, Texas; Midlothian, Virginia; Bothell, Washington; Brussels, Belgium; Calgary, Alberta, Canada; Cambridge, England; Warrington, England; Hong Kong; Tokyo, Japan; Best, The Netherlands; Singapore; and other locations where additional sales and customer support offices are located. In the third quarter of fiscal 2000, we consolidated our Houston, Texas facilities by entering into a 12-year lease agreement for new office space that encompasses approximately 245,000 square feet. We believe that our existing and planned facilities are adequate for our needs for the foreseeable future and that, if additional space is needed, such space will be available on acceptable terms.

ITEM 3. LEGAL PROCEEDINGS

On October 5, 1998, a purported class action lawsuit was filed in the United States District Court for the District of Massachusetts against us and certain of our officers and directors, on behalf of purchasers of our common stock between April 28, 1998 and October 2, 1998. This lawsuit is identified here as the Van Ormer Complaint. The lawsuit seeks an unspecified amount of damages and claims violations of Sections 10(b) and 20(a) of the Securities Exchange Act, alleging that we issued a series of materially false and misleading statements concerning our financial condition, our operations and our integration of several acquisitions. On October 26, 1998, a second purported class action lawsuit was filed in the United States District Court for the District of Massachusetts against us and certain of our officers and directors, on behalf of purchasers of our common stock between April 28, 1998 and October 2, 1998. This second lawsuit was identical to the Van Ormer Complaint except for the named plaintiff. This second lawsuit is identified here as the Clancey Complaint. On November 20, 1998, a third purported class action lawsuit was filed in the same court against the same defendants. This third lawsuit was identical to the Van Ormer and Clancey Complaints except for the named plaintiff, the expansion of the class action period to include purchasers of our common stock from January 27, 1998 to October 2, 1998 and the addition of references to statements made between January 27, 1998 and April 28, 1998. This third lawsuit is identified here as the Marucci Complaint. On January 27, 1999, in response to a motion to dismiss filed by us, the plaintiffs consolidated the three complaints and filed a consolidated amended class action complaint. On December 9, 1999, the Court heard oral arguments to review the pleadings in the case; to date, there has been no decision rendered by the Court. We believe we have meritorious legal defenses to the lawsuits and intend to defend vigorously against this consolidated action. We are currently unable, however, to determine whether resolution of these matters will have a material adverse effect on our operating results or financial position, or reasonably estimate the amount of the loss, if any, that may result from resolution of these matters.

In addition to the foregoing lawsuits, we may be a party to lawsuits in the normal course of our business. We note that securities litigation, in particular, can be expensive and disruptive to our normal business operations and the outcome of complex legal proceedings can be very difficult to predict.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of our security holders during the fourth quarter of fiscal 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

Our common stock is traded on the Nasdaq National Market under the symbol "AZPN." The following table sets forth, for the periods indicated, the high and low sales prices per share of our common stock as reported by the Nasdaq National Market.

	HIGH	LOW
FISCAL 1999:		
First Quarter	$56.875	$18.500
Second Quarter	26.750	6.125
Third Quarter	18.125	9.125
Fourth Quarter	13.813	8.250
FISCAL 2000:		
First Quarter	$13.875	$ 8.125
Second Quarter	30.500	8.531
Third Quarter	55.375	27.375
Fourth Quarter	41.000	19.250

HOLDERS

As of September 25, 2000, there were 1,025 holders of record of our common stock.

DIVIDENDS

We have never declared or paid cash dividends on our capital stock, although two of our subsidiaries paid dividends to their stockholders prior to their acquisitions by us in fiscal 1995 and fiscal 2000. We currently intend to retain all of our dividends in the foreseeable future. In addition, under the terms of our bank line of credit, we are prohibited from paying any cash dividends. Any future determination relating to dividend policy will be made at the discretion of our Board of Directors and will depend on a number of factors, including our future earnings, capital requirements, financial condition and future prospects and such other factors as the Board of Directors may deem relevant.

SALE OF UNREGISTERED SECURITIES

On June 1, 2000, we acquired Petrolsoft Corporation. In the acquisition, we issued 2,641,101 shares of common stock to the three stockholders of Petrolsoft in a private placement exempt from registration under Section 4(2) of the Securities Act of 1933.

On August 29, 2000, we acquired ICARUS Corporation and ICARUS Services Limited. In the acquisition, we issued 248,411 shares of common stock and $2,095,000 principal amount of one-year promissory notes to the two stockholders of ICARUS Corporation and ICARUS Services Limited in a private placement exempt from registration under Section 4(2) of the Securities Act of 1933.

ITEM 6. SELECTED FINANCIAL DATA

The following consolidated statement of operations data (other than pro forma data) for the years ended June 30, 1998, 1999 and 2000 and consolidated balance sheet data as of June 30, 1999 and 2000 have been derived from consolidated financial statements that have been audited by Arthur Andersen LLP, independent public accountants, and are included elsewhere in this Form 10-K. The consolidated statement of operations data (other than pro forma data) for the years ended June 30, 1996 and 1997 and consolidated balance sheet data as of June 30, 1996, 1997 and 1998 have been derived from our consolidated financial statements that also have been audited by Arthur Andersen LLP but are not included in this Form 10-K. The selected consolidated financial data include the financial data of Petrolsoft, which we acquired on June 1, 2000 in a transaction accounted for under the "pooling of interests" accounting method. The selected consolidated financial data should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Form 10-K and the discussion under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

	YEAR ENDED JUNE 30,				
	1996	1997	1998	1999	2000
	(IN THOUSANDS, EXCEPT SHARE DATA)				
CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Revenues:					
Software licenses	$ 70,424	$103,822	$140,857	$ 97,108	$132,843
Service and other	45,180	91,480	113,879	129,411	135,250
Total revenues	115,604	195,302	254,736	226,519	268,093
Expenses:					
Cost of software licenses	3,992	5,539	8,178	7,899	9,605
Cost of service and other	27,270	54,106	68,677	83,905	85,193
Selling and marketing	36,708	56,139	75,060	85,664	91,863
Research and development	22,412	33,714	43,793	48,625	51,567
General and administrative	10,749	17,110	20,250	23,503	24,736
Costs related to acquisitions	--	--	4,984	--	1,547
Restructuring and other charges	--	--	--	17,867	--
Charge for in-process research and development	24,421	8,664	8,472	--	--
Total expenses	125,552	175,272	229,414	267,463	264,511
Income (loss) from operations	(9,948)	20,030	25,322	(40,944)	3,582
Interest income	3,761	5,588	5,784	10,092	9,847
Interest expense	(1,323)	(151)	(377)	(5,677)	(5,563)
Foreign currency exchange loss	(223)	(236)	(454)	(94)	(118)
Income (loss) on equity in joint ventures	10	26	45	19	4
Income (loss) from before provision for (benefit from) income taxes	(7,723)	25,257	30,320	(36,604)	7,752
Provision for (benefit from) income taxes	6,157	10,178	14,109	(15,809)	2,324
Net income (loss)	$(13,880)	$ 15,079	$ 16,211	$(20,795)	$ 5,428
Pro forma net income (loss), reflecting provision for income taxes on Subchapter S-Corporation income	$(14,024)	$ 14,822	$ 15,781	$(22,066)	$ 5,428

	YEAR ENDED JUNE 30,				
	1996	1997	1998	1999	2000
	(IN THOUSANDS, EXCEPT SHARE DATA)				
Diluted net income (loss) per share	$ (0.69)	$ 0.59	$ 0.59	$ (0.76)	$ 0.18
Basic net income (loss) per share	$ (0.69)	$ 0.63	$ 0.62	$ (0.76)	$ 0.19
Pro forma diluted net income (loss) per share	$ (0.70)	$ 0.58	$ 0.57	$ (0.80)	$ 0.18
Weighted average shares outstanding -- diluted	20,073	25,348	27,524	27,476	30,785
Weighted average shares outstanding -- basic	20,073	24,009	26,056	27,476	28,221

	JUNE 30,				
	1996	1997	1998	1999	2000
	(IN THOUSANDS)				
CONSOLIDATED BALANCE SHEET DATA:					
Cash and cash-equivalents	$ 14,933	$ 18,550	$ 78,969	$ 34,039	$ 49,371
Working capital	72,942	74,104	173,589	153,987	169,380
Total assets	169,408	203,895	344,432	325,023	364,945
Long-term obligations, less current maturities	706	462	90,635	89,405	88,173
Total stockholders' equity	105,160	137,764	166,557	145,750	169,198

Basic and diluted net income (loss) per share and weighted average shares outstanding in the preceding table have been computed as described in note 2(h) to the consolidated financial statements included elsewhere in this Form 10-K. We have never declared or paid cash dividends on our capital stock.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Since our founding in 1981, we have developed and marketed software and services to companies in the process industries. Our revenues have increased at an average compounded rate of 32.6% since fiscal 1994, when we filed our initial public offering. In addition to internally generated growth, we have acquired 18 businesses since May 1995, including Industrial Systems in the fourth quarter of fiscal 1995, DMCC and Setpoint in the third quarter of fiscal 1996, Chesapeake in the fourth quarter of fiscal 1998 and Petrolsoft in the fourth quarter of fiscal 2000.

Prior to June 30, 2000, we acquired DMCC, Setpoint and five other, less material businesses in transactions accounted for as purchases. Our results of operations include the results of operations of DMCC, Setpoint and these five other companies only for periods subsequent to their respective dates of acquisition. As a result, period-to-period comparisons of our results of operations may not be meaningful. See note 4 to the consolidated financial statements included elsewhere in this Form 10-K. In August 2000, we acquired ICARUS in a transaction accounted for as a purchase. Our results of operations for fiscal 2001 will include the results of ICARUS commencing on the date of acquisition.

We acquired Industrial Services, Chesapeake, Petrolsoft and eight other businesses in transactions accounted for as poolings of interest. Of these acquisitions, only the acquisitions of ISI, Chesapeake and Petrolsoft were material to our financial condition and results of operations. Accordingly, we have restated our consolidated financial statements to reflect the historic operations of ISI, Chesapeake and Petrolsoft, but not the other acquisitions.

We typically license our engineering suite solutions for terms of 3 to 5 years and license, our manufacturing and our e-business/supply chain solutions for terms of 99 years.

License revenues, including license renewals, consist principally of revenues earned under fixed-term and perpetual software license agreements and generally are recognized upon shipment of the software if collection

of the resulting receivable is probable, the fee is fixed or determinable, and vendor-specific objective evidence exists for all undelivered elements to allow allocation of the total fee to all delivered and undelivered elements of the arrangement.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements." SAB 101 provides guidance on the recognition, disclosure and presentation of revenue in financial statements. SAB 101, as amended by SAB 101A and SAB 101B, is required to be implemented no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. We are currently evaluating the impact of SAB 101 on our financial statements and related disclosures, but we do not expect that any impact will be material.

We use installment contracts as a standard business practice and have a history of successfully collecting under the original payment terms without making concessions on payments, products or services. We recognize revenues from customer support ratably over the term of the support agreement. If a customer elects to pay for a license in annual installments, we charge an implicit amount of interest and recognize interest income over the term of the license. A substantial majority of our term licenses have been renewed upon expiration. There can be no assurance, however, that our customers will continue to renew expiring term licenses at the historical rate.

We derive a significant portion of our revenues from consulting projects related to the implementation of our software. For fiscal 2000, we derived 49.6% of our total revenues from the licensing of software products and 50.4% of our total revenues from the provision of services. We charge customers for consulting services on a fixed-price basis and we charge for certain services, primarily on-site advanced process control and optimization services and supply chain services, on a time-and-materials basis. Consulting service revenues from fixed-price contracts are recognized on the percentage-of-completion method, measured by the portion of costs incurred to date as a percentage of the estimated total (primarily labor) costs for each contract. Consulting service revenues from time-and-materials contracts are recognized as the related services are performed. Training revenues are recognized as services are performed. Services that have been performed but for which billings have not been made are recorded as unbilled receivables, and billings for which services have not been performed are recorded as unearned revenues in our consolidated balance sheets.

We license our software in U.S. dollars and certain foreign currencies. We hedge material foreign currency-denominated receivables with specific hedge contracts in amounts equal to those receivables. While we have experienced minor foreign currency exchange gains or losses due to foreign exchange rate fluctuations, the impact of such movements has not been material in any period. We do not expect fluctuations in foreign currencies to have a significant impact on either our revenues or our expenses in the foreseeable future.

Our operating costs include the amortization of intangible assets, including goodwill, arising from acquisitions accounted for as purchases. The net balance of these intangible assets as of June 30, 2000 was $8.9 million and is being amortized over periods ranging from 5 to 12 years. The amortization from acquisitions that was charged to operations was $3.0 million for fiscal 1999 and $2.4 million for fiscal 2000. Amortization expense related to existing intangible assets as of June 30, 2000 will range from $761,000 to $510,000 per quarter in fiscal 2001, on a declining schedule; from $510,000 to $468,000 per quarter in fiscal 2002; and from $468,000 to $328,000 per quarter for fiscal 2003. Thereafter, amortization expense related to existing intangible assets will continue to decline through fiscal 2009.

RESULTS OF OPERATIONS

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

	YEAR ENDED JUNE 30,		
	1998	1999	2000
Revenues:			
Software licenses	55.3%	42.9%	49.6%
Service and other	44.7	57.1	50.4
Total revenues	100.0	100.0	100.0
Expenses:			
Cost of software licenses	3.2	3.5	3.6
Cost of service and other	27.0	37.0	31.8
Selling and marketing	29.5	37.8	34.3
Research and development	17.2	21.5	19.2
General and administrative	7.9	10.4	9.2
Costs related to acquisitions	2.0	--	0.6
Restructuring and other charges	--	7.9	--
Charge for in-process research and development	3.3	--	--
Total expenses	90.1	118.1	98.7
Income (loss) from operations	9.9	(18.1)	1.3
Interest income	2.3	4.4	3.7
Interest expense	(0.1)	(2.5)	(2.1)
Other income (expense), net	(0.2)	--	--
Income (loss) before provision for (benefit from) income taxes	11.9	(16.2)	2.9
Provision for (benefit from) income taxes	5.5	(7.0)	0.9
Net income (loss)	6.4%	(9.2)%	2.0%

COMPARISON OF FISCAL 2000 TO FISCAL 1999

REVENUES. Revenues are derived from software licenses, consulting services and maintenance and training. Total revenues for fiscal 2000 increased 18.4% to $268.1 million from $226.5 million in fiscal 1999. Total revenues from customers outside the United States were $121.7 million or 45.4% of total revenues and $117.3 million or 51.8% of total revenues for fiscal 2000 and 1999, respectively. The geographical mix of revenues can vary from period to period.

Software license revenues represented 49.6% and 42.9% of total revenues for fiscal 2000 and 1999, respectively. Revenues from software licenses in fiscal 2000 increased 36.8% to $132.8 million from $97.1 million in fiscal 1999. 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. The lower license revenues in fiscal 1999 resulted primarily from delayed decision making driven by economic difficulties among customers in our core vertical markets of refining, chemicals and petrochemicals.

Total revenues from customers outside the United States were $121.2 million, or 45.2% of total revenues, in fiscal 2000 and $117.3 million, or 51.8% of total revenues, in fiscal 1999. The geographical mix of revenues can vary from period to period.

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 fiscal 2000 increased 4.5% to $135.3 million from $129.4 million for fiscal 1999. This increase reflected a continued focus during fiscal 2000 on

providing high value-added consulting and training services to existing customers. Revenues from service and other for both fiscal 2000 and 1999 were adversely affected by lower-than-planned levels of consultant utilization. The lower utilization was attributable to the delay of project starts by clients. Growth in the services business was slower than our license business as a result of (1) our decision to utilize partners to help deploy our solutions and (2) the effect on post-contract support revenues of slower license revenue growth in prior periods.

Historically, neither our joint venture or similar activities nor any discounting or similar activities have had a material effect on our revenues.

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 fiscal 2000 increased 21.6% to $9.6 million from $7.9 million in fiscal 1999. Cost of software licenses as a percentage of revenues from software licenses decreased to 7.2% for fiscal 2000 from 8.1% for fiscal 1999. This decrease was primarily due to the spreading of fixed production and delivery costs over a larger revenue base.

COST OF SERVICE AND OTHER. Cost of service and other consists of the cost of execution of application consulting services, technical support expenses, the cost of training services and the costs of manuals that are sold as separate items. Cost of service and other for fiscal 2000 increased 1.5% to $85.2 million from $83.9 million for fiscal 1999. Cost of service and other as a percentage of revenues from consulting services and maintenance and training decreased to 63.0% for fiscal 2000 from 64.8% for fiscal 1999. Cost of service and other increased to support the expansion of these business segments. The costs as a percentage of the service and other revenue decreased as operating efficiencies were realized as a result of the expansion of these business segments in fiscal 2000.

SELLING AND MARKETING. Selling and marketing expenses for fiscal 2000 increased 7.2% to $91.9 million from $85.7 million for fiscal 1999 while decreasing as a percentage of revenues to 34.3% from 37.8%. The dollar increase in fiscal 2000 was attributable to an expense base that was increased to support a higher revenue level, particularly a higher license revenue level. As discussed above, the increase in license revenue for fiscal 2000 was significantly above the fiscal 1999 level. We continue to invest selectively in sales personnel and regional sales offices to improve our geographic proximity to our customers, to maximize the penetration of existing accounts and to add new customers.

RESEARCH AND DEVELOPMENT. Research and development expenses consist of personnel and outside consultancy costs required to conduct our product development efforts. Capitalized research and development costs are amortized over the estimated remaining economic life of the relevant product, not to exceed three years. Research and development expenses for fiscal 2000 increased 6.1% to $51.6 million from $48.6 million for fiscal 1999, while decreasing as a percentage of total revenues to 19.2% from 21.5%. The increase in costs principally reflected increased development of the Aspen Framework and the business process templates as the backbone of our Plantelligence solution and continued investment in development of our individual software solutions. Additionally, the increase was attributable to performance bonuses paid to employees under a program that had been in effect but was suspended as part of our cost-cutting program in fiscal 1999. We capitalized 7.5% of our total research and development costs during fiscal 2000 as compared to 5.7% in fiscal 1999. This increase was primarily attributable to the capitalization of development costs related to major releases of products in fiscal 2000.

GENERAL AND ADMINISTRATIVE. General and administrative expenses consist primarily of salaries of administrative, executive, financial and legal personnel, outside professional fees and amortization of intangibles. General and administrative expenses for fiscal 2000 increased 5.2% to $24.7 million from $23.5 million for fiscal 1999 and decreased as a percentage of total revenues to 9.2% from 10.4%. These costs did not grow at the same rate as revenues, as our infrastructure was able to support a larger revenue base; however, the increased dollar amounts reflect the growth in the scale and scope of our operations. Additionally, the increase was attributable to performance bonuses paid to employees under a program that had been in effect but was suspended as part of our cost-cutting program in fiscal 1999.

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 for engineering suite software. 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 our engineering suite customers have elected to license these products through installment contracts. Included in the annual payments is an implicit interest established by us at the time of the license. As we sell more perpetual licenses for eSupply Chain and Plantelligence Solutions, these new sales are being paid for in forms that are not installment contracts. If the mix of sales moves away from installment contracts, the 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 established by us on installment contracts and the size of the contract portfolio. Interest income was $9.8 million for fiscal 2000 as compared to $10.1 million in fiscal 1999.

INTEREST EXPENSE. Interest expense was incurred under our 5 1/4% convertible debentures, bank line of credit and capital lease obligations. Interest expense in fiscal 2000 decreased to $5.6 million from $5.7 million in fiscal 1999.

PROVISION FOR/BENEFIT FROM INCOME TAXES. The effective tax rate in fiscal 2000 was calculated as a percentage of income before taxes. The effective tax rate changed for fiscal 2000 to 30.0% of pre-tax income as compared to 43.2% of pre-tax loss for fiscal 1999. This change was primarily due to the generation and utilization of tax credits, including foreign tax credits.

COMPARISON OF FISCAL 1999 TO FISCAL 1998

REVENUES. Total revenues for fiscal 1999 decreased 11.1% to $226.5 million from $254.7 million in fiscal 1998.

Software license revenues represented 42.9% and 55.3% of total revenues for fiscal 1999 and 1998, respectively. Revenues from software licenses in fiscal 1999 decreased 31.1% to $97.1 million from $140.9 million in fiscal 1998. The decrease in fiscal 1999 license revenues resulted primarily from delayed decision making driven by economic difficulties among customers in our core vertical markets of refining, chemicals, and petrochemicals.

Total revenues from customers outside the United States were $117.3 million, or 51.8% of total revenues, in fiscal 1999 and $115.1 million, or 45.2% of total revenues, in fiscal 1998.

Revenues from service and other for fiscal 1999 increased 13.6% to $129.4 million from $113.9 million for fiscal 1998. This increase reflected a continued focus during fiscal 1999 on providing high value-added consulting and training services to existing customers. The lower fiscal 1999 utilization was attributable to the delay of project starts by clients, while the fiscal 1998 utilization shortfall was attributable to temporary mismatches between types and geographies of scheduled projects, the skill sets and locations of available personnel, and the timing of certain project starts.

COST OF SOFTWARE LICENSES. Cost of software licenses for fiscal 1999 decreased 3.4% to $7.9 million from $8.2 million in fiscal 1998. Cost of software licenses as a percentage of revenues from software licenses increased to 8.1% for fiscal 1999 from 5.8% for fiscal 1998. This increase was due to relatively flat expenses spread over a lower revenue base.

COST OF SERVICE AND OTHER. Cost of service and other for fiscal 1999 increased 22.2% to $83.9 million from $68.7 million for fiscal 1998. Cost of service and other as a percentage of revenues from services increased to 64.8% for fiscal 1999 from 60.3% for fiscal 1998. This percentage increase reflected a cost base that was increased to support a projected higher revenue level. This higher revenue level was not realized due to lower utilization rates attributable to the delay of project starts by clients.

SELLING AND MARKETING. Selling and marketing expenses for fiscal 1999 increased 14.1% to $85.7 million from $75.1 million for fiscal 1998 while increasing as a percentage of revenues to 37.8% from 29.5%. The dollar and percentage increases were attributable to a cost base that was increased to support a higher revenue

level that was not achieved. A significant component of the April 1999 restructuring included reduction of sales and marketing staff in selected markets and geographic locations. These selective reductions were made to correspond to the customer opportunities in certain of our core vertical markets and customer locations.

RESEARCH AND DEVELOPMENT. Research and development expenses for fiscal 1999 increased 11.0% to $48.6 million from $43.8 million for fiscal 1998 and increased as a percentage of total revenues to 21.5% from 17.2%. The increase in costs principally reflected continued investment in development of our individual software solutions and increased development of the Aspen Framework as the backbone of our Plantelligence solution. We capitalized 5.8% of our total research and development costs during fiscal 1999 as compared to 8.2% in fiscal 1998.

GENERAL AND ADMINISTRATIVE. General and administrative expenses for fiscal 1999 increased 16.1% to $23.5 million from $20.3 million for fiscal 1998 and increased as a percentage of total revenues to 10.4% from 7.9%. The increase in costs was due primarily to payments to strategic consultants to assist in the realignment of the business, litigation support and the increase in the reserve for bad debts.

RESTRUCTURING AND OTHER CHARGES. In the fourth quarter of fiscal 1999, we undertook 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 in certain of our core vertical markets. The restructuring plan resulted in a pre-tax restructuring charge totaling $17.9 million. The principal charges in the restructuring plan included: the reduction of workforce, $4.3 million; the close-down or consolidation of a number of offices and facilities, $10.2 million; rationalizing certain non-core products and activities acquired in recent years yielding the writing off of $3.1 million of assets; and other general cost reductions, $0.3 million.

INTEREST INCOME. Interest income was $10.1 million for fiscal 1999 as compared to $5.9 million in fiscal 1998. The increase reflects the interest income generated from excess cash from our 5 1/4% convertible debentures, which was not issued and outstanding until June 1998.

INTEREST EXPENSE. Interest expense was incurred under our 5 1/4% convertible debentures, bank line of credit and capital lease obligations. Interest expense in fiscal 1999 increased to $5.7 million from $0.4 million in fiscal 1998. The increase was primarily related to the interest expense on our 5 1/4% convertible debentures, which were issued in June 1998.

PROVISION FOR/BENEFIT FROM INCOME TAXES. The effective tax rate in fiscal 1999 was calculated as a percentage of loss before taxes. The effective tax rate changed for fiscal 1999 to 43.2% of pre-tax loss as compared to 32.5% of net income exclusive of the non-recurring charge for in-process research and development for fiscal 1998. This change was primarily due to utilization of carrybacks of the fiscal 1999 taxable loss to prior years taxable income and the generation of certain tax credits.

QUARTERLY RESULTS

Our 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, including purchasing patterns, timing of introductions of new solutions and enhancements by us and our competitors, and fluctuating economic conditions. Because license fees for our software products are substantial and the implementation of our solutions often requires the services of our engineers over an extended period of time, the sales process for our solutions is lengthy and can exceed one year. Accordingly, software revenue is difficult to predict, and the delay of any order could cause our quarterly revenues to fall substantially below expectations. Moreover, to the extent that we succeed in shifting customer purchases away from point solutions and toward integrated suites of our software and service solutions, the likelihood of delays in ordering may increase and the effect of any delay may become more pronounced.

We ship software products within a short period after receipt of an order and usually do not have a material backlog of unfilled orders of software products. Consequently, revenues from software licenses, including license renewals 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 been derived from license agreements that have been consummated in the final weeks of the quarter. Therefore, even a short

delay in the consummation of an agreement may cause revenues to fall below expectations for that quarter. Since our expense levels are based in part on anticipated revenues, we may be unable to adjust spending in a timely manner to compensate for any revenue shortfall and any revenue shortfalls would likely have a disproportionately adverse effect on net income. We expect that these factors will continue to affect our operating results for the foreseeable future.

In fiscal 1999 and 2000, we experienced a net loss for the first quarter, in part because a substantial portion of our total revenues was derived from countries other than the United States where business is slow during the summer months and also in part because of the timing of renewals of software licenses. We believe that we may continue to experience challenges in growing total revenues and net income in the first fiscal quarter as compared to the immediately preceding fiscal quarter. Because of the foregoing factors, 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.

The following table presents selected quarterly consolidated statement of operations data for fiscal 1999 and 2000. These data are unaudited but, in our opinion, reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of these data in accordance with generally accepted accounting principles.

	FISCAL 1999				FISCAL 2000			
	SEPT. 30	DEC. 31	MAR. 31	JUNE 30	SEPT. 30	DEC. 31	MAR. 31	JUNE 30
Revenues:								
Software licenses...	$ 16,034	$32,459	$23,493	$ 25,122	$21,507	$29,318	$34,746	$47,272
Service and other...	30,980	33,276	32,457	32,698	31,845	33,166	34,158	36,081
Total revenues........	47,014	65,735	55,950	57,820	53,352	62,484	68,904	83,353
Expenses:								
Cost of software licenses.........	1,667	1,947	2,162	2,123	2,076	2,187	2,467	2,875
Cost of service and other............	20,036	21,214	21,353	21,302	20,138	20,805	21,546	22,704
Selling and marketing........	19,186	21,722	22,327	22,429	19,328	20,820	22,819	28,896
Research and development......	11,659	12,094	12,442	12,430	11,722	11,774	12,942	15,129
General and administrative...	5,481	5,681	6,331	6,010	5,568	5,748	6,012	7,408
Costs related to acquisitions.....	--	--	--	--	--	--	--	1,547
Restructuring and other charges....	--	--	--	17,867	--	--	--	--
Total expenses........	58,029	62,658	64,615	82,161	58,832	61,334	65,786	78,559
Income (loss) from operations..........	(11,015)	3,077	(8,665)	(24,341)	(5,480)	1,150	3,118	4,794
Other income (expense), net......	218	28	(115)	(174)	50	(51)	(106)	70
Interest income, net.................	1,176	1,228	1,039	940	981	1,015	1,100	1,111
Income (loss) before provision for (benefit from) income taxes........	(9,621)	4,333	(7,741)	(23,575)	(4,449)	2,114	4,112	5,975
Provision for (benefit from) income taxes...............	(3,338)	309	(3,140)	(9,640)	(1,379)	785	1,507	1,411
Net income (loss).....	$ (6,283)	$ 4,024	$(4,601)	$(13,935)	$(3,070)	$ 1,329	$ 2,605	$ 4,564

LIQUIDITY AND CAPITAL RESOURCES

In recent years, we have financed our operations principally through cash generated from sales of securities through private placements and public offerings of our common stock and 5 1/4% convertible debentures, operating activities, the sale of installment contracts to third parties and, at certain times during the year, borrowings under a bank line of credit.

To date, we have received a total of $87.0 million of net proceeds from our initial public offering and subsequent public offerings. A portion of the total net proceeds was used for working capital and other general corporate purposes, to pay a portion of the purchase prices of certain acquisitions and to repay outstanding indebtedness under our bank line of credit, subordinated notes and a promissory note issued in conjunction with certain acquisitions. In the fourth quarter of fiscal 1998, we received a total of $82.4 million from our sale of the 5 1/4% convertible debentures. A portion of these net proceeds was used for working capital and other general corporate purposes. We evaluate on an ongoing basis potential opportunities to acquire or invest in technologies, products, services, businesses or engineering personnel that expand, complement or are otherwise related to our current business and products.

In fiscal 2000, operating activities provided $28.0 million of cash primarily as a result of the net income, increases in accounts payable, accrued expenses and long term installments receivable and offset in part by increases in accounts receivable, unbilled services and deferred income taxes. In fiscal 1998 and 1999, operating activities provided $18.9 million and used $3.6 million of cash, respectively, primarily as a result of net income (loss) and increases in accounts payable, accrued expenses and deferred revenue, offset in part by increases in long-term installments receivable and accounts receivable.

In recent years, we have had arrangements to sell long-term contracts to two financial institutions, General Electric Capital Corporation and Fleet Business Credit Corporation (formerly Sanwa Business Credit Corporation). These contracts represent amounts due over the life of existing term licenses. During fiscal 2000, installment contracts decreased by $4.0 million to $53.2 million, net of $28.0 million of installment contracts sold to General Electric Credit Corporation and Fleet Business Credit Corporation. During fiscal 1999, installment contracts decreased by $3.4 million to $57.2 million, net of $32.3 million of installment contracts sold to General Electric Capital Corporation and Fleet Business Credit Corporation. During fiscal 1998, installment contracts increased by $10.6 million to $60.6 million, net of $51.3 million of installment contracts sold to General Electric Capital Corporation and Fleet Business Credit Corporation. Our arrangements with these two financial institutions provide for the sale of installment contracts up to certain limits and with certain recourse obligations. At June 30, 2000, June 30, 1999 and June 30, 1998 the balance of the uncollected principal portion of the contracts sold to these two financial institutions was $90.2 million, $91.5 million, and $87.6 million, respectively, for which we had partial recourse obligations of $6.0 million, $3.8 million and $4.5 million, respectively. The availability under these arrangements will increase as the financial institutions receive payment on installment contracts previously sold.

We maintain a $30.0 million bank line of credit, expiring on December 31, 2000, that provides for borrowings of specified percentages of eligible accounts receivable and eligible current installment contracts. Advances under the line of credit bear interest at a rate (9.50% at June 30, 2000) equal to the bank's prime rate or, at our option, a rate (6.77% at June 30, 2000) equal to a defined LIBOR plus a specified margin. The line of credit agreement requires us to provide the bank with certain periodic financial reports and to comply with certain financial tests, including maintenance of minimum levels of consolidated net income before taxes and of the ratio of current assets to current liabilities. Additionally, the line is secured by certain of our marketable securities. As of June 30, 2000, there were no outstanding borrowings under the line of credit. We are negotiating with our lender bank, pursuant to a nonbinding commitment letter entered into in September 2000, in order to amend our existing line of credit to, among other things, extend the term of the line of credit through December 31, 2003.

As of June 30, 2000, we had cash and cash-equivalents totaling $49.4 million, as well as short-term investments totaling $64.2 million. Our commitments as of June 30, 2000 consisted primarily of leases on our headquarters and other facilities. See "Item 2. Properties." There were no other material commitments for capital or other expenditures. We believe our current cash balances, availability of sales of our installment

contracts, availability under our bank line of credit 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.

INFLATION

Inflation has not had a significant impact on our operating results to date and we do not expect inflation to have a significant impact during fiscal 2001.

ITEM 7A. QUANTITATIVE AND QUALITATIVE MARKET DISCLOSURES

Information relating to quantitative and qualitative disclosure about market risk is set forth in notes 2(c), 2(g), 2(j) and 12 to our consolidated financial statements included elsewhere in this Form 10-K and below under the captions "Investment Portfolio" and "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 interests rates by expected maturity dates.

PRINCIPAL (NOTIONAL) AMOUNTS BY EXPECTED MATURITY IN U.S. DOLLARS
(IN THOUSANDS, EXCEPT INTEREST RATES)

	FAIR VALUE AT JUNE 30, 2000	FY2001	FY2002	FY2003	FY2004	FY2005 & THEREAFTER
Cash Equivalents................	$28,682	$28,682	--	--	--	--
Weighted Average Interest Rate...	4.56%	4.56%	--	--	--	--
Investments.....................	$63,911	$24,132	$20,007	$12,698	$2,986	$4,088
Weighted Average Interest Rate...	6.20%	6.32%	5.43%	6.90%	6.35%	6.91%
Total Portfolio.................	$92,593	$52,814	$20,007	$12,698	$2,986	$4,088
Weighted Average Interest Rate...	5.69%	5.36%	5.43%	6.90%	6.35%	6.91%

IMPACT OF FOREIGN CURRENCY RATE CHANGES

During fiscal 2000, most currencies in Europe and Asia/Pacific fluctuated, with a general strengthening of the U.S. dollar. The translation of our intercompany receivables and foreign entities assets and liabilities did not, however, have a material impact on our consolidated operating results. Foreign exchange forward contracts are only purchased to hedge certain customer accounts receivable amounts denominated in a foreign currency.

Effective January 1, 1999, the functional currency of several of our foreign subsidiaries was changed from the U.S. dollar to the respective foreign currency. This change was made based on significant changes in economic facts and circumstances related to our operations in those foreign countries.

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 limit the impact of foreign currency exchange rate movement on our operating results. We do not use derivative financial instruments for speculative or trading purposes. We had $6.0 million of foreign exchange forward contracts denominated in British, French, Japanese, Swiss, and German currencies which represented underlying customer accounts receivable transactions at the end of fiscal 2000. The gains and losses on these contracts are included in earnings when the underlying foreign currency denominated transaction is recognized. Gains and loss related to these instruments for fiscal 2000 did not have a material effect on our operating results. 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. There can be no assurance, however, that these strategies will be effective or that transaction losses can be limited or forecasted accurately.

The following table provides information about our forward contracts, at the end of fiscal 2000, to sell foreign currencies for U.S. dollars. All of these contracts relate to customer accounts receivable. 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 on the contract at the end of fiscal 2000.

CURRENCY	AVERAGE CONTRACT RATE	FORWARD AMOUNT IN U.S. DOLLARS (IN THOUSANDS)	CONTRACT ORIGINATION DATE	CONTRACT MATURITY DATE
Japanese Yen.........	109.90	$3,257	Various: Mar 98 - May 00	Various: Jul 00 - Jun 02
British Pound Sterling...........	1.57	974	Various: Apr 98 - Jan 00	Various: Jul 00 - Jul 02
French Franc.........	6.21	574	Various: Jan 99 - Jun 00	Various: Jan 01 - May 02
German Deutsche Mark...............	1.57	718	Various: Jan 98 - Apr 99	Various: Jul 00 - Jan 01
Swiss Franc..........	1.52	460	Various: Jan 99 - Jul 99	Various: Feb 01 - Jul 02
Total................		$5,983		

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements are listed in the Index to Consolidated Financial Statements filed in Item 14(a)(i) as part of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no changes or disagreements with accountants on accounting or financial disclosure matters during our two most recent fiscal years.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required under this Item is incorporated herein by reference to our definitive proxy statement pursuant to Regulation 14A, to be filed with the SEC not later than October 28, 2000, under the heading "Election of Directors."

ITEM 11. EXECUTIVE COMPENSATION

The information required under this Item is incorporated herein by reference to our definitive proxy statement pursuant to Regulation 14A, to be filed with the SEC not later than October 28, 2000, under the heading "Executive Officer Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required under this Item is incorporated herein by reference to our definitive proxy statement pursuant to Regulation 14A, to be filed with the SEC not later than October 28, 2000, under the heading "Share Ownership of Principal Stockholders and Management."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required under this Item is incorporated herein by reference to our definitive proxy statement pursuant to Regulation 14A, to be filed with the SEC not later than October 28, 2000, under the heading "Related Party Transactions."

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) FINANCIAL STATEMENTS

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(a)(2) FINANCIAL STATEMENT SCHEDULES

DESCRIPTION	PAGE
Report of Independent Public Accountants on Schedule	S-1
Schedule II -- Valuation and Qualifying Accounts	S-2

All other schedules are omitted because they are not required or the required information is shown in the consolidated financial statements or notes thereto.

(a)(3) EXHIBITS

3.1(1)	Certificate of Incorporation of Aspen Technology, Inc.
3.2(1)	By-laws of Aspen Technology, Inc.
4.1(2)	Specimen Certificate for Shares of Aspen Technology, Inc.'s common stock, $.10 par value.
4.2(1)	Rights Agreement dated as of March 12, 1998 between Aspen Technology, Inc. and American Stock Transfer and Trust Company, as Rights Agent, including related forms of the following: (a) Certificate of Designation of Series A Participating Cumulative Preferred Stock of Aspen Technology, Inc. (b) Right Certificate.
4.3(3)	Indenture dated as of June 17, 1998 between Aspen Technology, Inc. and The Chase Manhattan Bank, as trustee, with respect to up to $86,250,000 principal amount of 5 1/4% Convertible Subordinated Debentures due June 15, 2005 of Aspen Technology, Inc.
4.4(3)	Form of 5 1/4% Convertible Subordinated Debentures due June 15, 2005 of Aspen Technology, Inc. (included in Sections 2.2, 2.3 and 2.4 of the Indenture filed as Exhibit 4.1).
10.1(4)	Lease Agreement dated as of January 30, 1992 between Aspen Technology, Inc. and Teachers Insurance and Annuity Association of America regarding Ten Canal Park, Cambridge, Massachusetts.
10.2	First amendment to Lease Agreement dated May 5, 1997 between Aspen Technology, Inc. and Beacon Properties; L.P., successor-in-interest to Teachers Insurance and Annuity Association of America, regarding Ten Canal Park, Cambridge, Massachusetts.
10.3	Second Amendment to Lease Agreement dated as of August 14, 2000 between Aspen Technology, Inc. and EOP-Ten Canal Park, L.L.C., successor-in-interest to Beacon Properties, L.P. regarding Ten Canal Park, Cambridge, Massachusetts.
10.4(4)	System License Agreement between Aspen Technology, Inc. and the Massachusetts Institute of Technology, dated March 30, 1982, as amended.

10.5(4)+	Non-Equilibrium Distillation Model Development and License Agreement between Aspen Technology, Inc. and Koch Engineering Company, Inc., as amended.
10.6(4)+	Letter, dated October 19, 1994, from Aspen Technology, Inc. to Koch Engineering Company, Inc., pursuant to which Aspen Technology, Inc. elected to extend the term of Aspen Technology, Inc.'s license under the Non-Equilibrium Distillation Model Development and License Agreement.
10.7(4)+	Batch Distillation Computer Program Development and License Agreement between Process Simulation Associates, Inc. and Koch Engineering Company, Inc.
10.8(4)+	Agreement between Aspen Technology, Inc. and Imperial College of Science, Technology and Medicine regarding Assignment of SPEEDUP.
10.9(4)	Common stock purchase warrant no. 91-1.
10.10(4)	Common stock purchase warrant no. 91-2.
10.11(4)	Vendor Program Agreement between Aspen Technology, Inc. and General Electric Capital Corporation.
10.12(6)	Rider No. 1, dated December 14, 1994, to Vendor Program Agreement between Aspen Technology, Inc. and General Electric Capital Corporation.
10.13(4)+	Letter Agreement between Aspen Technology, Inc. and Sanwa Business Credit Corporation.
10.14(4)	Equity Joint Venture Contract between Aspen Technology, Inc. and China Petrochemical Technology Company.
10.15(7)	Further Amended and Restated Revolving Credit Agreement dated as of February 15, 1996 among Aspen Technology, Inc., Prosys Modeling Investment Corporation, Industrial Systems, Inc., Dynamic Matrix Control Corporation and Setpoint, Inc., as the Borrowers, the Lenders Parties thereto, and Fleet Bank of Massachusetts, N.A., as Agent and Lender, together with related forms of the following (each in the form executed by each of such Borrowers): (a) Amended and Restated Revolving Credit Note. (b) Patent Conditional Assignment and Security Agreement. (c) Trademark Collateral Security Agreement. (d) Security Agreement.
10.16	Letter, dated September 21, 1999, from Fleet National Bank to Aspen Technology, Inc. and Deposit Pledge Agreement dated as of October 18, 1999 between Fleet National Bank and Aspen Technology, Inc. further amending the Revolving Credit Agreement.
10.17(3)	Registration Rights Agreement, dated as of June 17, 1998, between Aspen Technology, Inc. and Goldman, Sachs & Co., NationsBanc Montgomery Securities LLC and William Blair & Company, L.L.C.
10.18	Registration Rights Agreement dated June 1, 2000 between Aspen Technology, Inc. and the former stockholders of Petrolsoft Corporation.
10.19	Registration Rights Agreement dated August 29, 2000 between Aspen Technology, Inc. and the former stockholders of ICARUS Corporation and ICARUS Services Limited.
10.20(4)	1988 Non-Qualified Stock Option Plan, as amended.
10.21(5)	1995 Stock Option Plan.
10.22(5)	1995 Directors Stock Option Plan.
10.23(5)	1995 Employees' Stock Purchase Plan.
10.24(8)	1996 Special Stock Option Plan.
10.25(12)	Petrolsoft Corporation Stock Option Plan.

10.26(7)	Amended and Restated Agreement and Plan of Reorganization, dated as of May 12, 1995, by and among Aspen Technology, Inc., Industrial Systems, Inc. and the stockholders of Industrial Systems, Inc.
10.27(13)	Stock Purchase Agreement dated as of December 15, 1995, among Aspen Technology, Inc., Dynamic Matrix Control Corporation and Charles R. Cutler, June A. Cutler, Charles R. Johnston and Cheryl Lynne Johnston, as stockholders of Dynamic Matrix Control Corporation.
10.28(4)	Form of Employee Confidentiality and Non-Competition Agreement.
10.29(4)	Noncompetition, Confidentiality and Proprietary Rights Agreement between Aspen Technology, Inc. and Joseph F. Boston.
10.30(13)	Share Purchase Agreement dated as of January 5, 1996 among Aspen Technology, Inc., Amelinc Corporation and Cegelec S.A.
10.31(4)	Noncompetition, Confidentiality and Proprietary Rights Agreement between Aspen Technology, Inc. and Herbert I. Britt.
10.32(4)	Noncompetition, Confidentiality and Proprietary Rights Agreement between Aspen Technology, Inc. and Lawrence B. Evans.
10.33(8)	Change in Control Agreement between Aspen Technology, Inc. and Joseph F. Boston dated August 12, 1997.
10.34(4)	Noncompetition, Confidentiality and Proprietary Rights Agreement between Aspen Technology, Inc. and Paul W. Gallier.
10.35(8)	Change in Control Agreement between Aspen Technology, Inc. and Stephen J. Doyle dated August 12, 1997.
10.36(8)	Change in Control Agreement between Aspen Technology, Inc. and Lawrence B. Evans dated August 12, 1997.
10.37(8)	Change in Control Agreement between Aspen Technology, Inc. and David McQuillin dated August 12, 1997.
10.38	Change in Control Agreement between Aspen Technology, Inc. and Helen Moye dated September 1, 2000.
10.39	Change in Control Agreement between Aspen Technology, Inc. and Michael Muscatello dated August 1, 2000.
10.40(11)	Change in Control Agreement between Aspen Technology, Inc. and David Mushin dated December 30, 1998.
10.41(8)	Change in Control Agreement between Aspen Technology, Inc. and Mary A. Palermo dated August 12, 1997.
10.42(8)	Change in Control Agreement between Aspen Technology, Inc. and Joel B. Rosen dated August 12, 1997.
10.43(9)	Change in Control Agreement between Aspen Technology, Inc. and Lisa W. Zappala dated November 3, 1998.
10.44	Financing Partner Agreement between Aspen Technology, Inc. and IBM Credit Corporation dated June 15, 2000.
10.45	Direct Vendor Program Agreement dated as of November 18, 1999 between Aspen Technology, Inc. and General Electric Capital Corporation.

21.1	Subsidiaries of Aspen Technology, Inc.
23.1	Consent of Arthur Andersen LLP.
24.1	Power of Attorney (included in signature page to Form 10-K).
27.1	Financial Data Schedules for fiscal year ended June 30, 2000.

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(1) Previously filed as an exhibit to the Current Report on Form 8-K of Aspen Technology, Inc. dated March 12, 1998 (filed on March 27, 1998) and incorporated herein by reference.

(2) Previously filed as an exhibit to the Registration Statement on Form 8-A of Aspen Technology, Inc., as amended by Amendment No. 1 thereto (filed on June 12, 1998) and incorporated herein by reference.

(3) Previously filed as an exhibit to the Current Report on Form 8-K of Aspen Technology, Inc. dated June 17, 1998 (filed on June 19, 1998) and incorporated herein by reference.

(4) Previously filed as an exhibit to the Registration Statement on Form S-1 of Aspen Technology, Inc. (Registration No. 33-83916) (filed on September 13, 1994) and incorporated herein by reference.

(5) Previously filed as an exhibit to the Registration Statement on Form S-8 of Aspen Technology, Inc. (Registration No. 333-11651) (filed on September 9, 1996) and incorporated herein by reference.

(6) Previously filed as an exhibit to the Registration Statement on Form S-1 of Aspen Technology, Inc. (Registration No. 33-88734) (filed on January 29, 1995) and incorporated herein by reference.

(7) Previously filed as an exhibit to the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1996, and incorporated herein by reference.

(8) Previously filed as an exhibit to the Annual Report on Form 10-K for the fiscal year ended June 30, 1997, and incorporated herein by reference.

(9) Previously filed as an exhibit to the Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1998 and incorporated herein by reference.

(10) Previously filed as exhibit 10.36 to the Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 1998 and incorporated herein by reference.

(11) Previously filed as exhibit 10.43 to the Annual Report on Form 10-K for the fiscal year ended June 30, 1999, and incorporated herein by reference.

(12) Previously filed as an exhibit to the Registration Statement on Form S-8 of Aspen Technology, Inc. (Registration No. 333-42536) (filed on July 28, 2000) and incorporated herein by reference.

(13) Previously filed as an exhibit to the Current Report on Form 8-K of Aspen Technology, Inc. dated January 5, 1996 (filed on January 5, 1996) and incorporated herein by reference.

(b) REPORTS ON FORM 8-K

On June 27, 2000, we filed a Current Report on Form 8-K with respect to our press release announcing that two new members were to join our board of directors, effective on July 1, 2000.

On June 29, 2000, we filed a Current Report on Form 8-K with respect to our press release announcing our acquisition of Petrolsoft Corporation.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Cambridge, Commonwealth of Massachusetts, as of September 27, 2000.

ASPEN TECHNOLOGY, INC.

By: /s/ LAWRENCE B. EVANS

Lawrence B. Evans
Chairman of the Board and
Chief Executive Officer

POWER OF ATTORNEY

We, the undersigned officers and directors of Aspen Technology, Inc., hereby severally constitute and appoint Lawrence B. Evans, Lisa W. Zappala and Michael J. Muscatello, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Annual Report on Form 10-K filed herewith and any and all amendments to said Annual Report and generally to do all such things in our names and on our behalf in our capacities as officers and directors to enable Aspen Technology, Inc. to comply with the provisions of the Securities Exchange Act of 1934 and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Annual Report and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated as of September 27, 2000.

SIGNATURE	TITLE
/s/ LAWRENCE B. EVANS Lawrence B. Evans	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
/s/ LISA W. ZAPPALA Lisa W. Zappala	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ JOSEPH F. BOSTON Joseph F. Boston	Director
Gresham T. Brebach, Jr.	Director
/s/ DOUGLAS R. BROWN Douglas R. Brown	Director
Stephen L. Brown	Director

SIGNATURE	TITLE
/s/ STEPHEN M. JENNINGS Stephen M. Jennings	Director
/s/ JOAN C. MCARDLE Joan C. McArdle	Director

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Aspen Technology, Inc.:

We have audited the accompanying consolidated balance sheets of Aspen Technology, Inc. (a Delaware corporation) and subsidiaries as of June 30, 1999 and 2000, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss) and cash flows for each of the three years in the period ended June 30, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aspen Technology, Inc. and subsidiaries as of June 30, 1999 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2000 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
August 7, 2000
(except for the matters
discussed in Notes 4(d) and
5, as to which the date is
September 27, 2000)

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	JUNE 30, 1999	JUNE 30, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 34,039	$ 49,371
Short-term investments	64,662	64,161
Accounts receivable, net of reserves of $1,288 in 1999 and $1,439 in 2000	74,075	81,781
Unbilled services	16,634	21,894
Current portion of long-term installments receivable, net of unamortized discount of $1,478 in 1999 and $1,475 in 2000	25,344	24,873
Deferred tax asset	2,752	3,300
Prepaid expenses and other current assets	12,196	16,175
Total current assets	229,702	261,555
Long-term installments receivable, net of unamortized discount of $5,924 in 1999 and $5,831 in 2000	31,851	28,301
Property and leasehold improvements, at cost:		
Land	727	727
Building and improvements	6,261	6,200
Computer equipment	36,163	39,225
Purchased software	23,449	27,580
Furniture and fixtures	11,833	13,225
Leasehold improvements	4,440	5,386
	82,873	92,343
Less -- Accumulated depreciation and amortization	45,875	56,250
	36,998	36,093
Computer software development costs, net of accumulated amortization of $8,967 in 1999 and $12,031 in 2000	6,011	7,026
Intangible assets, net of accumulated amortization of $9,027 in 1999 and $11,452 in 2000	9,143	8,856
Deferred tax asset	4,757	10,130
Other assets	6,561	12,984
	$325,023	$364,945
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term obligations	$ 2,360	$ 1,327
Accounts payable	7,803	8,748
Accrued expenses	34,832	44,644
Unearned revenue	10,116	13,903
Deferred revenue	20,604	23,553
Total current liabilities	75,715	92,175
Long-term obligations, less current portion	3,155	1,923
5 1/4% Convertible subordinated debentures	86,250	86,250
Deferred revenue, less current portion	13,528	14,374
Other liabilities	625	1,025
Commitments and contingencies (Notes 11, 12, and 13)		
Stockholders' equity:		
Common stock, $.10 par value -- Authorized -- 40,000,000 shares Issued -- 27,807,152 shares in 1999 and 29,060,428 shares in 2000	2,781	2,906
Additional paid-in capital	154,219	173,591
Accumulated deficit	(8,736)	(3,752)
Treasury stock, at cost -- 230,430 shares of common stock	(502)	(502)
Accumulated other comprehensive loss	(2,012)	(3,045)
Total stockholders' equity	145,750	169,198
	$325,023	$364,945

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

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEARS ENDED JUNE 30,		
	1998	1999	2000
Revenues:			
Software licenses	$140,857	$ 97,108	$132,843
Service and other	113,879	129,411	135,250
	254,736	226,519	268,093
Expenses:			
Cost of software licenses	8,178	7,899	9,605
Cost of service and other	68,677	83,905	85,193
Selling and marketing	75,060	85,664	91,863
Research and development	43,793	48,625	51,567
General and administrative	20,250	23,503	24,736
Costs related to acquisitions	4,984	--	1,547
Restructuring and other charges	--	17,867	--
Charge for in-process research and development	8,472	--	--
	229,414	267,463	264,511
Income (loss) from operations	25,322	(40,944)	3,582
Interest income	5,784	10,092	9,847
Interest expense	(377)	(5,677)	(5,563)
Foreign currency exchange loss	(454)	(94)	(118)
Income on equity in joint ventures	45	19	4
Income (loss) before provision for (benefit from) income taxes	30,320	(36,604)	7,752
Provision for (benefit from) income taxes	14,109	(15,809)	2,324
Net income (loss)	$ 16,211	$(20,795)	$ 5,428
Pro forma net income (loss), reflecting provision for income taxes on Subchapter S-Corporation income (unaudited)	$ 15,781	$(22,066)	$ 5,428
Net income (loss) per share:			
Diluted	$ 0.59	$ (0.76)	$ 0.18
Basic	$ 0.62	$ (0.76)	$ 0.19
Pro forma diluted (unaudited)	$ 0.57	$ (0.80)	$ 0.18
Weighted average shares outstanding:			
Diluted	27,524	27,476	30,785
Basic	26,056	27,476	28,221

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

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)
(IN THOUSANDS, EXCEPT SHARE DATA)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (ACCUMULATED DEFICIT)	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY STOCK	
	NUMBER OF SHARES	$.10 PAR VALUE				NUMBER OF SHARES	COST
BALANCE, JUNE 30, 1997	24,983,500	$2,499	$128,083	$ 7,954	$ (270)	230,330	$(502)
Issuance of common stock in immaterial poolings	766,443	77	2,046	(7,321)	--	--	--
Issuance of common stock under employee stock purchase plans	115,617	11	3,867	--	--	--	--
Exercise of stock options and warrants	525,830	53	7,194	--	--	--	--
ESOP contribution	983,145	98	380	--	--	--	--
Dividends paid	--	--	--	(384)	--	--	--
Retired stock	(3,693)	(1)	(1)	--	--	--	--
Translation adjustment, not tax effected	--	--	--	--	98	--	--
Unrealized market loss on investments, net of $31 tax effect	--	--	--	--	(47)	--	--
Tax benefit related to stock options	--	--	6,512	--	--	--	--
Net income	--	--	--	16,211	--	--	--
Comprehensive net income for the year ended June 30, 1998							
BALANCE, JUNE 30, 1998	27,370,842	2,737	148,081	16,460	(219)	230,330	(502)
Issuance of common stock in an immaterial pooling	45,000	5	443	(444)	--	--	--
Issuance of common stock under employee stock purchase plans	267,324	27	4,371	--	--	--	--
Exercise of stock options and warrants	123,986	12	901	--	--	--	--
Purchase of treasury stock	--	--	--	--	--	100	--
Dividends paid	--	--	--	(3,957)	--	--	--
Translation adjustment, not tax effected	--	--	--	--	(1,574)	--	--
Unrealized market loss on investments, net of $135 tax effect	--	--	--	--	(219)	--	--
Tax benefit related to stock options	--	--	423	--	--	--	--
Net loss	--	--	--	(20,795)	--	--	--
Comprehensive net loss for the year ended June 30, 1999							
BALANCE, JUNE 30, 1999	27,807,152	2,781	154,219	(8,736)	(2,012)	230,430	(502)
Issuance of common stock under employee stock purchase plans	384,864	38	3,822	--	--	--	--
Exercise of stock options	868,412	87	7,773	--	--	--	--
Dividends paid	--	--	--	(444)	--	--	--
Translation adjustment, not tax effected	--	--	--	--	(904)	--	--
Unrealized market loss on investments, net of $90 tax effect	--	--	--	--	(129)	--	--
Tax benefit related to stock options	--	--	7,777	--	--	--	--
Net income	--	--	--	5,428	--	--	--
Comprehensive net income for the year ended June 30, 2000							
BALANCE, JUNE 30, 2000	29,060,428	$2,906	$173,591	$ (3,752)	$(3,045)	230,430	$(502)

	TOTAL STOCKHOLDERS' EQUITY	COMPREHENSIVE INCOME (LOSS)
BALANCE, JUNE 30, 1997	$137,764	
Issuance of common stock in immaterial poolings	(5,198)	
Issuance of common stock under		

employee stock purchase plans	3,878	
Exercise of stock options and warrants	7,247	
ESOP contribution	478	
Dividends paid	(384)	
Retired stock	(2)	
Translation adjustment, not tax effected	98	$ 98
Unrealized market loss on investments, net of $31 tax effect	(47)	(47)
Tax benefit related to stock options	6,512	
Net income	16,211	16,211
Comprehensive net income for the year ended June 30, 1998		$ 16,262
BALANCE, JUNE 30, 1998	166,557	
Issuance of common stock in an immaterial pooling	4	
Issuance of common stock under employee stock purchase plans	4,398	
Exercise of stock options and warrants	913	
Purchase of treasury stock	--	
Dividends paid	(3,957)	
Translation adjustment, not tax effected	(1,574)	(1,574)
Unrealized market loss on investments, net of $135 tax effect	(219)	(219)
Tax benefit related to stock options	423	
Net loss	(20,795)	(20,795)
Comprehensive net loss for the year ended June 30, 1999		$(22,588)
BALANCE, JUNE 30, 1999	145,750	
Issuance of common stock under employee stock purchase plans	3,860	
Exercise of stock options	7,860	
Dividends paid	(444)	
Translation adjustment, not tax effected	(904)	(904)
Unrealized market loss on investments, net of $90 tax effect	(129)	(129)
Tax benefit related to stock options	7,777	
Net income	5,428	5,428
Comprehensive net income for the year ended June 30, 2000		$ 4,395
BALANCE, JUNE 30, 2000	$169,198	

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

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEARS ENDED JUNE 30,		
	1998	1999	2000
Cash flows from operating activities:			
Net income (loss)	$ 16,211	$(20,795)	$ 5,428
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities --			
Depreciation and amortization	14,163	18,336	16,327
Charge for in-process research and development	8,472	--	--
Deferred income taxes	(2,749)	(14,124)	(6,201)
Writeoff of assets related to restructuring	--	3,060	--
Changes in assets and liabilities --			
Accounts receivable	(23,601)	(2,372)	(7,977)
Unbilled services	(5,477)	1,186	(5,625)
Prepaid expenses and other current assets	(396)	(2,061)	(4,119)
Long-term installments receivable	(10,167)	3,424	4,021
Accounts payable and accrued expenses	14,963	4,577	18,555
Unearned revenue	1,713	4,040	3,831
Deferred revenue	5,744	1,179	3,774
Net cash provided by (used in) operating activities	18,876	(3,550)	28,014
Cash flows from investing activities:			
Purchase of property and leasehold improvements	(19,384)	(7,688)	(9,682)
Increase in computer software development costs	(3,900)	(2,966)	(4,082)
(Increase) decrease in other assets	(3,981)	323	(6,826)
(Increase) decrease in short-term investments	(18,464)	(29,845)	373
(Decrease) increase in other liabilities	(28)	(289)	400
Cash acquired in immaterial poolings	(1,123)	--	--
Cash used in the purchase of business, net of cash acquired	(9,911)	(1,200)	(2,085)
Net cash used in investing activities	(56,791)	(41,665)	(21,902)
Cash flows from financing activities:			
Issuance of common stock under employee stock purchase plans	3,878	4,398	3,860
Issuance of common stock under employee stock ownership plan	478	--	--
Exercise of stock options and warrants	7,247	913	7,860
Repurchase of common stock	(2)	--	--
Proceeds from 5 1/4% convertible subordinated debentures	86,250	--	--
Additions to (payments of) long-term debt and capital lease obligations	769	(947)	(2,266)
Payment of dividends	(384)	(3,957)	(444)
Net cash provided by financing activities	98,236	407	9,010
Effect of exchange rate changes on cash and cash equivalents	98	(122)	210
Increase (decrease) in cash and cash equivalents	60,419	(44,930)	15,332
Cash and cash equivalents, beginning of period	18,550	78,969	34,039
Cash and cash equivalents, end of period	$ 78,969	$ 34,039	$ 49,371
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ 1,363	$ 2,985	$ 806
Cash paid for interest	$ 245	$ 4,709	$ 4,972
Supplemental schedule of noncash investing and financing activities:			
Increase in equipment under capital lease obligations	$ 2,351	$ --	$ --
Increase in additional paid-in capital and decrease in accrued expenses relating to the tax benefit of exercise of nonqualified stock options	$ 6,512	$ 423	$ 7,777
Supplemental disclosure of cash flows related to acquisitions:			
The Company acquired certain companies as described in Note 4. These acquisitions are summarized as follows --			
Fair value of assets acquired, excluding cash	$ 11,316	$ 1,290	$ 2,360
Payments in connection with the acquisitions, net of cash acquired	(9,911)	(1,200)	(2,085)

Liabilities assumed.................................	$ 1,405	$ 90	$ 275
	========	========	========

During the fiscal year 1998, the Company acquired NeuralWare, Inc., the SAST Corporation Limited, Cimtech S.A./ N.V., Contas Process Control S.r.L., Zyqad Limited and Treiber Controls, Inc. During the fiscal year 1999, the Company acquired Syllogistics, Inc. All of these acquisitions were accounted for as poolings of interests. Due to their immateriality to the financial position and results of operations of the Company, the historical financial statements were not restated.

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

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2000

(1) OPERATIONS

Aspen Technology, Inc. and subsidiaries (the Company) is a supplier of software and service solutions that companies in the process industries use to design, operate and manage their manufacturing processes. The process industries include manufacturers of chemicals, petrochemicals, petroleum products, pharmaceuticals, pulp and paper, electric power, food and beverages, consumer products, and metals and minerals. The Company offers a comprehensive, integrated suite of process manufacturing optimization solutions that help process manufacturers enhance profitability by improving efficiency, productivity, capacity utilization, safety and environmental compliance throughout the entire manufacturing life-cycle, from research and development to engineering, planning and scheduling, procurement, production and distribution. In addition to its broad range of software solutions, the Company offers system implementation, advanced process control, real-time optimization and other consulting services through its staff of project engineers. The Company has operations and customers worldwide.

On June 1, 2000 the Company acquired Petrolsoft Corporation and subsidiary (Petrolsoft), a supplier of web-enabled supply chain software for the downstream petroleum industry. The Company exchanged 2,641,101 shares of its common stock for all of the outstanding shares of Petrolsoft. The Company placed 132,054 of these shares into escrow as security for indemnification obligations of Petrolsoft relating to representation, warranties and other matters, as defined. This merger was accounted for as a pooling of interests. Accordingly, the consolidated financial statements of the Company have been restated to give retroactive effect to the combination of Petrolsoft. The Company incurred approximately $1.5 million of expenses related to this acquisition, which were charged to operations in the quarter ending June 30, 2000. Prior to the acquisition, Petrolsoft was an S-Corporation and subject only to certain state franchise taxes. As such, unaudited pro forma net income (loss) and per share information has been provided as if Petrolsoft had been subject to the Company's effective income tax rates prior to the acquisition. The consolidated financial statements also reflect the Petrolsoft dividends that were distributed to the S-Corporation shareholders in accordance with Petrolsoft's historical policy in order to meet the shareholders' personal income tax obligations.

The following information details the results of operations of the Company and Petrolsoft for the periods before the pooling of interests combination was consummated.

	YEARS ENDED JUNE 30,		
	1998	1999	2000
Revenue			
The Company	$252,555	$219,593	$263,460
Petrolsoft	2,181	6,926	4,633
Combined	$254,736	$226,519	$268,093
Net income (loss)			
The Company	$ 14,636	$(25,735)	$ 5,591
Petrolsoft	1,575	4,940	(163)
Combined	$ 16,211	$(20,795)	$ 5,428
Net income (loss) per share			
Diluted			
The Company	$ 0.59	$ (1.04)	$ 0.20
Petrolsoft	$ 0.60	$ 1.87	$ (0.06)
Combined	$ 0.59	$ (0.76)	$ 0.18
Net income (loss) per share			
Basic			
The Company	$ 0.63	$ (1.04)	$ 0.22
Petrolsoft	$ 0.60	$ 1.87	$ (0.06)
Combined	$ 0.62	$ (0.76)	$ 0.19

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
JUNE 30, 2000

(2) SIGNIFICANT ACCOUNTING POLICIES

(a) PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the results of operations of the Company, Petrolsoft and their wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

(b) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at cost, which approximates market, and consist of short-term, highly liquid investments with original maturities of less than three months.

(c) SHORT-TERM INVESTMENTS

Securities purchased to be held for indefinite periods of time, and not intended at the time of purchase to be held until maturity, are classified as available-for-sale securities. Securities classified as available-for-sale are included in short-term investments and cash and cash equivalents and are recorded at market value in the accompanying consolidated financial statements. Unrealized gains and losses have been accounted for as a separate component of consolidated stockholders' equity and comprehensive income (loss). Realized investment gains and losses were not material in fiscal 1998, 1999 or 2000.

Available-for-sale investments as of June 30, 1999 and 2000 are as follows (in thousands):

		JUNE 30, 1999		JUNE 30, 2000	
DESCRIPTION	CONTRACTED MATURITY	TOTAL MARKET VALUE	TOTAL AMORTIZED COST	TOTAL MARKET VALUE	TOTAL AMORTIZED COST
CASH AND CASH EQUIVALENTS:					
Cash and cash equivalents......	N/A	$13,228	$13,228	$ 20,730	$ 20,730
Commercial paper...............	0-3 months	18,570	18,570	18,929	18,929
Money market funds.............	0-3 months	2,241	2,241	9,712	9,712
Total cash and cash equivalents........		34,039	34,039	49,371	49,371
SHORT-TERM INVESTMENTS:					
Mutual funds...................	N/A	1,150	1,150	250	250
Certificates of deposit........	4-11 months	1,450	1,449	7,000	6,998
Corporate and foreign bonds....	4-12 months	31,238	31,282	6,344	6,356
Corporate and foreign bonds....	1-5 years	30,824	31,056	50,567	50,961
Total short term investments........		64,662	64,937	64,161	64,564
		$98,701	$98,976	$113,532	$113,936

(d) DEPRECIATION AND AMORTIZATION

The Company provides for depreciation and amortization, computed using the straight-line and declining balance methods, by charges to operations in amounts estimated to allocate the cost of the assets over their estimated useful lives, as follows:

ASSET CLASSIFICATION	ESTIMATED USEFUL LIFE
Building and improvements	7-30 years
Computer equipment	3-5 years
Purchased software	3 years
Furniture and fixtures	3-10 years
Leasehold improvements	Life of lease

(e) REVENUE RECOGNITION

Effective July 1, 1998, the Company adopted Statement of Position (SOP) No. 97-2, "Software Revenue Recognition". SOP 97-2 was issued by the American Institute of Certified Public Accountants in October 1997 in order to provide guidance on applying generally accepted accounting principles in recognizing revenue on software transactions. The adoption of SOP 97-2 did not have a material impact on the Company's financial position, results of operations or cash flows. License revenue, including license renewals, consists principally of revenue earned under fixed-term and perpetual software license agreements and is generally recognized upon shipment of the software if collection of the resulting receivable is probable, the fee is fixed or determinable, and vendor-specific objective evidence exists for all undelivered elements to allow allocation of the total fee to all delivered and undelivered elements of the arrangement. Revenues under such arrangements, which may include several different software products and services sold together, are allocated to each element based on the residual method in accordance with SOP 98-9, "Software Revenue Recognition, with Respect to Certain Transactions." Under the residual method, the fair value of the undelivered elements is deferred and subsequently recognized when earned. The Company has established sufficient vendor specific objective evidence for professional services, training and maintenance and support services. Accordingly, software license revenue is recognized under the residual method in arrangements in which software is licensed with professional services, training and maintenance and support services. The Company uses installment contracts as a standard business practice and has a history of successfully collecting under the original payment terms without making concessions on payments, products or services.

Service revenues from fixed-price contracts are recognized using the percentage-of-completion 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 thereof is provided currently. Service revenues from time and expense contracts and consulting and training revenue are recognized as the related services are performed. Services that have been performed but for which billings have not been made are recorded as unbilled services, and billings that have been recorded before the services have been performed are recorded as unearned revenue in the accompanying consolidated balance sheets.

Installments receivable represent the present value of future payments related to the financing of noncancellable 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 statements of operations. The interest rates utilized for the years ended June 30, 1998, 1999 and 2000 were 8.5%, 8.5%, and 8.5% to 9% respectively.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements." SAB 101 provides guidance on the

recognition, disclosure and presentation of revenue in financial statements. SAB 101, as amended by SAB 101A and SAB 101B, is required to be implemented no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. We are currently evaluating the impact of SAB 101 on our financial statements and related disclosures, but we do not expect that any impact will be material.

(f) COMPUTER SOFTWARE DEVELOPMENT COSTS

Certain computer software development costs are capitalized in the accompanying consolidated balance sheets. Capitalization of computer software development costs begins upon the establishment of technological feasibility. Amortization of capitalized computer software development costs is provided on a product-by-product basis using the straight-line method, beginning upon commercial release of the product, and continuing over the remaining estimated economic life of the product, not to exceed three years. Total amortization expense charged to operations was approximately $1,263,000, $2,653,000 and $3,064,000 in fiscal 1998, 1999 and 2000, respectively.

(g) FOREIGN CURRENCY TRANSLATION

The financial statements of the Company's foreign subsidiaries are translated in accordance with Statement of Financial Accounting Standards (SFAS) No. 52, Foreign Currency Translation. The determination of functional currency is based on the subsidiaries' relative financial and operational independence from the Company. Foreign currency exchange gains or losses for certain wholly owned subsidiaries are credited or charged to the accompanying consolidated statements of operations since the functional currency of the subsidiaries is the U.S. dollar. Gains and losses from foreign currency translation related to entities whose functional currency is their local currency are credited or charged to the cumulative translation adjustment account, included in stockholders' equity in the accompanying consolidated balance sheets. Effective January 1, 1999, the functional currency of several foreign subsidiaries was changed from the U.S. dollar to the respective foreign currency. This change was made as significant changes in economic facts and circumstances related to the Company's operations in those foreign countries occurred.

At June 30, 1999 and 2000, the Company had long-term installments receivable of approximately $3,295,000 and $4,955,000 denominated in foreign currencies. The June 2000 installments receivable mature through July 2004 and have been hedged with specific foreign currency contracts. There have been no material gains or losses recorded relating to hedge contracts for the periods presented.

(h) NET INCOME (LOSS) PER SHARE

Basic earnings per share was determined by dividing net income (loss) by the weighted average common shares outstanding during the period. Diluted earnings per share was determined by dividing net income (loss) by diluted weighted average shares outstanding. Diluted weighted average shares reflects the dilutive effect, if any, of common equivalent shares. Common equivalent shares include common stock options and warrants to the extent their effect is dilutive, based on the treasury stock method. Proforma basic and diluted net income (loss) per share assumes earnings from Petrolsoft, an acquired Subchapter S-Corporation accounted for as a pooling of interests, were taxed at the Company's effective tax rate.

The calculations of basic, diluted and pro forma diluted net income (loss) per share and basic and diluted weighted average shares outstanding are as follows (in thousands):

	YEARS ENDED JUNE 30,		
	1998	1999	2000
Net income (loss)	$16,211	$(20,795)	$ 5,428
Pro forma provision for income taxes on Subchapter S-Corporation income (unaudited)	430	1,271	--
Pro forma net income (loss) (unaudited)	$15,781	$(22,066)	$ 5,428
Basic weighted average common shares outstanding	26,056	27,476	28,221
Weighted average common shares	1,468	--	2,564
Diluted weighted average shares outstanding	27,524	27,476	30,785
Basic net income (loss) per share	$ 0.62	$ (0.76)	$ 0.19
Diluted net income (loss) per share	$ 0.59	$ (0.76)	$ 0.18
Pro forma diluted net income (loss) per share (unaudited)	$ 0.57	$ (0.80)	$ 0.18

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

	YEARS ENDED JUNE 30,		
	1998	1999	2000
Convertible debt	1,623	1,628	1,628
Options and warrants	--	994	--
Total	1,623	2,622	1,628

(i) MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk are principally cash and cash equivalents, investments, accounts receivable and installments receivable. The Company places its cash and cash equivalents and investments in highly rated institutions. Concentration of credit risk with respect to receivables is limited to certain customers (end users and distributors) to which the Company makes substantial sales. To reduce risk, the Company routinely assesses the financial strength of its customers, hedges specific foreign receivables and routinely sells its receivables to financial institutions with limited recourse and without recourse. As a result, the Company believes that its accounts and installments receivable credit risk exposure is limited. The Company maintains an allowance for potential credit losses but historically has not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographic area. As of June 30, 1999 and 2000, the Company had no customers that represented 10% of total accounts receivable.

(k) FINANCIAL INSTRUMENTS

Financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable and installments receivable. The estimated fair value of these financial instruments approximates their carrying value and, except for accounts receivable and installments receivable, is based primarily on market quotes.

(l) INTANGIBLE ASSETS AND IMPAIRMENT OF LONG-LIVED ASSETS

Intangible assets consist of the following at June 30, 1999 and 2000 (in thousands):

	ESTIMATED USEFUL LIFE	JUNE 30, 1999	JUNE 30, 2000
Goodwill	10 years	$ 5,547	$ 6,446
Acquired Technology	3-5 years	7,162	8,401
Acquired Assembled Workforce	5-7 years	2,748	2,748
Acquired Uncompleted Contracts	Life of contracts	913	913
Other Intangible assets	5-12 years	1,800	1,800
		18,170	20,308
Less-Accumulated Amortization		9,027	11,452
		$ 9,143	$ 8,856

The Company evaluates it long-lived assets, which include property and leasehold improvements and intangible assets for impairment as events and circumstances indicate that the carrying amount may not be recoverable and at a minimum at each balance sheet date. The Company evaluates the realizability of its long-lived assets based on profitability and undiscounted cash flow expectations for the related asset or subsidiary. Management believes that as of each of the balance sheet dates presented none of the Company's long-lived assets were impaired. See Note 3 for discussion regarding restructuring and other charges.

(m) 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. Comprehensive income (loss) is disclosed in the accompanying consolidated statements of stockholders' equity and comprehensive income (loss). The components of accumulated other comprehensive income (loss) as of June 30, 1998, 1999 and 2000 are as follows (in thousands):

	1998	1999	2000
Unrealized loss on investments, net of taxes	$ (56)	$ (275)	$ (404)
Cumulative translation adjustment	(163)	(1,737)	(2,641)
Total accumulated other comprehensive income (loss)	$(219)	$(2,012)	$(3,045)

(n) NEW ACCOUNTING STANDARDS

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133, as amended by SFAS No. 137 and SFAS No. 138, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities, and is effective for all fiscal

quarters of all fiscal years beginning after June 15, 2000. The Company does not expect adoption of this statement to have a material impact on its consolidated financial position or results of operations.

In March 2000, the FASB issued Interpretation (FIN) No. 44, "Accounting for Certain Transactions Involving Stock Compensation -- An Interpretation of APB Opinion No. 25." FIN 44 clarifies the definition of employees, the criteria for determining whether a plan qualifies as a non-compensatory plan, the accounting consequences of various modifications to the terms of a previously fixed stock option or award and the accounting for an exchange of stock compensation awards in a business combination. FIN 44 is effective July 1, 2000, but certain conclusions in the Interpretation cover specific events that occurred after either December 15, 1998 or January 12, 2000. We do not expect that the adoption of FIN 44 will have a material effect on our results of operations or financial position.

(3) RESTRUCTURING AND OTHER CHARGES

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 core vertical markets. The restructuring plan resulted in a pre-tax restructuring charge totaling $17.9 million. The principal actions in the restructuring plan includes the reduction of workforce, the close-down or consolidation of a number of offices and facilities, the rationalizing of certain non-core products and activities acquired in recent years and other general cost reductions. The restructuring and other charge is broken down as follows:

	RESTRUCTURING AND OTHER CHARGES	WRITE-OFF OF ASSETS, AND OTHER	FISCAL 1999 PAYMENTS	ACCRUED EXPENSES JUNE 30, 1999	FISCAL 2000 PAYMENTS	ACCRUED EXPENSES, JUNE 30, 2000
Close-down/consolidation of facilities................	$10,224	$5,440	$ 24	$4,760	$1,408	$3,352
Employee severance, benefits and related costs.........	4,324	--	2,386	1,938	1,462	476
Write-off of assets.........	3,060	3,060	--	--	--	--
Other.......................	259	101	57	101	97	4
	$17,867	$8,601	$2,467	$6,799	$2,967	$3,832

Close-down/consolidation of facilities: Approximately $10.2 million of the restructuring charge relates to the termination of facility leases and other lease-related costs. The facility leases have remaining terms ranging from one month to five years. The remaining accrual reflects the Company's best estimate of actual costs to buy out the leases in certain cases or the net cost to sublease the properties in other cases. Included in this amount is the write off of certain assets, primarily building and leasehold improvements and adjustments to certain obligations that relate to the closing of facilities.

Employee Severance, Benefits and Related Costs: The reduction in workforce, by function, resulting in the employee severance costs detailed above is as follows:

Services...	82
Selling and Marketing................................	59
Research and Development.............................	38
General and Administrative...........................	26
	205

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

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JUNE 30, 2000

Write-off of assets: Approximately $3.1 million of the restructuring and other charge relates to the write-off of certain assets that had been determined to be of no further value to the Company as a direct consequence of the change in the business plans that have been made as a result of the restructuring. These business plan changes are the result of management's assessment and rationalization of certain non-core products and activities acquired in recent years. The write-off was based on management's assessment of the current fair value of certain assets, including intangible assets, and their resale value, if any.

(4) ACQUISITIONS

(a) ACQUISITIONS DURING FISCAL YEAR 1998

During fiscal year 1998, the Company acquired 100% of the outstanding shares of NeuralWare, Inc., The SAST Corporation Limited, Cimtech S.A./N.V., Contas Process Control S.r.L., Zyqad Limited, and Treiber Controls, Inc. The Company exchanged 766,443 shares of its common stock and paid approximately $841,000 in cash for all outstanding shares of the acquired companies. These acquisitions were accounted for as poolings of interest and were immaterial to the Company's financial position and results of operations. Accordingly, the historical financial statements of the Company have not been restated.

Additionally, the Company acquired 100% of the outstanding shares of IISYS, Inc. for an aggregate purchase price of approximately $8,400,000 in cash and the assumption of approximately $1,600,000 in debt. For financial statement purposes, this acquisition was accounted for as a purchase, and accordingly, the results of operations from the date of acquisition are included in the Company's consolidated statements of operations. The fair market value of assets acquired and liabilities assumed was based on an independent appraisal. The portion of the purchase price allocated to in-process research and development represents projects that had not yet reached technological feasibility and had no alternative future use. Pro forma information related to these acquisitions is not presented as it is not material. The purchase price was allocated to the fair market value of assets acquired and liabilities assumed, as follows (in thousands):

DESCRIPTION	AMOUNT	LIFE
Purchased in process research and development..............	$ 8,472	--
Acquired technology..	2,178	5 years
Intangible assets..	392	5 years
	11,042	
Net book value of tangible assets acquired, less liabilities assumed..	(321)	
	10,721	
Less -- Deferred taxes.....................................	800	
	$ 9,921	

On May 27, 1998, the Company acquired Chesapeake Decision Sciences, Inc. and subsidiaries (CDI), a provider of software and services for the supply chain management market. The Company exchanged 2,961,959 shares of its common stock for all the outstanding shares of CDI common stock. The Company placed 296,196 of these shares into escrow as security for indemnification obligations of CDI relating to representation, warranties and tax matters. These shares were released on May 26, 1999. This merger was accounted for as a pooling of interests. Accordingly, the consolidated financial statements of the Company have been restated to give retroactive effect to the combination of CDI. The Company incurred approximately $4.0 million of expenses related to this acquisition, which were charged to operations in the quarter ending June 30, 1998.

CDI maintained an Employee Stock Ownership Plan and Trust (the Plan) in which CDI made discretionary contributions on an annual basis based on 10% of all eligible employees' base salaries. The common stock shares were then allocated based on a formula determined by management. CDI's discretionary contributions for the year ended June 30, 1998 was approximately $478,000. The Plan was frozen as of May 27, 1998 and all outstanding shares were converted into the Company's common stock. CDI also maintained a defined contribution 401(k) profit sharing plan covering all full-time employees. The plan provided for CDI to make matching contributions under a defined formula. In addition, CDI could make discretionary contributions to the plan determined annually by management. During the fiscal year ended June 30, 1998, CDI made a matching contribution of approximately $314,000. This plan was merged with the Company's plan as of June 1, 1998.

(b) ACQUISITIONS DURING FISCAL YEAR 1999

On September 14, 1998, the Company paid $1.2 million in cash for certain assets and personnel of Callidus Technologies, Inc., a consulting firm that specializes in the modeling of predictive emissions monitoring. This acquisition has been accounted for as a purchase transaction. The purchase price has been allocated to various assets, primarily intangible assets, based on their fair values. On October 14, 1998 the Company issued 45,000 shares of its common stock for all the outstanding shares of Syllogistics, Inc., a provider of logistics management software. This acquisition was accounted for as pooling of interests. Pro forma information related to these acquisitions is not presented as it is not material.

(c) ACQUISITIONS DURING FISCAL YEAR 2000 (OTHER THAN PETROLSOFT)

On June 8, 2000, the Company acquired M2R, SA (M2R), a leading provider of manufacturing execution software for the life sciences and consumer packaged goods related industries. The Company acquired 100% of the outstanding shares of M2R for a purchase price of approximately $2.1 million. This acquisition was accounted for as a purchase, and accordingly, the results of operations from the date of acquisition are included in the Company's consolidated statements of operations. Pro forma information related to these acquisitions is not presented as it is not material. The purchase price was allocated to the fair market value of assets acquired and liabilites assumed as follows (in thousands):

DESCRIPTION	AMOUNT	LIFE
Acquired technology	$1,230	3 years
Goodwill	946	5 years
	2,176	
Net book value of tangible assets acquired, less liabilities assumed	184	
	2,360	
Less -- Deferred taxes	275	
	$2,085	

(d) SUBSEQUENT ACQUISITION

On August 29, 2000, the Company acquired ICARUS Corporation (ICARUS), a market leader in providing software that is used by process manufacturing industries to estimate plant capital costs and evaluate project economics. The Company acquired 100% of the outstanding shares of ICARUS for a purchase price of approximately $24.5 million. The Company intends to account for this acquisition as a purchase. The Company is currently evaluating the allocation of the purchase price.

(5) LINE OF CREDIT

The Company has a revolving line-of-credit agreement with a bank, which provides for borrowings of up to $30,000,000, subject to certain limitations. There is an annual commitment fee of $50,000. At the Company's election, borrowings bear interest on the basis of the applicable LIBOR, as defined (6.77% as of June 30, 2000), or at the bank's prime rate (9.5% as of June 30, 2000). The line is subject to certain covenants, including profitability and operating ratios, as defined. Additionally, the line is secured by certain of the Company's marketable securities. As of June 30, 2000, no amounts were outstanding under this line and approximately $22,708,000 was available for future borrowings as approximately $7,292,000 was reserved for certain performance bonds relating to outstanding letters of credit and service contracts. The line of credit expires on December 31, 2000. The Company is negotiating with its lender bank, pursuant to a non-binding commitment letter entered into in September 2000, in order to amend the Company's existing line of credit to, among other things, extend the term of the line of credit through December 31, 2003.

(6) LONG-TERM OBLIGATIONS

Long-term obligations consist of the following at June 30, 1999 and 2000 (in thousands):

	1999	2000
Capital lease obligation due in monthly installments of approximately $55,000 plus interest at 9.3% per year through April 2001	$1,062	$475
Credit arrangement of a Belgian subsidiary with a bank	256	237
Mortgage payable of a UK subsidiary due in annual installments of approximately $91,000 plus interest at 6% per year	1,176	1,040
Note payable of a Belgian subsidiary with annual installments of approximately $126,000 through June 2012, plus interest ranging from 8.5% to 10%, payable in June 2010, 2011, and 2012	2,565	1,082
Convertible Debenture of a Belgian subsidiary due in 2000, interest payable at an annual rate of 6% This note is convertible into approximately 7,500 shares of the Company's common stock at the option of the holder	385	355
Other obligations	71	61
	5,515	3,250
Less -- Current maturities	2,360	1,327
	$3,155	$1,923

Maturities of these long term obligations are as follows (in thousands):

YEARS ENDING JUNE 30,	AMOUNT
2001	$1,327
2002	234
2003	217
2004	217
2005	217
Thereafter	1,038
	3,250
Less -- Current maturities	1,327
	$1,923

(7) 5 1/4% CONVERTIBLE SUBORDINATED DEBENTURES

In June 1998, the Company sold $86.3 million of 5 1/4% Convertible subordinated debentures (the Debentures) to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933. The Debentures are convertible into shares of the Company's common stock at any time prior to June 15, 2005, unless previously redeemed or repurchased, at a conversion price of $52.97 per share, subject to adjustment in certain events. Interest on the Debentures is payable on June 15 and December 15 of each year. The Debentures are redeemable in whole or part at the option of the Company at any time on or after June 15, 2001 at the following redemption prices expressed as a percentage of principal plus accrued interest through the date of redemption:

12 MONTHS BEGINNING JUNE 15 OF	REDEMPTION PRICE
2001	103.00%
2002	102.25%
2003	101.50%
2004	100.75%

In the event of a change of control, as defined, each holder of the Debentures may require the Company to repurchase its Debentures, in whole or in part, for cash or, at the Company's option, for common stock (valued at 95% of the average last reported sale prices for the 5 trading days immediately preceding the repurchase date) at a repurchase price of 100% of the principal amount of the Debentures to be repurchased, plus accrued interest to the repurchase date. The Debentures are unsecured obligations subordinate in right of payment to all existing and future senior debt of the Company, as defined, and effectively subordinate in right of payment to all indebtedness and other liabilities of the Company's subsidiaries. The Company has filed a shelf registration statement in respect of the Debentures and common stock issuable upon conversion thereof.

In connection with this financing the Company incurred approximately $3.9 million of issuance costs. These costs have been classified as other assets in the accompanying consolidated balance sheets and are being amortized, as interest expense, over the term of the Debentures. Approximately $3.0 million of issuance costs related to fees paid to investment bankers in connection with the sale of these Debentures.

(8) PREFERRED STOCK

The Company's Board of Directors is authorized, subject to any limitations prescribed by law, without further stockholder approval, to issue, from time to time, up to an aggregate of 10,000,000 shares of preferred stock in one or more series. Each such series of preferred stock shall have such number of shares, designations, preferences, voting powers, qualifications and special or relative rights or privileges, which may include, among others, dividend rights, voting rights, redemption and sinking fund provisions, liquidation preferences and conversion rights, as shall be determined by the Board of Directors in a resolution or resolutions providing for the issuance of such series. Any such series of preferred stock, if so determined by the Board of Directors, may have full voting rights with the common stock or superior or limited voting rights and may be convertible into common stock or another security of the Company.

(9) COMMON STOCK

(a) WARRANTS

During fiscal 1992, the Company issued warrants to purchase 60,000 shares of common stock to a research consultant at an exercise price of $3.34 per share. In fiscal 1995 through fiscal 1997, warrants totalling 34,624 shares were either exercised or terminated. In 1998, warrants to purchase 3,513 shares were exercised

and warrants to purchase 283 shares were terminated. The remaining warrants to purchase 21,580 shares of common stock are exercisable through June 30, 2001.

During fiscal 1993, the Company issued warrants to purchase 12,000 shares of common stock to two research consultants at an exercise price of $2.67 per share. In 1997, warrants to purchase 2,250 shares were exercised. In 1998, warrants to purchase 750 shares were exercised. In 1999, warrants to purchase the remaining 9,000 shares were exercised.

In connection with the August 1997 acquisition of NeuralWare, Inc., the Company converted warrants and options to purchase NeuralWare common stock into warrants and options to purchase 10,980 and 6,618 shares of the Company's common stock, respectively. All shares are currently exercisable with exercise prices that range between $61.73 and $135.80 per share.

In connection with the March 1998 acquisition of Zyqad Limited, the Company converted warrants to purchase Zyqad common stock into warrants to purchase 47,490 shares of the Company's common stock. All of these warrants were exercised in 1999 at an exercise price of $28.94 per share.

(b) STOCK OPTIONS

In November 1995, the Board of Directors approved the establishment of the 1995 Stock Option Plan (the 1995 Plan) and the 1995 Directors Stock Option Plan (the 1995 Directors Plan), which provided for the issuance of incentive stock options and nonqualified options. Under these plans, the Board of Directors may grant stock options to purchase up to an aggregate of 3,827,687 (as adjusted) shares of common stock. Shares available for grant under these plans were increased on July 1, 1996 and 1997 by an amount equal to 5% of the outstanding shares as of the preceding June 30. In December 1997, the shareholders approved an amendment to the 1995 Plan. The amendment provides for three annual increases in the number of shares for which options may be granted, beginning July 1, 1998 by an amount equal to 5% of the outstanding shares on the preceding June 30. On July 1, 1999 and 2000 the number of shares available under the 1995 Plan were increased by 1,247,711 shares and 1,442,398, respectively. On December 7, 1999, the number of shares available under the 1995 Directors Plan was increased by 200,000. In December 1996, the shareholders of the Company approved the establishment of the 1996 Special Stock Option Plan (the 1996 Plan). This plan provides for the issuance of incentive stock options and nonqualified options to purchase up to 500,000 shares of common stock. The exercise price of options are granted at a price not less than 100% of the fair market value of the common stock on the date of grant. Stock options become exercisable over varying periods and expire no later than 10 years from the date of grant. The following is a summary of stock option activity in fiscal 1998, 1999 and 2000:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, June 30, 1997	2,978,937	$13.43
Options granted	2,092,637	16.95
Options exercised	(512,321)	14.41
Options terminated	(108,064)	18.80
Outstanding, June 30, 1998	4,451,189	14.76
Options granted	1,297,281	11.17
Options exercised	(67,496)	12.85
Options terminated	(379,907)	17.30

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
JUNE 30, 2000

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, June 30, 1999	5,301,067	14.14
Options granted	2,065,250	12.63
Options exercised	(868,412)	9.05
Options terminated	(298,807)	12.73
Outstanding, June 30, 2000	6,199,098	$14.38

As of June 30, 2000, there were 7,575, 162,000 and 3,546 shares of common stock available for grant under the 1995 Plan, the 1995 Directors Plan and the 1996 Plan, respectively. On July 1, 2000, the number of shares available under the 1995 Plan were increased by 1,442,398.

In connection with the acquisition of Petrolsoft, the Company assumed the Petrolsoft option plan (the Petrolsoft Plan). Under the Petrolsoft Plan, the Board of Directors of Petrolsoft was entitled to grant either incentive or nonqualified stock options for a maximum of 264,110 shares of common stock to eligible employees, as defined. These options for shares are converted to reflect the pooling of interests upon closing of the transaction, and now represent options to purchase the Company's common stock.

Stock option activity under the Petrolsoft Plan (as converted into options to purchase the Company's stock) is as follows:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, June 30, 1998	--	$ --
Options granted	55,022	11.36
Outstanding, June 30, 1999	55,022	11.36
Options granted	77,692	11.36
Options terminated	(11,004)	11.36
Outstanding, June 30, 2000	121,710	$11.36
Exercisable, June 30, 2000	18,559	$11.36

No future grants are available under the Petrolsoft Plan. The options outstanding under the Petrolsoft Plan as of June 30, 2000 have a weighted average remaining contractual life of 9.1 years.

During fiscal year 2000, Petrolsoft established a Stock Appreciation Rights agreement for certain employees. Stock Appreciation Rights (SARs) were granted at an option price which was not less than the fair market value as determined by Petrolsoft's Board appointed committee on the date of grant. In fiscal year ended June 30, 2000, Petrolsoft issued 55,000 SARs with an option price of $5.00 per right. 50,000 of these SARs were forfeited due to termination of employment prior to the acquisition date and the remaining 5,000 were paid and expensed in June 2000 in accordance with the SAR agreement.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
JUNE 30, 2000

The following tables summarize information about stock options outstanding and exercisable at June 30, 2000:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING AT JUNE 30, 2000	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS EXERCISABLE AT JUNE 30, 2000	WEIGHTED AVERAGE EXERCISE PRICE
$ 2.66 -- $ 4.33	256,474	2.7	$ 3.02	256,474	$ 3.02
4.33 -- 8.66	1,653,574	9.0	8.23	411,632	7.89
8.66 -- 13.00	182,395	8.1	10.10	57,706	10.02
13.00 -- 17.33	2,997,450	7.0	14.38	1,654,046	14.55
17.33 -- 26.00	524,624	9.4	22.54	67,841	23.65
26.00 -- 39.00	545,581	7.2	30.52	349,673	29.42
39.00 -- 43.34	39,000	7.0	40.75	24,438	40.24
June 30, 2000	6,199,098	7.6	$14.42	2,821,810	$14.72
Exercisable, June 30, 1999				2,454,674	$12.69
Exercisable, June 30, 1998				1,827,859	$17.25

(c) REPRICING OF EMPLOYEE STOCK OPTIONS

On November 11, 1998 the Company's Board of Directors approved the repricing of certain employee stock options with exercise prices in excess of the fair market value of the Company's common stock. The exercise price for the 2.62 million shares of employee stock options that were repriced was reset to $14.125, the closing market price on November 11, 1998. In connection with the repricing, the accumulated vesting of options outstanding was reduced by one year. Stock options held by executive officers and directors were not eligible for such repricing. The option data in Note 9(b) has been restated to reflect this repricing.

(d) FAIR VALUE OF STOCK OPTIONS

SFAS No. 123 Accounting for Stock-Based Compensation requires the measurement of the fair value of stock options to be included in the statement of income or disclosed in the notes to financial statements. The Company has determined that it will continue to account for stock-based compensation for employees under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and elect the disclosure-only alternative under SFAS No. 123.

Had compensation cost for the Company's option plans been determined based on the fair value at the grant dates, as prescribed in SFAS No. 123, the Company's net income (loss), and net income (loss) per share would have been as follows:

	1998	1999	2000
Net (loss) income (in thousands) --			
As reported	$16,211	$(20,795)	$ 5,428
Pro forma	3,754	(41,293)	(18,117)

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
JUNE 30, 2000

	1998	1999	2000
Net (loss) income per share --			
Diluted --			
As reported	$ 0.59	$ (0.76)	$ 0.18
Pro forma	0.14	(1.50)	(0.59)
Basic --			
As reported	$ 0.62	$ (0.76)	$ 0.19
Pro forma	0.14	(1.50)	(0.64)

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:

	1998	1999	2000
Risk free interest rates	5.60 - 6.28%	4.39 - 5.49%	5.73 - 6.71%
Expected dividend yield	None	None	None
Expected life	5 Years	5 Years	5 Years
Expected volatility	75%	136%	86%
Weighted average fair value per option	$25.57	$13.23	$11.05

(e) EMPLOYEE STOCK PURCHASE PLANS

In December 1995, the Company's Board of Directors approved the 1995 Employees' Stock Purchase Plan, under which the Board of Directors may grant stock purchase rights for a maximum of 500,000 shares through November 2005. In October 1997, the Company's Board of Directors approved the 1998 Employee Stock Purchase Plan, under which the Board of Directors may grant stock purchase rights for a maximum of 1,000,000 shares through September 30, 2007.

Participants are granted options to purchase shares of common stock on the last business day of each semiannual payment period for 85% of the market price of the common stock on the first or last business day of such payment period, whichever is less. The purchase price for such shares is paid through payroll deductions, and the current maximum allowable payroll deduction is 10% of each eligible employee's compensation. Under the plans, the Company issued 115,617 shares, 267,324 and 384,864 during fiscal 1998, 1999 and 2000, respectively. As of June 30, 2000, there were 347,812 shares available for future issuance under the 1998 Employee Stock Purchase Plan. In addition on July 1, 2000, the Company issued 82,929 shares under the 1998 Employee Stock Purchase Plan. No shares of common stock were available for future issuance under the 1995 Employees' Stock Purchase Plan.

(f) STOCKHOLDER RIGHTS PLAN

During fiscal 1998, the Board of Directors of the Company adopted a Stockholder Rights Agreement (the Rights Plan) and distributed one Right for each outstanding share of Common Stock. The Rights were issued to holders of record of Common Stock outstanding on March 12, 1998. Each share of Common Stock issued after March 12, 1998 will also include one Right, subject to certain limitations. Each Right when it becomes exercisable will initially entitle the registered holder to purchase from the Company one one-hundredth (1/100th) of a share of Series A Preferred Stock at a price of $175.00 (the Purchase Price).

The Rights will become exercisable and separately transferable when the Company learns that any person or group has acquired beneficial ownership of 15% or more of the outstanding Common Stock or on such other date as may be designated by the Board of Directors following the commencement of, or first public disclosure of an intent to commence, a tender or exchange offer for outstanding Common Stock that could result in the

offeror becoming the beneficial owner of 15% or more of the outstanding Common Stock. In such circumstances, holders of the Rights will be entitled to purchase, for the Purchase Price, a number of hundredths of a share of Series A Preferred Stock equivalent to the number of shares of Common Stock (or, in certain circumstances, other equity securities) having a market value of twice the Purchase Price. Beneficial holders of 15% or more of the outstanding Common Stock, however, would not be entitled to exercise their Rights in such circumstances. As a result, their voting and equity interests in the Company would be substantially diluted if the Rights were to be exercised.

The Rights expire in March 2008, but may be redeemed earlier by the Company at a price of $.01 per Right, in accordance with the provisions of the Rights Plan.

(10) INCOME TAXES

The Company accounts for income taxes under the provisions of SFAS No. 109, Accounting for Income Taxes. Under the liability method specified by SFAS No. 109, a deferred tax asset or liability is measured based on the difference between the financial statement and tax bases of assets and liabilities, as measured by the enacted tax rates. Pro forma provisions for (benefit from) income taxes assumes earnings from Petrolsoft, an acquired Subchapter S-Corporation accounted for as a pooling of interests, were taxed at the Company's effective tax rate.

Income (loss) before provision for (benefit from) income taxes consists of the following (in thousands):

	YEARS ENDED JUNE 30,		
	1998	1999	2000
Domestic	$23,703	$(38,123)	$5,824
Foreign	6,617	1,519	1,928
Total	$30,320	$(36,604)	$7,752

The provisions for (benefit from) income taxes shown in the accompanying consolidated statements of operations are composed of the following (in thousands):

	YEARS ENDED JUNE 30,		
	1998	1999	2000
Federal --			
Current	$ 8,245	$ (3,353)	$ 223
Deferred	1,893	(13,111)	544
State --			
Current	746	104	1,441
Deferred	857	(1,013)	(1,092)
Foreign --			
Current	2,368	1,564	1,208
	$14,109	$(15,809)	$ 2,324
Pro forma	$14,539	$(14,538)	$ 2,324

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JUNE 30, 2000

The provision for income taxes differs from the federal statutory rate due to the following:

	YEARS ENDED JUNE 30,		
	1998(1) PROVISION	1999 BENEFIT	2000 PROVISION
Federal tax at statutory rate	34.5%	35.0%	34.0%
State income tax, net of federal tax benefit	4.2	2.1	3.0
Foreign tax	(1.0)	(2.7)	4.5
Tax credits generated	(4.7)	5.3	(24.3)
Permanent differences, net	0.6	(0.7)	7.8
Acquisition costs	--	--	5.0
Valuation allowance and other	(1.1)	4.2	--
Provision for/benefit from income taxes	32.5%	43.2%	30.0%
Pro forma	33.5%	39.7%	30.0%

- ---------------
(1) Calculated based on pretax income, before nondeductible charges for in-process research and development and costs related to acquisitions, of $43,415,000.

The components of the net deferred tax asset (liability) recognized in the accompanying consolidated balance sheets are as follows (in thousands):

	JUNE 30,	
	1999	2000
Deferred tax assets	$2,978	$17,740
Deferred tax liabilities	4,531	(4,310)
	$7,509	$13,430

The approximate tax effect of each type of temporary difference and carry forward is as follows (in thousands):

	JUNE 30,	
	1999	2000
Revenue related	$ 2,174	$(1,143)
US Income tax credits	1,896	9,528
US operating losses carryforward	1,595	1,553
Restructuring items	4,166	4,124
Nondeductible reserves and accruals	408	3,878
Intangible assets	(1,561)	(2,653)
Other temporary differences	174	(514)
	8,852	14,773
Valuation allowance	(1,343)	(1,343)
	$ 7,509	$13,430

The tax credits and net operating loss carryforwards expire at various dates from 2000 through 2020. Due to the uncertainty surrounding the realization and timing of these tax attributes, the Company has recorded a valuation allowance of approximately $1,343,000 as of June 30, 1999 and 2000.

The Tax Reform Act of 1986 contains provisions that may limit the net operating loss and tax credit carryforwards available to be used in any given year in the event of significant changes in ownership, as defined.

(11) OPERATING LEASES

The Company leases its facilities and various office equipment under noncancellable operating leases with terms in excess of one year. Rent expense charged to operations was approximately $6,443,000, $7,324,000 and $7,537,000 for the years ended June 30, 1998, 1999 and 2000, respectively. Future minimum lease payments under these leases as of June 30, 2000 are as follows (in thousands):

	AMOUNT
Years Ending June 30,	
2001	$ 9,660
2002	8,438
2003	8,804
2004	9,052
2005	8,799
Thereafter	59,498
	$104,251

(12) SALE OF INSTALLMENTS RECEIVABLE

The Company sold, with limited recourse, certain of its installment contracts to two financial institutions for $32,349,000 and $27,967,000 during fiscal 1999 and 2000, respectively. The financial institutions have partial recourse to the Company only upon nonpayment by the customer under the installments receivable. Consequently, at time of sale the installment receivables are removed from the balance sheet. The amount of recourse is determined pursuant to the provisions of the Company's contracts with the financial institutions and varies depending on whether the customers under the installment contracts are foreign or domestic entities. Collections of these receivables reduce the Company's recourse obligation, as defined.

At June 30, 2000, the balance of the uncollected principal portion of the contracts sold with partial recourse was approximately $90,189,000. The Company's potential recourse obligation related to these contracts is approximately $6,017,000 as of June 30, 2000. In addition, the Company is obligated to pay additional costs to the financial institutions in the event of default by the customer.

(13) COMMITMENTS AND CONTINGENCIES

The Company has entered into agreements with seven executive officers providing for the payment of cash and other benefits in certain events of their voluntary or involuntary termination within three years following a change in control. Payment under these agreements would consist of a lump sum equal to approximately three years of each executive's annual taxable compensation. The agreements also provide that the payment would be increased in the event that it would subject the officer to excise tax as a parachute payment under the federal tax code. The increase would be equal to the additional tax liability imposed on the executive as a result of the payment.

On October 5, 1998, October 26, 1998 and November 20, 1998, three purported class action lawsuits were filed in the United States District Court for the District of Massachusetts against the Company and certain of its officers and directors, on behalf of purchasers of its common stock between April 28, 1998 and October 2, 1998. The lawsuits seek an unspecified amount of damages and claims violations of Sections 10(b)

and 20(a) of the Securities Exchange Act of 1934, alleging that the Company issued a series of materially false and misleading statements concerning its financial conditions, its operations and its integration of several acquisitions. On January 27, 1999, in response to a motion to dismiss filed by the Company, the plaintiffs consolidated the three complaints and filed a Consolidated Amended Class Action Complaint. On December 9, 1999, the Court heard oral arguments to review the pleadings in the case; to date there had been no decision rendered by the Court. The Company believes it has meritorious legal defenses to the lawsuits and intends to defend vigorously against these actions. We are currently unable, however, 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.

(14) RETIREMENT AND PROFIT SHARING PLANS

The Company maintains a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code covering all eligible employees, as defined. Under the plan, a participant may elect to defer receipt of a stated percentage of his or her compensation, subject to limitation under the Internal Revenue Code, which would otherwise be payable to the participant for any plan year. The Company may make discretionary contributions to this plan. During 1997, the plan was modified to provide, among other changes, for the Company to make matching contributions equal to 25% of pretax employee contributions up to a maximum of 6% of an employee's salary. During the fiscal years ended June 30, 1998, 1999 and 2000, the Company made matching contributions of approximately $839,000, $1,000,000 and $964,000, respectively.

Petrolsoft also maintains a defined contribution (401k) retirement plan covering all full-time employees. Under the plan, a participant may elect to defer receipt of a stated percentage of his or her compensation, subject to limitation under the Internal Revenue Code, which would otherwise be payable to the participant for any plan year. The plan provides for Petrolsoft to make matching contributions equal to 25% of pretax employee contributions up to a maximum of 6% of an employee's salary. During the fiscal years ended June 30, 1999 and June 30, 2000, Petrolsoft made matching contributions of approximately $13,000 and $14,000, respectively. No matching contributions were made in the fiscal year ended June 30, 1998. This plan was merged with the Company's plan as of July 1, 2000.

Petrolsoft also maintained a profit sharing plan for its employees whereby all eligible employees may receive a Board determined percentage of Petrolsoft's taxable operating profits based on their employment tenure. During the fiscal years ended June 30, 1999 and June 30, 2000, the total amount paid by Petrolsoft to its employees was approximately $15,000 and $61,000, respectively. This plan was terminated as of June 1, 2000.

The Company does not provide postretirement benefits to any employees as defined under SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions.

(15) JOINT VENTURES AND OTHER INVESTMENTS

In May 1993, the Company entered into an Equity Joint Venture agreement with China Petrochemical Technology Company to form a limited liability company governed by the laws of the People's Republic of China. This joint venture has the nonexclusive right to distribute the Company's products within the People's Republic of China. The Company invested $300,000 on August 6, 1993, which represents a 30% equity interest in the joint venture.

In November 1993, the Company invested approximately $100,000 in a Cyprus-based corporate joint venture, representing approximately a 14% equity interest. The Company had a two-year option to purchase additional shares in the joint venture corporation, which would increase its equity interest to 22.5%. In

December 1995, the Company exercised its option to acquire these additional shares for approximately $125,000.

The Company is accounting for these investments using the equity method. The net investments of approximately $324,000 are included in other assets in the accompanying consolidated balance sheets. In the accompanying consolidated statements of operations for the years ended June 30, 1998, 1999 and 2000, the Company has recognized approximately $45,000, $19,000, and $4,000, respectively, as its portion of the income from these joint ventures.

On March 13, 2000, the Company and e-Chemicals, Inc., a leader in providing end-to-end e-supply chain solutions for the chemical industry, entered into a Stock Purchase Agreement whereby the Company acquired 833,333 shares of e-Chemicals non-voting Series E Preferred Stock for $6.00 per share. This investment entitles the Company to a minority interest in e-Chemicals and is accounted for using the cost method. This investment is included in other assets in the accompanying consolidated balance sheet as of June 30, 2000. In addition, the Company and e-Chemicals formed an alliance to combine their technology solutions to optimize chemical industry supply chain connectivity.

Additionally during the quarter ended June 30, 2000, the Company made a $2.0 million investment in Extricity Software, Inc. (Extricity), a related party. See Note 17. This investment entitles the Company to a minority interest in Extricity and is accounted for using the cost method. This investment is included in other assets in the accompanying consolidated balance sheet as of June 30, 2000. The Company believes all transactions with Extricity are rendered at arms length.

(16) ACCRUED EXPENSES

Accrued expenses in the accompanying consolidated balance sheets consist of the following (in thousands):

	JUNE 30,	
	1999	2000
Income taxes	$ 9,635	$ 9,562
Payroll and payroll-related	7,666	14,801
Royalties and outside commissions	2,471	2,774
Restructuring and other charges	6,799	3,832
Other	8,261	13,675
	$34,832	$44,644

(17) RELATED PARTY TRANSACTIONS

Smart Finance & Co., a company of which a former director of the Company is the President, provides advisory services to the Company from time to time. In fiscal 1998, 1999 and 2000, payments of approximately $62,000, $279,000 and $118,000, respectively, were made by the Company to Smart Finance & Co. as compensation for services rendered. Included in fiscal 1999 was approximately $200,000 paid in relation to services rendered at arm's length in fiscal 1998 relating to the 5 1/4% Convertible Debenture Offering.

On September 30, 1999, the Company entered into a "Software License Distribution and Strategic Relationship" agreement with Extricity, a leading provider of business-to-business e-commerce software. The Company has partnered with Extricity to deliver e-commerce solutions that will enhance integration and automate the flow of information between disparate supply chain and enterprise resource planning systems and customers, suppliers and trading partners. The President and Chief Executive Officer of Extricity is the spouse

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
JUNE 30, 2000

of one of the Company's former directors. During the year ended June 30, 2000 the Company paid $1.3 million in prepaid royalty fees to Extricity. In the accompanying consolidated statements of operations for the year ended June 30, 2000, the Company has recognized approximately $308,000 of these fees as a cost of software licenses.

(18) SEGMENT AND GEOGRAPHIC INFORMATION

The Company follows the provisions of SFAS No. 131, which establishes standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial reports issued to stockholders. It also established standards for disclosures about products and services, and geographic areas. 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 line 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 license line of business is engaged in the development and licensing of software. The consulting services line of business offers implementation, advanced process control, real-time optimization and other consulting services. The maintenance and training line of business provides customers with a wide range of support services that include on-site support, telephone support, software updates and various forms of training on how to use the Company's products.

The accounting policies of the line of business operating segments are the same as those described in the summary of significant accounting policies. 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
Year ended June 30, 1998 --				
Revenues from unaffiliated customers	$140,857	$78,134	$35,745	$254,736
Controllable expenses	31,664	54,204	11,413	97,281
Controllable margin(1)	$109,193	$23,930	$24,332	$157,455
Year ended June 30, 1999 --				
Revenues from unaffiliated customers	$ 97,108	$89,978	$39,433	$226,519
Controllable expenses	33,306	69,446	12,119	114,871
Controllable margin(1)	$ 63,802	$20,532	$27,314	$111,648

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
JUNE 30, 2000

	LICENSE	CONSULTING SERVICES	MAINTENANCE AND TRAINING	TOTAL
Year ended June 30, 2000 --				
Revenues from unaffiliated customers	$132,843	$91,133	$44,117	$268,093
Controllable expenses	46,315	69,343	10,757	126,415
Controllable margin(1)	$ 86,528	$21,790	$33,360	$141,678

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(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):

	YEARS ENDED JUNE 30,		
	1998	1999	2000
Total controllable margin for reportable segments	$157,455	$111,648	$141,678
Selling and marketing	(63,395)	(68,867)	(72,258)
Research and development	(2,154)	(3,214)	(877)
General and administrative and overhead	(53,128)	(62,644)	(63,414)
Costs related to acquisitions	(4,984)	--	(1,547)
Restructuring and other charges	--	(17,867)	--
Charge for in-process research and development	(8,472)	--	--
Interest and other income and expense	4,998	4,340	4,170
Income (loss) before provision for (benefit from) income taxes	$ 30,320	$(36,604)	$ 7,752

GEOGRAPHIC INFORMATION:

Domestic and export sales as a percentage of total revenues are as follows:

	YEARS ENDED JUNE 30,		
	1998	1999	2000
United States	54.8%	48.2%	54.6%
Europe	28.1	34.6	27.5%
Japan	4.6	4.3	4.8%
Other	12.5	12.9	13.1%
	100.0%	100.0%	100.0%

Revenues, income (loss) from operations and identifiable assets for the Company's North American, European and Asian operations are as follows (in thousands). The Company has intercompany distribution arrangements with its subsidiaries. The basis for these arrangements, disclosed below as transfers between geographic locations, is cost plus a specified percentage for services and a commission rate for sales generated in the geographic region.

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
JUNE 30, 2000

	NORTH AMERICA	EUROPE	ASIA	ELIMINATIONS	CONSOLIDATED
Year ended June 30, 1998 --					
Revenues	$226,567	$ 52,944	$ 9,471	$ (34,246)	$254,736
Identifiable assets	$407,156	$ 22,231	$(1,128)	$(102,380)	$325,879
Year ended June 30, 1999 --					
Revenues	$190,638	$ 62,352	$13,426	$ (39,897)	$226,519
Identifiable assets	$347,434	$ 55,337	$ 8,735	$(101,637)	$309,869
Year ended June 30, 2000 --					
Revenues	$232,616	$ 59,456	$16,206	$ (40,185)	$268,093
Identifiable assets	$386,081	$ 54,982	$11,456	$(103,456)	$349,063

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

To Aspen Technology, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of Aspen Technology, Inc. and subsidiaries, included in this Form 10-K, and have issued our report thereon dated August 7, 2000 (except for the matters discussed in Notes 4(d) and 5, as to which the date is September 27, 2000). Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Item 14(a)-2 is the responsibility of the Company's management, is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein, in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
August 27, 2000

SCHEDULE II

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

DESCRIPTION	BALANCE, BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	DEDUCTIONS	OTHER	BALANCE, END OF PERIOD
ALLOWANCE FOR DOUBTFUL ACCOUNTS:					
June 30, 1998(1)...........	$ 839,717	$ 180,000	$ (136,000)	$598,000	$1,481,717
June 30, 1999(2)...........	1,481,717	689,000	(1,107,619)	225,000	1,288,098
June 30, 2000(1)...........	1,288,098	112,000	(10,709)	50,000	1,439,389
RESERVES FOR RESTRUCTURING:					
June 30, 1998..............	$ --	$ --	$ --	$ --	$ --
June 30, 1999..............	--	9,266,966	(2,467,816)	--	6,799,150
June 30, 2000..............	6,799,150	--	(2,966,822)	--	3,832,328

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(1) Other relates to amounts acquired in acquisitions.

(2) Other relates to miscellaneous income item classified into the allowance for doubtful accounts.

EXHIBIT 10.2

Ten Canal Park
Cambridge, Massachusetts 02141
(the "Building")

FIRST AMENDMENT

May 5, 1997

ORIGINAL LEASE DATA	LANDLORD:	Beacon Properties, L.P., successor-in-interest to Teachers Insurance and Annuity Association of America
	TENANT:	Aspen Technology, Inc.
	EXISTING PREMISES:	The second (2nd) through sixth (6th) floors of the Building, containing 101,909 rentable square feet, as shown on Exhibits A and A-1 to the Lease
	LEASE EXECUTION DATE:	January 30, 1992
	TERMINATION DATE:	September 30, 2002
	PREVIOUS LEASE AMENDMENTS:	None
	FIRST AMENDMENT ADDITIONAL PREMISES:	Two (2) areas on the first (1st) floor of the Building, consisting of 3,264 rentable square feet and 5,670 rentable square feet, substantially as shown on Exhibit A, First Amendment, a copy of which is attached hereto and made a part hereof.

WHEREAS, Tenant desires to lease additional premises in the Building, to wit, the First Amendment Additional Premises; and

WHEREAS, Landlord is willing to lease the First Amendment Additional Premises to Tenant on the terms and conditions hereinafter set forth.

NOW THEREFORE, the above-described lease (the "Lease") is hereby amended as follows (capitalized terms used herein without definition shall have the meanings ascribed to them in the Lease):

1. DEMISE OF FIRST AMENDMENT ADDITIONAL PREMISES

Landlord hereby demises and leases to Tenant, and Tenant hereby hires and takes from Landlord, the First Amendment Additional Premises for a term commencing as of the date (the "Commencement Date in respect of the First Amendment Additional Premises") which is the earlier of (i) the substantial completion date of the First Amendment Additional Premises Work (as hereinafter defined), (ii) the date on which Tenant first occupies all or any part of the First Amendment Additional Premises for business operations, or (iii) September 1, 1997, and terminating as of September 30, 2002, subject to the provisions of Paragraph 4 below. Said demise of the First Amendment Additional Premises shall otherwise be upon all of the same terms and conditions of the Lease (including, without limitation, Tenant's obligation to pay Escalation Charges in respect of the First Amendment Additional Premises on account of Taxes, Operating Expenses and Utility Expenses, and Tenant's obligation to contract and pay for electricity in respect of the First Amendment Additional Premises pursuant to Section 7.5 of the Lease), except as follows:

A. The Premises Rentable Area in respect of the First Amendment Additional Premises shall be 8,934 rentable square feet.

B. The Basic Rent payable in respect of the First Amendment Additional Premises shall be One Hundred Fifty-One Thousand Eight Hundred Seventy-Eight and 00/100 ($151,878.00) Dollars (i.e., a monthly payment of $12,656.50).

C. Without limiting Tenant's use of the First Amendment Additional Premises for the Permitted Uses (i.e., general office specifically excluding offices of governmental agencies or authorities), in order to comply with the condition imposed by the City of Cambridge (the "City") in its approval of the use of the First Amendment Additional Premises as office space (as more particularly described in Paragraph 4A below), Tenant shall cause the physical layout of the First Amendment Additional Premises to be as active and visually engaging as possible and shall not block-off the exterior windows thereof or otherwise seriously diminish the visual access into and out of the First Amendment Additional Premises as would be characteristic of a retail operation.

D. Tenant shall be entitled to two (2) additional unreserved and undesignated parking spaces in the Building Garage by reason of the demise of the First Amendment Additional Premises. The use of such parking spaces shall be upon the terms and conditions of Section 14.30 of the Lease applicable to the use of the other parking spaces in the Building Garage made available by Landlord to Tenant. Tenant

shall not be entitled to any additional parking spaces in the First Street Garage by reason of the demise of the First Amendment Additional Premises.

E. If Tenant shall timely and properly exercise its right to extend the Term of the Lease pursuant to Paragraph 1 of Rider D to the Lease, the Basic Rent payable in respect of the First Amendment Additional Premises for the applicable Extension Period shall based upon the Fair Market Rental Value (not 90% of the Fair Market Rental Value) of the First Amendment Additional Premises as of the commencement of the applicable Extension Period, but in no event less than the Basic Rent payable in respect of the First Amendment Additional Premises for and with respect to the twelve (12) month period immediately preceding the commencement of such Extension Period.

F. Item 9 of Paragraph B of Exhibit E to the Lease shall be of no force or effect for so long as the First Amendment Additional Premises are leased to Tenant.

G. In the event that any of the provisions of the Lease are inconsistent with this Amendment or the state of facts contemplated hereby, the provisions of this Amendment shall control.

Without limiting the foregoing, effective as of the Commencement Date in respect of the First Amendment Additional Premises, the Escalation Factor in respect of the Existing Premises and First Amendment Additional Premises and the Operating Expense Escalation Factor in respect of the Existing Premises and First Amendment Additional Premises shall each be 100%. Once the Commencement Date in respect of the First Amendment Additional Premises is known, the parties shall promptly confirm the same in writing.

2. CONDITION OF FIRST AMENDMENT ADDITIONAL PREMISES

Notwithstanding anything to the contrary contained in the Lease, Tenant shall lease the First Amendment Additional Premises "as-is", in the condition in which the First Amendment Additional Premises are in as of the Commencement Date in respect of the First Amendment Additional Premises, without any obligation on the part of Landlord to prepare or construct the First Amendment Additional Premises for Tenant's occupancy or, except as provided in Paragraph 3 below, to provide any allowance or contribution with respect thereto, and without any warranty or representation on the part of Landlord as to the condition of the First Amendment Additional Premises. Any and all work necessary to prepare the First Amendment Additional Premises for Tenant's occupancy (the "First Amendment Additional Premises Work") shall be performed by Tenant in accordance with and subject to the terms and provisions of Section 4.4(b) (other than the fourth and last sentences thereof) and 5.2 of the Lease, it being acknowledged and agreed that the other provisions of Article IV of the Lease shall not apply to the performance by

Tenant of the First Amendment Additional Premises Work (except for the definition of "Base Building Systems" on page 10 of the Lease). Without limiting the foregoing, if Landlord shall engage thirty party consultants (e.g., architects or engineers) to review the plans and specifications for the First Amendment Additional Premises Work, Tenant shall reimburse Landlord upon demand for the fees and expenses paid by Landlord to such consultants. Tenant further acknowledges that Landlord shall have the right to supervise the performance of the First Amendment Additional Premises Work and to charge Tenant a construction management fee of One Hundred Dollars ($100.00) per hour for the same, which Tenant agrees to pay to Landlord upon demand.

3. LANDLORD'S CONTRIBUTION IN RESPECT OF FIRST AMENDMENT ADDITIONAL PREMISES

A. Landlord shall, in the manner hereinafter set forth, provide to Tenant up to Two Hundred Thirty-Two Thousand Two Hundred Eighty-Four and 00/100 ($232,284.00) Dollars ("Landlord's Contribution") towards the so-called hard and soft costs related to the First Amendment Additional Premises Work, including, but not limited to, all architectural and engineering costs incurred by Tenant and the amounts required to be paid by Tenant to Landlord pursuant to the last two sentences of Paragraph 2 above. In no event, however, shall Landlord's Contribution be used to pay for personal property or equipment installed or used by Tenant in the First Amendment Additional Premises (e.g., computers, furniture, etc.). Provided that Tenant is not in default of its obligations under the Lease (as hereby amended) at the time that Tenant submits to Landlord any requisition (as hereinafter defined) on account of Landlord's Contribution, Landlord shall pay the cost of the work shown on each such requisition within thirty (30) days of Landlord's receipt thereof.

B. For the purposes hereof, a "requisition" shall mean written documentation (including, without limitation, invoices from Tenant's contractor, written lien waivers and such other documentation as Landlord may reasonably request) showing in reasonable detail the costs of the First Amendment Additional Premises Work. Each requisition shall be accompanied by evidence reasonably satisfactory to Landlord that all work covered by previous requisitions has been fully paid by Tenant. Landlord shall have the right, upon reasonable advance notice to Tenant, to inspect Tenant's books and records relating to each requisition in order to verify the amount thereof. Tenant shall submit requisition(s) to Landlord no more often than monthly.

C. Notwithstanding anything to the contrary herein contained:

(i) Landlord shall have no obligation to advance funds on account of Landlord's Contribution unless and until Landlord has received the requisition in question, together with the certifications required by Subparagraph B above, certifying that the work shown on the requisition has been performed in accordance with applicable law and in accordance with Tenant's plans.

(ii) Except with respect to work and/or materials previously paid for by Tenant, as evidenced by paid invoices and written lien waivers provided to Landlord, Landlord shall have the right to have Landlord's Contribution paid to both Tenant and Tenant's contractor(s) and vendor(s) jointly, or directly to Tenant's contractor(s) or vendor(s) if Landlord has reason to believe there are or may be outstanding claims by such contractor(s) or vendor(s).

(iii) Landlord shall have no obligation to pay Landlord's Contribution in respect of any requisition submitted to Landlord after August 31, 1998.

(iv) Tenant shall not be entitled to any unused portion of Landlord's Contribution.

D. Except for Landlord's Contribution, Tenant shall bear all costs of the First Amendment Additional Premises Work. Landlord shall have no liability or responsibility for any claim, injury or damage alleged to have been caused by the particular materials, whether building standard or non-building standard, selected by Tenant in connection with the First Amendment Additional Premises Work.

E. Notwithstanding the foregoing, if and to the extent that the amounts paid by Landlord on account of Landlord's Contribution exceed One Hundred Eighty-Seven Thousand Six Hundred Fourteen and 00/100 ($187,614.00) Dollars, Tenant shall pay to Landlord, as additional rent, Construction Rent, as hereinafter defined, based upon such excess amount (such excess amount being hereinafter referred to as the "Construction Principal"). For purposes hereof, Construction Rent shall mean and be equal to the amount of equal monthly payments of principal and interest which would be necessary to repay a loan in the amount of the Construction Principal, together with interest thereon at the rate of twelve (12%) percent per annum, on a level direct reduction basis over a term of forty-eight (48) months. Monthly payments of Construction Rent shall be payable at the same time and in the same manner as Basic Rent is payable under the Lease and shall commence on the Commencement Date in respect of the First Amendment Additional Premises, unless the amount of Construction Principal has not been finally determined by the Commencement Date in respect of the First Amendment Additional Premises, in which event (i) Tenant's obligation to pay Construction Rent shall commence on the first day of the first month following the date on which the amount of Construction Principal has been finally determined, and (ii) Tenant shall be obligated to pay to Landlord with Tenant's first payment of Construction Rent the aggregate amount of Construction Rent which would have been payable by Tenant had Tenant's obligation to pay Construction Rent commenced on the Commencement Date in respect of the First Amendment Additional Premises (for example, if the Commencement Date in respect of the First Amendment Additional Premises is July 1, 1997 and the amount of Construction Principal is finally determined on September 15, 1997, Tenant shall be obligated to pay to Landlord, with the first payment of Construction Rent due on October 1, 1997, an amount

equal to the Construction Rent which would have been due and payable on July 1, August 1 and September 1, 1997). In any event, Tenant's obligation to make monthly payments of Construction Rent shall continue through and including the day preceding the fourth (4th) anniversary of the Commencement Date in respect of the First Amendment Additional Premises. Construction Rent shall not be abated or reduced for any reason whatsoever (including, without limitation, untenantability of any premises or termination of the Lease). Without limiting the foregoing, the rent abatement provision of Section 12.1 of the Lease shall not apply to Construction Rent. If there is any default (beyond the expiration of any applicable grace periods) in any of Tenant's obligations under the Lease (including, without limitation, its obligation to pay Construction Rent) or if the Term of the Lease is terminated for any reason prior to the day preceding the fourth (4th) anniversary of the Commencement Date in respect of the First Amendment Additional Premises, Tenant shall pay to Landlord, immediately upon demand, the unamortized balance of the Construction Principal. Tenant's obligation to pay the unamortized balance of the Construction Principal shall be in addition to all other rights and remedies which Landlord may have on account or by reason of any default of Tenant under the Lease, and Tenant shall not be entitled to any credit or reduction in such payment based upon amounts which may be collected by Landlord from reletting the premises after the default of Tenant.

4. LANDLORD'S TERMINATION RIGHT WITH RESPECT TO THE FIRST AMENDMENT ADDITIONAL PREMISES

A. Reference is made to the fact that the City and the Massachusetts Department of Environmental Protection (the "DEP") have granted a waiver or exception to the Planned Unit Development Special Permit and Chapter 91 License (respectively) for the Building (collectively, the "Licenses") to permit the use of the first Amendment Additional Premises for office use for a period of four (4) years. Accordingly, if, at any time after the day preceding the fourth (4th) anniversary of the Commencement Date in respect of the First Amendment Additional Premises, the City, the DEP or any other governmental authority or agency commences an action or proceeding or issues a notice, order or finding or takes other action alleging that the use of the First Amendment Additional Premises violates the provisions or conditions of the Licenses (or such waiver or exception), or if Landlord, in its sole discretion, determines that Tenant's occupancy of the First Amendment Additional Premises for office use after the day preceding the fourth (4th) anniversary of the Commencement Date in respect of the First Amendment Additional Premises may cause Landlord or the Building to incur or be subject to fines, penalties, liability or other risk or harm, Landlord shall provide Tenant with notice thereof and shall have the right, upon not less than thirty (30) days written notice to Tenant, to terminate the Term of the Lease in respect of the First Amendment Additional Premises and to render the Lease in respect of the First Amendment Additional Premises void and without further force or effect. Upon the exercise of such right by Landlord, the Term of the Lease in respect of the First Amendment Additional Premises shall be terminated as of the termination date set forth in such notice by Landlord, at which time

Tenant shall vacate and surrender the First Amendment Additional Premises to Landlord in the condition required by the Lease, including, without limitation, Section 14.21 thereof, and Basic Rent and other charges due under the Lease in respect of the First Amendment Additional Premises shall be apportioned as of the effective termination date.

B. Tenant hereby agrees that it shall not initiate any contact with the City, the DEP or any other governmental authority or agency with respect to either of the Licenses (or such waiver or exception) or the use of the First Amendment Additional Premises; not shall Tenant respond to any notice or other communication issued to Tenant by or from the City, the DEP or such other governmental authority or agency without prior written notice to Landlord and an opportunity for Landlord to consult with Tenant with respect to the nature of such response.

C. The provisions of this Paragraph 4 shall apply during the Term of the Lease, including any applicable Extension Period.

5. RIGHT OF FIRST REFUSAL

Given the fact that Tenant is now leasing the first (1st) and sixth (6th) floors of the Building, Paragraph 2 of Exhibit D to the Lease is hereby deleted from the Lease in its entirety and shall be of no further force or effect.

6. BROKER

Tenant warrants and represents that Tenant has not dealt with any broker in connection with the consummation of this First Amendment other than Avalon Partners, Inc. and Beacon Management Company (collectively, the "Broker"). In the event of any brokerage claims (other than by the Broker) against Landlord or its agents predicated upon prior dealings with Tenant, Tenant agrees to defend the same and indemnify Landlord and its agents from and against any such claim and any loss, cost, expense (including, without limitation, reasonable attorneys' fees) or damages with respect thereto or arising therefrom. Landlord shall be responsible for the payment of brokerage commissions or fees due and owing the Broker.

As hereby amended, the Lease is ratified, confirmed and approved in all respects.

WHEREFORE, the parties have hereunto set their hands and seals as of the date first written above.

LANDLORD:	TENANT:
BEACON PROPERTIES, L.P.	ASPEN TECHNOLOGY, INC.
By: Beacon Properties Corporation, General Partner	
By: /s/ Douglas S. Mitchell ---------------------------- Douglas S. Mitchell, Senior Vice President	By: /s/ -------------------------------- (Name) (Title) Hereunto Duly Authorized
Date Signed: 6/16/97 -------------------------	Date Signed: -----------------------

SECOND AMENDMENT

THIS SECOND AMENDMENT (the "Amendment") is made and entered into as of 14 August, 2000, by and between EOP-TEN CANAL PARK, L.L.C., a Delaware limited liability company ("Landlord"), and ASPEN TECHNOLOGY, INC. a Massachusetts corporation ("Tenant").

WITNESSETH

A. WHEREAS, Landlord (as successor in interest to Beacon Properties, L.P.) and Tenant are parties to that certain lease dated the 30th day of January, 1992, for premises currently containing approximately 110,843 rentable square feet of space (the "Premises") on the first (1st) through the sixth (6th) floors of the building commonly known as Ten Canal Park and the address of which is Ten Canal Park, Cambridge, Massachusetts 02141 (the "Building"), which lease has been previously amended by a First Amendment dated May 5, 1997 (collectively, the "Lease"); and

B. WHEREAS, the Lease by its terms shall expire on September 30, 2002 ("Prior Termination Date"), and the parties desire to extend the Term of the Lease, all on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows;

I. EXTENSION. The Lease Term is hereby extended for a period of 120 months and shall expire on September 30, 2012 ("Extended Termination Date"), unless sooner terminated in accordance with the terms of the Lease. That portion of the Lease Term commencing the day immediately following the Prior Termination Date ("Extension Date") and ending on the Extended Termination Date shall be referred to herein as the "Extended Term." Tenant acknowledges that this extension is in fulfillment of Tenant's options to extend contained in Paragraph 1 of Exhibit D to the Lease and, accordingly, that said Paragraph 1 shall be no further force of effect.

II. MONTHLY BASIC RENT. As of the Extension Date, the schedule of monthly installments of Basic Rent payable with respect to the Premises during the Extended Term is the following:

A. Sixty (60) equal installments of Three Hundred Forty-One Thousand Seven Hundred Sixty-Five and 92/100 Dollars ($341,765.92) each payable on or before the first day of each month during the period beginning October 1, 2002 and ending September 30, 2007.

B. Sixty (60) equal installments of Three Hundred Forty-Eight Thousand Six Hundred Ninety-Three and 60/100 Dollars ($348,693.60) each payable on or before the first day of each month during the period beginning October 1, 2007 and ending September 30, 2012.

All such Basic Rent shall be payable by Tenant in accordance with the terms of Section 3.1 of the Lease.

III. ESCALATION CHARGES. For the period commencing on the Extension Date and ending on the Extended Termination Date, Tenant shall pay the Escalation Charges for the Premises as set forth in the Lease.

IV. IMPROVEMENTS TO PREMISES.

A. CONDITION OF PREMISES. Tenant is in possession of the Premises and accepts the same "as is" without any agreements, representations, understandings, or obligations on the part of Landlord to perform any alterations, repairs or improvements, except as may be expressly provided otherwise in this Amendment.

B. Cost of improvements to Premises. Any construction, alterations or improvements made to the Premises shall be made at Tenant's sole cost and expense.

V. SECURITY DEPOSIT.

A security deposit in the amount of $683,531.84 ("Security Deposit") shall be delivered to Landlord no later than September 1, 2000 by Tenant and shall be held by Landlord without liability for interest (unless required by law) as security for the performance of Tenant's obligations. All or part of the Security Deposit may be in the form of an irrevocable letter of credit (the "Letter of Credit"), which Letter of Credit shall: (a) be in the amount of $683,531.84; (b) be issued on the form attached hereto as Exhibit A; (c) name Landlord as its beneficiary; (d) be drawn on an FDIC insured financial institution satisfactory to the Landlord; and (e) expire no earlier than sixty (60) days after the Termination Date of this Lease. If Landlord intends to assign Landlord's interest in the Lease, Tenant shall, upon notice from Landlord, deliver to Landlord an amendment to the Letter of Credit naming Landlord's assignee as the beneficiary thereof. If Tenant fails to deliver such amendment within seven (7) days after notice from Landlord, Landlord shall have the right to draw down the entire amount of the Letter of Credit and hold the proceeds thereof as a Security Deposit in accordance with this Section V. The Security Deposit is not an advance payment of Rent or a measure of Tenant's liability for damages. Landlord may, from time to time, without prejudice to any other remedy, use all or a portion of the Security Deposit to satisfy past due Rent or to cure any uncured default by Tenant. If Landlord uses the Security Deposit, Tenant shall on demand restore the Security Deposit to its original amount (which may be achieved by providing an additional letter of credit for the amount so drawn), Landlord shall return any unapplied portion of the Security Deposit to Tenant within 45 days after the last to occur of: (1) the determination of Tenant's Escalation Charge for the final year of the Term; (2) the date Tenant surrenders possession of the Premises to Landlord in accordance with this Lease; or (3) the Termination Date. If Landlord transfers its interest in the Premises, Landlord may assign the Security Deposit to the transferee and, following the assignment, provided that (i) Landlord provides the Tenant with notice of such transfer, and (ii) such transferee assumes Landlord's obligations with respect to the Security Deposit, Landlord shall have no further liability for the return of the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its other accounts.

Notwithstanding anything herein to the contrary, the Security Deposit will be adjusted each November 1, beginning November 1, 2003, as follows: Tenant will inform Landlord by October 15 of each year (i) of the ratio, as of October 1, of the current assets of Tenant to the current liabilities of Tenant, determined in accordance with generally accepted accounting principles, consistently applied (United States) ("Tenant's Current Ratio"), and (ii) whether Tenant has shown a net profit, determined in accordance with generally accepted accounting principles, consistently applied (United States), for the quarter ending on the previous September 30. If Tenant's Current Ratio is less than 2.0:1, or if Tenant has not shown a net profit for the quarter ending on the previous September 30, then Tenant shall provide Landlord with an additional Security Deposit of $341,765.92, provided that the Security Deposit shall never exceed $1,025,297.76. Beginning November 1, 2005, if Tenant's Current Ratio is greater than 2.0:1, and if Tenant has shown a net profit for the quarter ending on the previous September 30, then provided Tenant is not in default beyond any applicable notice and cure periods under this Lease as of the effective date of any reduction of the Security Deposit, the Security Deposit shall be reduced by $341,765.92. In all events, a certificate of Tenant, executed by Tenant's chief executive officer or Tenant's chief financial officer, shall be sufficient to establish such ratio in any instance.

VI. Renewal Option

A. Tenant shall have the right to extend the Lease Term (the "Renewal Option") for one additional period of 5 years commencing on the day following the Extended Termination Date of the Lease Term and ending on the 5th anniversary of the Extended Termination Date (the "Renewal Term"), if:

1. Landlord receives notice of exercise ("Renewal Notice") not less then twenty-four (24) full calendar months prior to the Extended Termination Date and not more than twenty-seven (27) full calendar months prior to the Extended Termination Date; and

2. Tenant is not in default under the Lease beyond any applicable cure periods at the time that Tenant delivers its Renewal Notice (hereinafter defined); and

3. Not more than twenty-five percent (25%) of the Premises is sublet at the time that Tenant delivers its Renewal Notice;

4. If applicable, the Renewal Notice shall not apply to any part of the Premises that is sublet at the time that Tenant delivers its Renewal Notice (in other words, Tenant can only renew the Lease with respect to those portions of the Premises which have not been sublet); and

5. The Lease has not been assigned prior to the date that Tenant delivers its Renewal Notice (but the foregoing prohibition shall not apply to an assignment of the Lease to(i) an entity directly or indirectly controlling, controlled by or under common control with Tenant; (ii) any entity owning or controlling fifty percent (50%) or more of the outstanding voting interests of Tenant; (iii) any entity of which Tenant owns or controls fifty percent (50%) or more of the voting interests; (iv) any entity into which Tenant is merged or consolidated; (v) any corporation or other entity resulting from the consolidation of Tenant with some other entity; or (vi) a successor corporation or some other entity arising from any bona fide reorganization of Tenant (each of the entities described in (i)-(vi) being hereafter referred to as an "Affiliate"), provided that such Affiliate agrees directly with Landlord to be bound by all obligations of Tenant under the Lease).

Upon the timely giving of the Renewal Notice, the term of the Lease shall be extended for the Renewal Term without the need for further act or deed of either party, upon all of the same terms and conditions of the Lease as are in effect immediately preceding the Renewal Term, except that the Basic Rent payable during the Renewal Term shall be as set forth in Paragraph B of this Section VI, and determined in accordance with Paragraph D of this Section VI. If Tenant fails timely to give the Renewal Notice, Tenant shall have no further right to renew the term of the Lease pursuant to this Section VI, time being of the essence of this Section VI.

B. The Basic Rent rate per rentable square foot for the Premises during the Renewal Term shall equal the Fair Market Rental Value, as defined in Paragraph 4 of Section 1 of Exhibit D to the Lease, provided however, that in no event shall the sum of Basic Annual Rent and Escalation Charges payable by Tenant for any twelve-(12)-month period during the Renewal Term be less than the sum of Basic Annual Rent and Escalation Charges payable by Tenant in respect of the twelve-(12)-month period immediately preceding the commencement of the Renewal Term.

C. Tenant shall pay Escalation Charges for the Premises during the Renewal Term in accordance with the terms and conditions of the Lease.

D. Within thirty (30) days after receipt of Tenant's Renewal Notice, Landlord shall advise Tenant of Landlord's designation of the applicable Basic Rent rate for the Premises for the renewal Term. Tenant, within thirty (30) days after the date on which Landlord advises Tenant of the applicable Basic Rent rate for the Renewal Term, shall either (i) give Landlord final binding written notice ("Acceptance Notice") that it has accepted Landlord's designation, or (ii) if Tenant disagrees with Landlord's designation, provide Landlord with written notice ("Arbitration Notice") submitting Tenant's disagreement to arbitration in accordance with the procedures set forth in the paragraph entitled "Dispute as Fair Market Rent" in Paragraph 1 of Exhibit D of the Lease. If Tenant fails to provide Landlord with either an Acceptance Notice or an Arbitration Notice within such thirty (30) day period, Tenant shall conclusively be deemed to have accepted Landlord's designation of the Basic Rent rate for the Renewal Term. If Tenant timely gives an Arbitration Notice, then, unless the parties otherwise agree in writing, the decision of the arbitrators, in accordance with said Paragraph 1 of Exhibit D to the Lease, shall be conclusive

and binding upon the parties.

E. If Tenant is entitled to and properly exercises its Renewal Option, the parties shall, promptly after the Basic Rent for the Renewal Term is determined in accordance with Paragraph D above, execute an amendment (the "Renewal Amendment") to confirm the exercise of Tenant's Renewal Option and reflecting only changes in the Basic Rent, Lease Term, Termination Date and other appropriate terms. The execution of the Renewal Amendment shall not be a condition to the exercise by Tenant of Tenant's Renewal Option (the parties hereby acknowledging and agreeing that the timely giving of Tenant's Renewal Notice and the satisfaction of all of the conditions to the exercise of Tenant's Renewal Option, as set forth in Paragraph A above, shall be sufficient to bind both parties to the exercise of Tenant's Renewal Option).

VII Other Pertinent Provisions. Landlord and Tenant agree that, effective as of the date hereof (unless different effective date(s) is/are specifically referenced in this Section), the Lease shall be amended in the following additional respects:

A. NOTICES

For all purposes of the Lease, the notice address for the Landlord is as follows:

EOP-One Canal Park, L.L.C.
c/o Equity Office Properties
245 First Street
Cambridge, Massachusetts 02142
Attention: Building Manager

With copy to:

Equity Office Properties
Two North Riverside Plaza
Suite 2200
Chicago, Illinois 60606
Attention: Northeast Regional Counsel Equity Office Properties

For all purposes of the Lease, the notice address for Tenant is as follows:

Aspentech
Ten Canal Park
Cambridge, MA 02141
Attn: Facilities Manager

With copy to:

Bingham Dana LLP
150 Federal Street
Boston, MA 02110
Attn: Henry S. Healy, Esq.

B. Section 14.29 is hereby deleted in its entirety and of no further force or effect.

C. The phrase "(including the Fixed Management Fee, as said term is defined in Section 14.29 of the Lease)" is hereby deleted from Paragraph B.1 of Exhibit E to the Lease, and replaced with the following: "(including a management fee not to exceed four percent (4%) of gross revenues)".

VIII. Miscellaneous.

A. This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been

provided Tenant in connection with entering into the Lease, unless specifically set forth in this Amendment.

B. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

C. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

D. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered the same to Tenant.

E. The capitalized terms used in this Amendment shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Amendment.

F. Tenant hereby represents to Landlord that Tenant has dealt with no broker in connection with this Amendment other than the Trammell Crow Company. Tenant agrees to indemnify and hold Landlord, its members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such agents (collectively, the "Landlord Related Parties") harmless from all claims of any brokers claiming to have represented Tenant in connection with this Amendment other than the Trammell Crow Company. Landlord hereby represents to Tenant that Landlord has dealt with no broker in connection with this Amendment other than the Trammell Crow Company. Landlord agrees to indemnify and hold Tenant, its members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such agents (collectively, the "Tenant Related Parties") harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment other than the Trammell Crow Company. Landlord agrees to pay Trammell Crow Company a brokerage commission in accordance with a separate written agreement between Landlord and Trammell Crow Company.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

WITNESS/ATTEST: LANDLORD:

EOP-TEN CANAL PARK, L.L.C., A Delaware limited liability company

By: EOP Operating Limited Partnership, a Delaware limited partnership, its sole member

By: Equity Office Properties Trust, a Maryland real estate investment trust, its managing general partner

/s/ Kim Ruby
- ------------------------------------
Name (print): Kim Ruby

By: /s/ Maryann G. Suydam

- ------------------------------------

Name: Maryann G. Suydam

Name (print): -----------------------

Title: Regional Senior Vice President

WITNESS/ATTEST: TENANT:

ASPEN TECHNOLOGY, INC., a Massachusetts corporation

- ------------------------------------

By: /s/

Name (print): -----------------------

Name: ------------------------------

- ------------------------------------

Title: ------------------------------

Name (print): -----------------------

Exhibit 10.16

[FLEET LOGO]

September 21, 1999

Ms. Lisa Zappala
Treasurer and Chief Financial Officer
Aspen Technology, Inc.
Ten Canal Park
Cambridge, MA 02141

Dear Lisa:

Reference is hereby made to the Further Amended and Restated Revolving Credit Agreement dated February 15, 1996 and the First Amendment to Further Amended and Restated Revolving Credit Agreement (collectively referred to as the "Agreement"), by and among Aspen Technology, Inc. (Aspen) and its wholly owned subsidiaries Process Modeling Investment Corporation, Industrial Systems, Inc., and Aspen Tech, Inc. (formerly Setpoint, Inc.) and successor in interest to Dynamic Matrix Control Corporation (Aspen and such subsidiaries being hereinafter collectively referred to as the "Borrowers"), as joint and several borrowers, and Fleet National Bank, successor to Fleet Bank of Massachusetts, N.A. ("Fleet" or the "Bank").

You have informed the Bank that for the periods ended March 31, 1999 and June 30, 1999 the Borrower was in violation of Consolidated EBTA (Section 7.2), Leverage Ratio (Section 7.3) and Interest Coverage Ratio (Section 7.5). The Bank hereby waives the violations cited above for the periods ended March 31, 1999 and June 30, 1999.

In addition, the financial covenants have been amended as shown below and become effective with the quarter ending September 30, 1999 and thereafter, unless otherwise indicated. The definitions used in this letter are the same as those in the Revolving Credit Agreement.

- Consolidated EBTA (Section 7.2): no longer required

- Leverage Ratio (Section 7.3): no longer required

- Quick Ratio (Section 7.4): Must be greater or equal to 2.00:1.00. The definition of Quick Ratio will be cash, short-term marketable securities and current accounts receivables and eligible installment receivables divided by current liabilities which includes borrowings and letters of credit issued under the revolver less current deferred revenues and deferred taxes.

- Interest Coverage Ratio (Section 7.5): no longer required

- Tangible Net worth (TNW): A minimum of $110,000,000. Tangible Net Worth is defined as Stockholders Equity less Intangibles and Capitalized Software.

Effective with the receipt of this letter, we will secure the obligations of Aspen Technology, Inc. with marketable securities currently managed by Fleet Investment Advisors. Advance rates for loans and letters of credit secured by marketable securities are shown below. The attached Deposit Pledge Agreement should be completed, signed and returned to us along with this letter.

Types of Securities	Advance Rate
U.S. Treasury Obligations (bills, notes & bonds)	90%
Investment Grade Commercial Paper	80%
Federal Government or Quasi-Government Agency	80%

Securities, to include those issued by GNMA, FNMA, or FHLMC	
Municipal Bonds	80%
Investment Grade Bonds (Moody's Aaa down through Baa3; S&P AAA down through BBB-)	70%

In granting the waivers and amendments as outlined above, there is a one-time fee of $10,000 payable upon signed receipt of this letter.

Upon receipt of your acceptance of this waiver and amendment letter, these terms shall become effective. This letter waives and amends only the sections referenced above and should not be considered a waiver or amendment of any other terms of the Agreement. In addition, the statements, representations and warranties made in the Agreement continue to be correct as of the date hereof and the Borrower is in compliance with all terms of the Agreement. Except as expressly affected hereby, the Agreement remains in full force and effect as heretofore.

The Borrower represents and warrants that the execution of this waiver and amendment letter has been duly authorized by the Borrower by all necessary corporate and other action and that the execution will not conflict with, violate the provisions of, or cause a default or constitute an event which, with the passage of time or giving of notice or both, could cause a default on the part of the Borrower under its charter documents or by-laws or under any contract, agreement, law, rule, order, ordinance, franchise, instrument or other document, or result in the imposition of any lien or encumbrance on any property or asset of the Borrower. In addition, the statements, representations and warranties made in the Agreement continue to be correct as of the date hereof and the Borrower is in compliance with all terms of the Agreement. Except as expressly affected hereby, the Agreement remains in full force and effect as heretofore.

Sincerely,
Fleet National Bank

/s/ Olaperi Onipede

Olaperi Onipede
Vice President
High Technology Division

Agreed and Accepted: /s/ Lisa W. Zappala
----
by: Lisa W. Zappala
title: Sr. V.P. & CFO

FLEET BANK LOGO DEPOSIT PLEDGE AGREEMENT

THIS AGREEMENT is made as of October 18, 1999,

by and between Aspen Technology, Inc. (the "Pledgor")
10 Canal Park
Cambridge, MA 02141

and Fleet Bank of Massachusetts, National Association (the "Bank"), 26 State Street, Boston, Massachusetts 02109.

In order to induce the Bank to enter into the agreement described below, Pledgor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby assigns to the Bank and grants to the Bank a security interest in, and exclusive control over Collateral as described below in an amount of not less than $30,000,000. The Collateral is pledged to secure performance of all obligations, direct or indirect absolute or contingent, now existing or hereafter arising of every kind and description (the "Obligations"), pursuant to the See bottom of page dated ______________ between Pledgor and the Bank (the "Agreement").

COLLATERAL: 1) Securities set forth in Exhibit A attached hereto:

/X/ in Account No. 0001479670 maintained with Bank or with the following institution: ___________________________________;

/ / recorded on the books and records of the Bank, its Nassau and London branches or its International Banking Facility.

The Pledgor and the Bank agree that the above pledge, and security interest granted herewith, are subject to all of the following terms and conditions.

1. COLLATERAL. The Collateral shall remain in the control or possession of the Bank and shall constitute continuing collateral security for the full payment and performance of the Obligations. The Pledgor agrees that so long as any of the obligations remains outstanding no action of any kind whatsoever may be taken by Pledgor or any other person with respect to any portion of the Collateral without the Bank's written consent. The Bank is hereby authorized and appointed as agent and attorney-in-fact of the Pledgor, which appointment is coupled with an interest and shall be irrevocable so long as any of the Obligations remains outstanding, to sign and deliver such documents, indorsements and instruments and to take all such other actions in the name of the Pledgor as the Bank may deem necessary or advisable to perfect or preserve its security interest in and lien on the Collateral. In the event that any of the Obligations shall be secured by the pledge of deposits placed with another financial institution or with the Bank's London or Nassau branch, the Pledgor agrees to execute and deliver a notice and acknowledgement of assignment of deposits with respect to such Collateral in form and substance satisfactory to the Bank.

2. WAIVERS BY PLEDGOR. The Pledgor waives notice of acceptance hereof, notice of any action taken or omitted by the Bank in reliance hereon, notice of default with respect to any of the Obligations and, to the fullest extent it may effectively do so under applicable law, all defenses which might at any time be available to a guarantor or surety of Obligations of the Borrower.

3. PLEDGE UNCONDITIONAL. This agreement is the direct, unconditional, absolute and primary obligation of the Pledgor, and no invalidity, irregularity or unenforceability of all or any part of the Obligations or of any security therefor shall affect, impair or be a defense to this Agreement. This Agreement and the Collateral are given to secure payment, and not merely collection of the Obligations. The Bank shall not be required to seek to enforce any of its rights under this Agreement as a condition to exercise or to enforce its rights hereunder nor shall any failure to seek to enforce any such rights affect, impair or be a defense to the Bank's rights hereunder.

4. DEFAULTS AND REMEDIES. Each of the following shall constitute a default hereunder: any failure by the Pledgor to pay, perform or observe any obligations on its part hereunder, the service upon the Bank, its International Banking Facility, its Nassau branch or its London branch, or upon any other financial institution in which the Collateral is located, of any summons naming the Bank or such facility or branch as trustee for the Pledgor or the Borrower, or of any similar writ or process of attachment relating to any deposit or property of the Pledgor. Upon the occurrence of any default hereunder, the Bank may apply any Collateral to the satisfaction of any or all of the Obligations and pursue any additional rights or remedies available to it hereunder, or under the Agreement or applicable law.

*Further Amended and Restated Revolving Credit Agreement dated February 15, 1996, the First Amendment dated 12/31/96 and Letter Amendments dated 12/24/98 and 9/21/99.

5. REPRESENTATIONS AND WARRANTIES. The Pledgor represents and warrants to the Bank that except for the securities interest granted to the Bank hereunder, the Collateral is and shall remain free from any adverse lien, security interest or encumbrances in favor of others: [if a corporation] it is duly organized, validly existing and in good standing under the laws of Delaware and is duly qualified to do business as foreign corporation and in good standing under the laws of each other jurisdiction in which its business conducted or properties owned requires such qualification; it has full power to enter into and perform this Agreement and has taken a necessary corporate or other action to authorize the execution, delivery and performance of this Agreement; this Agreement constitutes the legal, valid and binding obligations of the Pledgor, enforceable in accordance with its terms, subject to bankruptcy, insolvency or other similar laws affecting the rights of creditors generally, the execution, delivery and performance of this Agreement will not violate any provision of any existing law, treaty or regulation applicable to the Pledgor or (as applicable) of its Certificate of Incorporation, Articles of Organization and By-Laws, Articles of Partnership trust agreement or other governing documents, or of any order or decree of any court, arbitrator or governmental agency or of any contractual undertaking to which it is a party or by which it may be bound; no consents, licenses, approvals of authorizations of, exemptions by or registrations or declarations with, any governmental authority are required with respect to this Agreement.

6. COSTS. The Pledgor agrees to reimburse the Bank for any out-of-pocket costs or expenses (including without limitation reasonable fees and disbursements of counsel) incurred by the Bank in connection with the preservation or enforcement of its rights or remedies under this Agreement or any agreement between Borrower and the Bank.

7. INTERPRETATION, ETC. This Agreement is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No delay on the part of the Bank in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. Except as expressly provided herein, no waiver of any of its rights and no modification or amendment of this Agreement shall be deemed to be made by the Bank unless the same shall be in writing, duly signed on behalf of the Bank, each such waiver [if any] shall apply only with respect to the specific instance involved and shall in no way impair the rights of the Bank or the obligations of the Pledgor to the Bank in any other respect or at any other time. The Collateral this Agreement and the rights and obligations of the Bank and of the Pledgor hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. This Agreement is binding upon the Pledgor, its successors and assigns and shall inure to the benefit of the Bank and its respective successors or assigns including [without limitation] any other holder at any time of the Note or any of them. The headings contained herein are for convenience only and shall not affect the construction hereof. If any provision hereof is prohibited or unenforceable in any jurisdiction, the same shall not affect the remaining provisions hereof nor affect the validity or enforceability of such provision in any other jurisdiction.

6. SUBMISSION TO JURISDICTION. Pledgor irrevocably submits to the non-exclusive jurisdiction of any state or federal court sitting in Boston, Massachusetts over any suit, action or proceeding arising out of or relating to this Agreement or the Collateral. Pledgor irrevocably waives, to the fullest extent it may effectively do so under applicable law, its right to a trial by jury, and any objection which it may have or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Pledgor agrees, to the fullest extent it may effectively do so under applicable law that a final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon Pledgor and may be enforced in the courts of the United States of America and the Commonwealth of Massachusetts for any other courts to the jurisdiction of which the Pledgor is or may be subject) by a suit upon such judgment, provided that service process is effected on Pledgor as permitted by law.

IN WITNESS WHEREOF, the Pledgor has caused this Agreement to be duly executed under seal and delivered as of the date first above written.

/s/ Aspen Technology, Inc.

By: /s/ Lisa W. Zappala

Lisa Zappala, SVP & CFO

(Print name & Title)

Agreed and Accepted:
FLEET BANK OF MASSACHUSETTS,
NATIONAL ASSOCIATION

By:

- ---------------------------------
(Print Name & Title)

EXHIBIT 10.18

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT dated as of June 1, 2000 is entered into between Aspen Technology, Inc., a Delaware corporation ("Aspen"), and David Gamboa, Gordon Hartogensis and William Miller (collectively, the "Petrolsoft Stockholders").

A. Aspen, P-CAT Acquisition Corporation, Petrolsoft Corporation ("Petrolsoft") and the Petrolsoft Stockholders are entering into an Agreement and Plan of Merger dated as of June 1, 2000 (the "Merger Agreement").

B. Aspen and the Petrolsoft Stockholders desire to provide for certain arrangements with respect to the registration of shares of common stock of Aspen under the Securities Act of 1933.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to Section 5.2(h) of the Merger Agreement, the parties hereto agree as follows:

1. Certain Definitions

As used in this Agreement, the following terms shall have the following respective meanings:

"Commission" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act.

"Common Stock" means the common stock, $.10 par value per share, of Aspen.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations of the Commission issued under such Act, as they each may, from time to time, be in effect.

"Initiating Holders" means the Stockholders initiating a request for registration pursuant to Section 2.1(a).

"Other Holders" shall have the meaning set forth in Section 2.1(c).

"Prospectus" means the prospectus included in any Registration Statement, as amended or supplemented by an amendment or prospectus supplement, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registration Statement" means a registration statement filed by Aspen with the Commission for a public offering and sale of securities of Aspen (other than a registration statement on Form S-8 or Form S-4, or their successors, or any other form for a similar limited purpose, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation).

"Registration Expenses" means the expenses described in Section 2.4.

"Registrable Shares" means, with respect to a Stockholder, (a) the shares of Common Stock issued to such Stockholder pursuant to the Merger Agreement (including shares initially deposited in escrow pursuant to the terms of the Merger Agreement and subsequently delivered to such Stockholder), (b) any other securities issued by Aspen in exchange for any of such shares of Common Stock (but, with respect to any particular Registrable Share, only so long as it continues to be a

Registrable Share) and (c) any shares of Common Stock issued as a dividend or distribution on account of Registrable Shares or resulting from a subdivision of outstanding Registrable Shares into a greater number of shares (by reclassification, stock split or otherwise); provided that a security that was at one time a Registrable Share shall cease to be a Registrable Share when (i) it has been effectively registered and sold pursuant to a Registration Statement or (ii) it has been transferred and is no longer held of record by a Stockholder.

"Securities Act" means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations of the Commission issued under such Act, as they each may, from time to time, be in effect.

"Selling Stockholder" means any Stockholder owning Registrable Shares included in a Registration Statement.

"Stockholders" means the Petrolsoft Stockholders and any other persons or entities constituting Stockholders pursuant to Section 3.

2. Registration Rights

2.1. Demand Registrations

(a) Request for Registration. On one or two occasions after September 15, 2000 (or after such earlier date as Aspen shall file its Annual Report on Form 10-K for the fiscal year ended June 30, 2000 with the Commission), a Stockholder or Stockholders holding a majority of the then-existing Registrable Shares ("Initiating Holders") may, by written request, require that Aspen register a portion of their Registrable Shares (subject to Section 2.1(b)) pursuant to a shelf Registration Statement on Form S-3 (a "Demand Registration"). Upon receipt of such a written request for a Demand Registration, Aspen shall promptly provide written notice of the proposed registration (the "Notice") to each remaining Stockholder. Each such remaining Stockholder may elect to have a portion of such Stockholder's Registrable Shares (subject to Section 2.1(b)) included in such Demand Registration by providing notice to Aspen within ten business days after delivery of Aspen's Notice. Thereupon, Aspen shall, as expeditiously as possible, use its best efforts to effect the Demand Registration of all Registrable Shares which Aspen has been requested to so register. For purposes of the first sentence of this Section 2.1(a), Aspen shall use reasonable commercial efforts to file its Annual Report on Form 10-K for the fiscal year ended June 30, 2000 with the Commission as promptly as practicable after August 31, 2000.

(b) Share Limitation. In each Demand Registration, each Petrolsoft Stockholder, together with any other Stockholders holding Registrable Shares originally issued to such Petrolsoft Stockholder (a "Transferee"), may request registration of up to 220,092 Registrable Shares. If a Petrolsoft Stockholder and his Transferees have notified Aspen that they collectively wish to have more than 220,092 Registrable Shares registered pursuant to a Demand Registration, the 220,092 Registrable Shares shall be allocated among the Petrolsoft Stockholder and his Transferees in proportion (as nearly as practicable) to the respective numbers of Registrable Shares held by them at the time Aspen delivered the Notice for such Demand Registration.

(c) Demand Registrations. Aspen shall not be required to effect more than two Demand Registrations pursuant to Section 2.1(a). In addition, Aspen shall not be required to effect the second Demand Registration prior to nine months after the termination of the initial Demand Registration. For purposes of this Section 2.1(c), a Registration Statement shall only be counted as a Demand Registration when it has been declared effective by the Commission (unless Initiating Holders withdraw their request for such registration (other than as a result of information concerning the

business or financial condition of Aspen which is made known to the Stockholders after the date on which such registration was requested) and elect not to pay the Registration Expenses therefor pursuant to Section 2.4).

(d) Deferral of Demand Registration. If at the time of a Demand Registration pursuant to Section 2.1(a),

(i) Aspen is engaged or has plans to engage in a registered public offering or any other activity that, in the good faith determination of Aspen's Board of Directors, would be adversely affected by the requested Demand Registration, and

(ii) Aspen's Board of Directors determines in good faith, by appropriate resolutions, that, as a result of such offering or other activity, (A) it would be detrimental to Aspen (other than as relating solely to the price of the Common Stock) to file the Demand Registration at such time and (B) it is in the best interests of Aspen to defer proceeding with the Demand Registration at such time,

then Aspen may direct that the filing of the Demand Registration be delayed for a period not to exceed (x) 120 days from the date of such request or (y) the period during which (in the good faith determination of Aspen's Board of Directors) filing the Demand Registration would be detrimental to Aspen, whichever occurs first. This right to delay filing a Demand Registration may not be exercised by Aspen more than once in any 12-month period.

(e) Suspension of Demand Registration. Aspen shall maintain the effectiveness of any Demand Registration for a period of up to 90 days after the same has been first declared effective by the Commission, provided that Aspen may, by written notice to the Selling Stockholders, suspend or withdraw any such registration statement and require that the Selling Stockholders immediately cease the sale of shares of Aspen pursuant thereto if: (i) Aspen is engaged in any activity or transaction or preparations or negotiations for any activity or transaction that Aspen desires to keep confidential for business reasons, and Aspen determines in good faith that the public disclosure requirements imposed on Aspen pursuant to such registration statement would require disclosure of such activity or transaction; (ii) Aspen files a Registration Statement (other than a Registration Statement on Form S-4 or Form S-8, or any successor form) with the Commission for the purpose of registering under the Securities Act, any securities to be publicly offered and sold by Aspen; or (iii) Aspen fails to satisfy the requirements for use of Form S-3, as set forth in the general instructions to Form S-3. Upon receipt of such notice, each such Selling Stockholder shall immediately discontinue any sales of Registrable Shares pursuant to such Registration Statement until such Selling Stockholder has received copies of a supplemented or amended Prospectus or until such Selling Stockholder is advised in writing by Aspen that the then-current Prospectus may be used and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus.

2.2. Piggyback Registration

(a) Request for Inclusion and Best Efforts. If Aspen determines to file a Registration Statement (other than a Registration Statement filed pursuant to Section 2.1) (a "Piggyback Registration"), then Aspen shall promptly, prior to such filing, provide written notice to all Stockholders of its intention to do so, provided that no such notice is required to be given if no Registrable Shares are to be included therein as a result of a determination of the managing underwriter pursuant to Section 2.2(b). Upon the written request of a Stockholder or Stockholders given within 20 days after Aspen provides such notice (which request shall state the intended method of disposition of such Registrable Shares), Aspen shall use its best efforts to cause all Registrable

Shares which Aspen has been requested by such Stockholder or Stockholders to register to be registered under the Securities Act to the extent necessary to permit their sale or other disposition in accordance with the intended methods of distribution specified in the request of such Stockholder or Stockholders, provided that Aspen shall have the right to postpone or withdraw any registration effected pursuant to this Section 2.2 without obligation to any Stockholder.

(b) Underwriting. If the Piggyback Registration relates to an underwritten public offering, then Aspen shall so advise the Stockholders as a part of the written notice given pursuant to Section 2.2(a). In such event, the right of any Stockholder to include its Registrable Shares in such registration pursuant to Section 2.2 shall be conditioned upon such Stockholder's participation in such underwriting on the terms set forth in this Agreement. All Stockholders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for the underwriting by Aspen. Notwithstanding any other provision of this Section 2.2, if the managing underwriters determine that the inclusion of all shares requested to be registered would adversely affect the offering, then Aspen may limit the number of Registrable Shares to be included in the Piggyback Registration and shall so advise all holders of Registrable Shares requesting registration. The number of shares that are entitled to be included in the registration and underwriting shall be allocated in the following manner:

(i) The securities of Aspen held by holders other than Stockholders and other holders of securities of Aspen who are entitled, by contract with Aspen, to have their securities included in such registration (each an "Other Holder") shall be excluded from such Piggyback Registration to the extent deemed advisable by the managing underwriters, and, if a further limitation on the number of shares is required, then the number of shares that may be included in such Piggyback Registration shall be allocated pro rata (on an as-converted basis) among all Stockholders and Other Holders requesting registration in accordance with the respective number of shares of Common Stock held when Aspen provides notice as specified in Section 2.2(a).

(ii) If any Stockholder or Other Holder is entitled to include more securities than such Stockholder or Other Holder requested to be registered, then the excess securities shall be allocated among other requesting Stockholders and Other Holders pro rata in the manner described in the preceding clause (i).

If any holder of Registrable Shares or any officer, director or Other Holder disapproves of the terms of any such underwriting, such person may elect to withdraw therefrom by written notice to Aspen, and any Registrable Shares or other securities excluded or withdrawn from such underwriting shall be withdrawn from such registration.

(c) Rule 144(k). Notwithstanding the foregoing, Aspen shall not be required, pursuant to this Section 2.2, to include any Registrable Shares in a Registration Statement if such Registrable Shares can then be sold pursuant to Rule 144(k) under the Securities Act.

2.3. Registration Procedures

(a) General. If and whenever Aspen is required by the provisions of this Agreement to use its best efforts to effect the registration of any Registrable Shares under the Securities Act, Aspen shall:

(i) prepare and file with the Commission a Registration Statement on an appropriate form as soon as practicable, and cause such Registration Statement to be declared effective by the Commission at the earliest practicable date;

(ii) as expeditiously as possible prepare and file with the Commission any amendments and supplements to the Registration Statement and the Prospectus included in the Registration Statement as may be necessary to comply with the provisions of the Securities Act (including the anti-fraud provisions thereof) and to keep the Registration Statement effective for 90 days from the effective date or such lesser period until all such Registrable Shares are sold;

(iii) as expeditiously as possible furnish to each Selling Stockholder such reasonable numbers of copies of the Prospectus, including any preliminary Prospectus, in conformity with the requirements of the Securities Act, and such other documents as such Selling Stockholder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Shares owned by such Selling Stockholder;

(iv) as expeditiously as possible use its best efforts to register or qualify the Registrable Shares covered by the Registration Statement under the securities or Blue Sky laws of such states as the Selling Stockholders shall reasonably request, and do any and all other acts and things that may be necessary or desirable to enable the Selling Stockholders to consummate the public sale or other disposition in such states of the Registrable Shares owned by the Selling Stockholder, provided that Aspen shall not be required in connection with this paragraph (iv) to qualify as a foreign corporation or execute a general consent to service of process in any jurisdiction;

(v) as expeditiously as possible, cause all such Registrable Shares to be listed on each securities exchange or automated or inter-dealer quotation system on which similar securities issued by Aspen are then listed;

(vi) promptly provide a transfer agent and registrar for all such Registrable Shares no later than the effective date of such registration statement;

(vii) promptly make available for inspection by the Selling Stockholders, any managing underwriter participating in any disposition pursuant to such Registration Statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the Selling Stockholders, all financial and other records, pertinent corporate documents and properties of Aspen and cause Aspen's officers, directors, employees and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such Registration Statement;

(viii) notify each Selling Stockholder at any time when a Prospectus relating to the Registration Statement is required to be delivered under the Securities Act, of the happening of any event as a result of which the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statement therein not misleading or incomplete in light of the circumstances then existing, and promptly amend the Registration Statement

and/or related Prospectus to correct such untrue statement or to include the omitted information;

(ix) as expeditiously as possible, notify each Selling Stockholder, promptly after it shall receive notice thereof, of the time when such Registration Statement has become effective or a supplement to any Prospectus forming a part of such Registration Statement has been filed; and

(x) as expeditiously as possible following the effectiveness of such Registration Statement, notify each seller of such Registrable Shares of any request by the Commission for the amending or supplementing of such Registration Statement or Prospectus.

(b) Prospective Amendments. If Aspen has delivered a Prospectus to the Selling Stockholders and after having done so the Prospectus is amended to comply with the requirements of the Securities Act, Aspen shall promptly notify the Selling Stockholders and, if requested, the Selling Stockholders shall immediately cease making offers of Registrable Shares and return all Prospectuses to Aspen. Aspen shall promptly provide the Selling Stockholders with revised Prospectuses and, following receipt of the revised Prospectuses, the Selling Stockholders shall be free to resume making offers of the Registrable Shares.

2.4. Allocation of Expenses. Aspen will pay all Registration Expenses for all registrations under this Agreement; provided, however, that if a Demand Registration under Section 2.1 is withdrawn at the request of the Initiating Holders (other than as a result of information concerning the business or financial condition of Aspen which is made known to the Stockholders after the date on which such registration was requested) and if the Initiating Holders elect not to have such registration counted as a registration requested under Section 2.1(a), then the Initiating Holders shall pay the Registration Expenses of such registration pro rata in accordance with the number of their Registrable Shares included in the Demand Registration. For purposes of this Section, the term "Registration Expenses" shall mean all reasonable expenses incurred in effecting any registration pursuant to this Agreement, including all registration and filing fees, exchange listing fees, printing expenses, fees and expenses of counsel for Aspen and the fees and expenses of one counsel selected by the Selling Stockholders to represent the Selling Stockholders, state Blue Sky fees and expenses, and the expense of any regular or special audits incident to or required by any such registration, but excluding underwriting discounts, selling commissions and the fees and expenses of Selling Stockholders' own counsel (other than the counsel selected to represent all Selling Stockholders).

2.5. Indemnification and Contribution.

(a) Indemnification by Aspen. In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, Aspen will indemnify and hold harmless each Selling Stockholder, each underwriter of such Registrable Shares, and each other person, if any, who controls such Selling Stockholder or underwriter within the meaning of the Securities Act or the Exchange Act, with respect to each registration, qualification or compliance effected pursuant to this Section 2, against any losses, claims, damages, liabilities (or actions, proceedings or settlements in respect thereof), joint or several, to which such Selling Stockholder, underwriter or controlling person may become subject under the Securities Act, the Exchange Act, state securities or Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions, proceedings or settlements in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to such Registration Statement, incident to

any such registration, qualification or compliance, or arise out of or are based upon the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading; or any violation by Aspen of the Securities Act or Exchange Act or any rule or regulation thereunder applicable to Aspen and relating to action or inaction required by Aspen in connection with any such registration, qualification or compliance; and Aspen will reimburse such Selling Stockholder, underwriter and each such controlling person for any legal or any other expenses reasonably incurred by such Selling Stockholder, underwriter or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that Aspen will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or omission made in such Registration Statement, preliminary prospectus or prospectus, or any such amendment or supplement, in reliance upon and in conformity with written information furnished to Aspen, by or on behalf of such Selling Stockholder, underwriter or controlling person and stated to be specifically for use in the preparation thereof.

(b) Indemnification by Selling Stockholders. In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, each Selling Stockholder, severally and not jointly, will indemnify and hold harmless Aspen, each of its directors and officers and each underwriter (if any) and each person, if any, who controls Aspen or any such underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which Aspen, such directors and officers, underwriter or controlling person may become subject under the Securities Act, Exchange Act, state securities or Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to the Registration Statement, or arise out of or are based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, if the statement or omission was made in reliance upon and in conformity with information relating to such Selling Stockholder furnished in writing to Aspen by or on behalf of such Selling Stockholder specifically for use in connection with the preparation of such Registration Statement, prospectus, amendment or supplement; provided, however, that the obligations of a Selling Stockholder hereunder shall be limited to an amount equal to the net proceeds to such Selling Stockholder of Registrable Shares sold in connection with such registration.

(c) Indemnification Procedures. Each party entitled to indemnification under this Section (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld); and, provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section except to the extent that the Indemnifying Party is adversely affected by such failure. The Indemnified Party may participate in such defense at such party's expense; provided that the Indemnifying Party shall pay such expense if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential differing interests between the Indemnified Party and any other party represented by such counsel in such proceeding; provided, further, that in no event shall the Indemnifying Party be required to pay the expenses of more than one law firm per jurisdiction as counsel for the Indemnified

Party. The Indemnifying Party also shall be responsible for the expenses of such defense if the Indemnifying Party does not elect to assume such defense. No Indemnifying Party, in the defense of any such claim or litigation shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation, and no Indemnified Party shall consent to entry of any judgment or settle such claim or litigation without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

(d) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 2.5 is due in accordance with its terms but for any reason is held to be unavailable to an Indemnified Party in respect to any losses, claims, damages and liabilities referred to herein, then the Indemnifying Party shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities to which such party may be subject in such proportion as is appropriate to reflect the relative fault of Aspen on the one hand and the Selling Stockholders on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of Aspen and the Selling Stockholders shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of material fact related to information supplied (or required to be supplied) by Aspen or the Selling Stockholders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. Aspen and the Selling Stockholders agree that it would not be just and equitable if contribution pursuant to this Section 2.5 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph of Section 2.5, (a) in no case shall any one Selling Stockholder be liable or responsible for any amount in excess of the net proceeds received by such Selling Stockholder from the offering of Registrable Shares and (b) Aspen shall be liable and responsible for any amount in excess of such proceeds; provided that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section, notify such party or parties from whom contribution may be sought, but the omission so to notify such party or parties from whom contribution may be sought shall not relieve such party from any other obligation it or they may have thereunder or otherwise under this Section. No party shall be liable for contribution with respect to any action, suit, proceeding or claim settled without its prior written consent, which consent shall not be unreasonably withheld.

2.6. Other Matters with Respect to Underwritten Offerings. In the event that Registrable Shares are sold pursuant to a Registration Statement in an underwritten offering pursuant to Section 2.1, Aspen agrees to: (a) enter into an underwriting agreement containing customary representations and warranties with respect to the business and operations of Aspen and customary covenants and agreements to be performed by Aspen, including without limitation customary provisions with respect to indemnification by Aspen of the underwriters of such offering; (b) use its best efforts to cause its legal counsel to render customary opinions to the underwriters with respect to the Registration Statement; and (c) use its best efforts to cause its independent public accounting firm to issue a customary "cold comfort letter" to the underwriters with respect to the Registration Statement.

2.7. Information by Holder. Each Stockholder included in any registration shall furnish to Aspen such information regarding such Stockholder and the distribution proposed by such Stockholder as Aspen may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Agreement.

2.8. "Stand-Off" Agreement; Confidentiality of Notices. Each Stockholder, if requested by Aspen and the managing underwriters of an underwritten public offering by Aspen of Common Stock, shall not sell or otherwise transfer or dispose of any Registrable Shares or other securities of Aspen held by such Stockholder for a period of 180 days following the effective date of a Registration Statement. Aspen may impose stop-transfer instructions with respect to the Registrable Shares or other securities subject to the foregoing restriction until the end of such 180-day period. Any Stockholder receiving any written notice from Aspen regarding Aspen's plans to file a Registration Statement shall treat such notice confidentially and shall not disclose such information to any person other than as necessary to exercise his rights under this Agreement.

2.9. Rule 144 Requirements. Aspen agrees to:

(a) make and keep current public information about Aspen available, as those terms are understood and defined in Rule 144;

(b) use its best efforts to prepare and file with the Commission in a timely manner all reports and other documents required of Aspen under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) promptly furnish to any holder of Registrable Shares upon request (A) a written statement by Aspen as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), (B) a copy of the most recent annual or quarterly report of Aspen, and (C) such other reports and documents of Aspen as such holder may reasonably request to avail itself of any similar rule or regulation of the Commission allowing it to sell any such securities without registration.

2.10. Sections 2.1 and 2.2 Termination. All of Aspen's obligations to register Registrable Shares under Sections 2.1 and 2.2 shall terminate on June 1, 2002. In addition, all of the rights granted to a Stockholder under Sections 2.1 and 2.2 shall terminate as of any earlier date on which all of the Registrable Shares of such Stockholder may be sold within a three-month period pursuant to Rule 144.

3. Transfers of Rights

This Agreement, and the rights and obligations of each Stockholder hereunder, may be assigned by such Stockholder to any person or entity to which at least 25,000 Shares are transferred by such Stockholder, and such transferee shall be deemed a "Stockholder" for purposes of this Agreement; provided that the transferee provides written notice of such assignment to Aspen and agrees in writing to be bound hereby.

4. General

4.1. No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the parties hereto and their respective successors and permitted assigns pursuant to Section 3.

4.2. Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes any prior understandings, agreements or representations by or among the parties hereto, written or oral, with respect to the subject matter hereof.

4.3. Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors and permitted assigns pursuant to Section 3.

4.4. Counterparts and Facsimile Signature. This Agreement may be executed in two 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.

4.5. Headings. 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.

4.6. Notices. All notices, instructions, demands, claims, requests and other communications given hereunder or in connection herewith shall be in writing. Any such communication shall be sent either (a) by registered or certified mail, return receipt requested, postage prepaid, or (b) via a reputable nationwide overnight courier service, in each case to the address set forth below. Any such communication shall be deemed to have been delivered two business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent via a reputable nationwide overnight courier service.

To Aspen:	Aspen Technology, Inc. Ten Canal Park Cambridge, Massachusetts 02141 Facsimile: 617.577.0722 Attention: Chief Executive Officer
With a copy to:	Hale and Dorr LLP 60 State Street Boston, Massachusetts 02109 Facsimile: 617.526.5000 Attention: Mark L. Johnson
To any Petrolsoft Stockholders, to his attention in care of:	Petrolsoft Corporation 12730 High Bluff Drive San Diego, California 92130 Facsimile: 858.259.9725 Attention: Chief Executive Officer
With a copy to:	Brobeck, Phleger & Harrison LLP 12390 El Camino Real San Diego, California 92130 Facsimile: 858.720.2550 Attention: Eddie Rodriguez
To any other Stockholder:	At such Stockholder's address of record in the stock transfer records of Aspen

Any party hereto may give any notice, instruction, demand, claim, request 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 communication shall be deemed to have been duly given unless and until it actually is received by the party for which it is intended. Any party hereto may change the address to which notices, instructions, demands, claims, requests and other communications hereunder are to be delivered by giving the other parties notice in the manner set forth in this Section 4.6.

4.7. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Massachusetts or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the Commonwealth of Massachusetts.

4.8. Amendments and Waivers. Any term of this Agreement may be amended or terminated and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of Aspen and the holders of at least a majority of the Registrable Shares held by all of the Stockholders. Any such amendment, termination or waiver effected in accordance with this Section 4.8 shall be binding on all parties hereto, even if they do not execute such consent. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

4.9. 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 hereto agree that the court making the determination of invalidity or unenforceability shall have the power to limit 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.

4.10. Construction.

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

(b) The term "including" as used herein shall not be construed so as to exclude any other thing not referred to or described.

(c) References herein to "Sections" shall be deemed to be to sections of this Agreement, unless otherwise specified.

IN WITNESS WHEREOF, the parties have executed this Agreement as of June 1, 2000.

ASPEN TECHNOLOGY, INC.

By: /s/ David Mushin
Title: Executive Vice President

STOCKHOLDERS:

/s/ David Gamboa

DAVID GAMBOA, as Trustee of the Gamboa Family Trust dated August 5, 1996

/s/ Gordon Hartogensis

GORDON HARTOGENSIS

/s/ William Miller

WILLIAM MILLER

EXHIBIT 10.19

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT dated as of August 29, 2000 is entered into between Aspen Technology, Inc., a Delaware corporation ("Aspen"), and Eunice E. Blecker and Herbert G. Blecker (together, the "Stockholders").

A. Aspen, Iris Acquisition Corporation, ICARUS Corporation, ICARUS Services Limited and the Stockholders are parties to an Agreement and Plan of Acquisition dated as of the date hereof (the "Acquisition Agreement").

B. Aspen and the Stockholders desire to provide for certain arrangements with respect to the registration under the Securities Act of 1933 of shares of common stock of Aspen issued to the Stockholders pursuant to the Acquisition Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to Section 7.2(b) of the Acquisition Agreement, the parties hereto agree as follows:

1. Certain Definitions

As used in this Agreement, the following terms shall have the following respective meanings:

"Business Day" means any day that the Securities and Exchange Commission is open and conducting business.

"Commission" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act.

"Common Stock" means the common stock, $.10 par value per share, of Aspen.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations of the Commission issued under such Act, as they each may, from time to time, be in effect.

"Initiating Holders" means the Stockholders initiating a request for registration pursuant to Section 2.1(a).

"Other Holders" shall have the meaning set forth in Section 2.2(b)(i).

"Prospectus" means the prospectus included in any Registration Statement, as amended or supplemented by an amendment or prospectus supplement, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registration Statement" means a registration statement filed by Aspen with the Commission for a public offering and sale of securities of Aspen (other than a registration statement on Form S-8 or Form S-4, or their successors, or any other form for a similar limited purpose, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation).

"Registration Expenses" means the expenses described in Section 2.4.

"Registrable Shares" means, with respect to a Stockholder, (a) the shares of Common Stock issued to such Stockholder pursuant to the Acquisition Agreement (including shares initially deposited in escrow pursuant to the terms of the Acquisition Agreement and subsequently delivered to such Stockholder), (b) any other securities issued by Aspen in exchange for any of such shares of Common Stock (but, with respect to any particular Registrable Share, only so long as it continues to be a Registrable Share) and (c) any shares of Common Stock issued as a dividend or distribution on account of Registrable Shares or resulting from a subdivision of outstanding Registrable Shares into a greater number of shares (by reclassification, stock split or otherwise); provided that a security that was at one time a Registrable Share shall cease to be a Registrable Share when (i) it has been effectively registered and sold pursuant to a Registration Statement or (ii) it has been transferred and is no longer held of record by a Stockholder.

"Securities Act" means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations of the Commission issued under such Act, as they each may, from time to time, be in effect.

"Selling Stockholder" means any Stockholder owning Registrable Shares included in a Registration Statement.

"Stockholders" means the Stockholders and any other persons or entities constituting Stockholders pursuant to Section 3.

2. Registration Rights

2.1. Demand Registrations

(a) Request for Registration. On up to two occasions after October 31, 2000, a Stockholder or Stockholders holding a majority of the then-existing Registrable Shares ("Initiating Holders") may, by written request but subject to Section 2.1(b), require that Aspen register all or a portion of their Registrable Shares pursuant to a shelf Registration Statement on Form S-3 (a "Demand Registration"). Upon receipt of such a written request for a Demand Registration, Aspen shall promptly provide written notice of the proposed registration (the "Notice") to each remaining Stockholder. Each such remaining Stockholder may, subject to Section 2.1(b), elect to have all or a portion of such Stockholder's Registrable Shares included in such Demand Registration by providing notice to Aspen within five Business Days after delivery of the Notice. Thereupon, Aspen shall comply with the registration procedures of Section 2.3 with respect to the Demand Registration of all Registrable Shares that Aspen has been requested to so register.

(b) Share Limitation. In each Demand Registration, each Stockholder may request registration of all or a portion of the Registrable Shares held by such Stockholder. If the Stockholders have notified Aspen that they collectively wish to have more than 124,206 Registrable Shares registered pursuant to a Demand Registration, the 124,206 Registrable Shares shall be allocated among the Stockholders in proportion (as nearly as practicable) to the respective numbers of Registrable Shares held by them at the time Aspen delivered the Notice for such Demand Registration.

(c) Demand Registrations. Aspen shall not be required to effect more than two Demand Registrations pursuant to Section 2.1(a). In addition, Aspen shall not be required to effect the second Demand Registration prior to three months after the termination of the initial Demand Registration. For purposes of this Section 2.1(c), a Registration Statement shall only be counted as a Demand Registration when it has been declared effective by the Commission (unless Initiating Holders withdraw their request for such registration (other than as a result of information concerning the

business or financial condition of Aspen that is made known to the Stockholders after the date on which such registration was requested) and elect not to pay the Registration Expenses therefor pursuant to Section 2.4).

(d) Deferral of Demand Registration. If at the time of a Demand Registration pursuant to Section 2.1(a),

(i) Aspen is engaged or has plans to engage in a registered public offering or any other activity that, in the good faith determination of Aspen's Board of Directors, would be adversely affected by the requested Demand Registration, and

(ii) Aspen's Board of Directors determines in good faith, by appropriate resolutions, that, as a result of such offering or other activity, (A) it would be detrimental to Aspen (other than as relating solely to the price of the Common Stock) to file the Demand Registration at such time and (B) it is in the best interests of Aspen to defer proceeding with the Demand Registration at such time,

then Aspen may direct that the filing of the Demand Registration be delayed for a period not to exceed (x) 120 days from the date of such request or (y) the period during which (in the good faith determination of Aspen's Board of Directors) filing the Demand Registration would be detrimental to Aspen, whichever occurs first. This right to delay filing a Demand Registration may not be exercised by Aspen more than once in any 12-month period.

(e) Suspension of Demand Registration. Aspen shall maintain the effectiveness of any Demand Registration for a period of up to 90 days after the same has been first declared effective by the Commission, provided that Aspen may, by written notice to the Selling Stockholders, suspend or withdraw any such registration statement and require that the Selling Stockholders immediately cease the sale of shares of Aspen pursuant thereto if:

(i) Aspen is engaged in any activity or transaction or preparations or negotiations for any activity or transaction that Aspen desires to keep confidential for business reasons, and Aspen's Board of Directors determines in good faith, by appropriate resolutions, that the public disclosure requirements imposed on Aspen pursuant to such registration statement would require disclosure of such activity or transaction;

(ii) Aspen files a Registration Statement (other than a Registration Statement on Form S-4 or Form S-8, or any successor form) with the Commission for the purpose of registering under the Securities Act, any securities to be publicly offered and sold by Aspen; or

(iii) Aspen fails to satisfy the requirements for use of Form S-3, as set forth in the general instructions to Form S-3.

Upon receipt of such notice, each such Selling Stockholder shall immediately discontinue any sales of Registrable Shares pursuant to such Registration Statement until such Selling Stockholder has received copies of a supplemented or amended Prospectus or until such Selling Stockholder is advised in writing by Aspen that the then-current Prospectus may be used and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus.

2.2. Piggyback Registration

(a) Request for Inclusion and Best Efforts. If Aspen determines to file a Registration Statement for an underwritten public offering (other than a Registration Statement filed pursuant to Section 2.1) (a "Piggyback Registration"), then Aspen shall promptly, prior to such filing, provide written notice to all Stockholders of its intention to do so, provided that no such notice is required to be given if no Registrable Shares are to be included therein as a result of a determination of the managing underwriter pursuant to Section 2.2(b). Upon the written request of a Stockholder or Stockholders given within 20 days after Aspen provides such notice (which request shall state the intended method of disposition of such Registrable Shares), Aspen shall use its best efforts to cause all Registrable Shares that Aspen has been requested by such Stockholder or Stockholders to register to be registered under the Securities Act to the extent necessary to permit their sale or other disposition in accordance with the intended methods of distribution specified in the request of such Stockholder or Stockholders, provided that Aspen shall have the right to postpone or withdraw any registration effected pursuant to this Section 2.2 without obligation to any Stockholder.

(b) Underwriting. The right of any Stockholder to include its Registrable Shares in such registration pursuant to Section 2.2 shall be conditioned upon such Stockholder's participation in the contemplated underwritten public offering on the terms set forth in this Agreement. All Stockholders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for the underwriting by Aspen. Notwithstanding any other provision of this Section 2.2, if the managing underwriters determine that the inclusion of all shares requested to be registered would adversely affect the offering, then Aspen may limit the number of Registrable Shares to be included in the Piggyback Registration and shall so advise all holders of Registrable Shares requesting registration. The number of shares that are entitled to be included in the registration and underwriting shall be allocated in the following manner:

(i) The securities of Aspen held by holders other than Stockholders and other holders of securities of Aspen who are entitled, by contract with Aspen, to have their securities included in such registration (each an "Other Holder") shall be excluded from such Piggyback Registration to the extent deemed advisable by the managing underwriters, and, if a further limitation on the number of shares is required, then the number of shares that may be included in such Piggyback Registration shall be allocated pro rata (on an as-converted basis) among all Stockholders and Other Holders requesting registration in accordance with the respective number of shares of Common Stock held when Aspen provides notice as specified in Section 2.2(a).

(ii) If any Stockholder or Other Holder is entitled to include more securities than such Stockholder or Other Holder requested to be registered, then the excess securities shall be allocated among other requesting Stockholders and Other Holders pro rata in the manner described in the preceding clause (i).

If any holder of Registrable Shares or Other Holder disapproves of the terms of any such underwriting, such person may elect to withdraw therefrom by written notice to Aspen, and any Registrable Shares or other securities excluded or withdrawn from such underwriting shall be withdrawn from such registration.

2.3. Registration Procedures

(a) General. If and whenever Aspen is required by the provisions of this Agreement to use its best efforts to effect the registration of any Registrable Shares under the Securities Act, Aspen shall:

(i) prepare and file with the Commission a Registration Statement on an appropriate form as soon as practicable, and cause such Registration Statement to be declared effective by the Commission at the earliest practicable date and in any event within 20 Business Days, provided that Aspen shall not be required to file within such 20-Business Days if the Registration Statement is required to include any historical or pro forma financial statements not previously filed by Aspen with the Commission;

(ii) as expeditiously as possible prepare and file with the Commission any amendments and supplements to the Registration Statement and the Prospectus included in the Registration Statement as may be necessary to comply with the provisions of the Securities Act (including the anti-fraud provisions thereof) and to keep the Registration Statement effective for at least 90 days from the effective date or such lesser period until all such Registrable Shares are sold;

(iii) as expeditiously as possible furnish to each Selling Stockholder such reasonable numbers of copies of the Prospectus, including any preliminary Prospectus, in conformity with the requirements of the Securities Act, and such other documents as such Selling Stockholder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Shares owned by such Selling Stockholder;

(iv) as expeditiously as possible use its best efforts to register or qualify the Registrable Shares covered by the Registration Statement under the securities or Blue Sky laws of such states as the Selling Stockholders shall reasonably request, and do any and all other acts and things that may be necessary or desirable to enable the Selling Stockholders to consummate the public sale or other disposition in such states of the Registrable Shares owned by the Selling Stockholder, provided that Aspen shall not be required in connection with this paragraph (iv) to qualify as a foreign corporation or execute a general consent to service of process in any jurisdiction;

(v) prior to the effective date of the Registration Statement, cause all such Registrable Shares to be listed on each securities exchange or automated or inter-dealer quotation system on which similar securities issued by Aspen are then listed;

(vi) promptly provide a transfer agent and registrar for all such Registrable Shares no later than the effective date of such registration statement;

(vii) promptly make available for inspection by the Selling Stockholders, any managing underwriter participating in any disposition pursuant to such Registration Statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the Selling Stockholders, all financial and other records, pertinent corporate documents and properties of Aspen and cause Aspen's officers, directors, employees and independent accountants to supply all

information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such Registration Statement;

(viii) notify each Selling Stockholder at any time when a Prospectus relating to the Registration Statement is required to be delivered under the Securities Act, of the happening of any event as a result of which the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statement therein not misleading or incomplete in light of the circumstances then existing, and promptly amend the Registration Statement and/or related Prospectus to correct such untrue statement or to include the omitted information;

(ix) as expeditiously as possible, notify each Selling Stockholder, promptly after it shall receive notice thereof, of the time when such Registration Statement has become effective or a supplement to any Prospectus forming a part of such Registration Statement has been filed; and

(x) as expeditiously as possible following the effectiveness of such Registration Statement, notify each seller of such Registrable Shares of any stop order, order of formal or informal investigation or any request by the Commission for the amending or supplementing of such Registration Statement or Prospectus.

(b) Prospective Amendments. If Aspen has delivered a Prospectus to the Selling Stockholders and after having done so the Prospectus is amended to comply with the requirements of the Securities Act, Aspen shall promptly notify the Selling Stockholders and, if requested, the Selling Stockholders shall immediately cease making offers of Registrable Shares and return all Prospectuses to Aspen. Aspen shall promptly provide the Selling Stockholders with revised Prospectuses and, following receipt of the revised Prospectuses, the Selling Stockholders shall be free to resume making offers of the Registrable Shares.

2.4. Allocation of Expenses. Aspen will pay all Registration Expenses for all registrations under this Agreement; provided, however, that if a Demand Registration under Section 2.1 is withdrawn at the request of the Initiating Holders (other than as a result of information concerning the business or financial condition of Aspen that is made known to the Stockholders after the date on which such registration was requested) and if the Initiating Holders elect not to have such registration counted as a registration requested under Section 2.1(a), then the Initiating Holders shall pay the Registration Expenses of such registration pro rata in accordance with the number of their Registrable Shares included in the Demand Registration. For purposes of this Section, the term "Registration Expenses" shall mean all reasonable expenses incurred in effecting any registration pursuant to this Agreement, including all registration and filing fees, exchange listing fees, printing expenses, fees and expenses of counsel and accountants for Aspen and the fees and expenses of one counsel selected by the Selling Stockholders to represent the Selling Stockholders, state Blue Sky fees and expenses, and the expense of any regular or special audits incident to or required by any such registration, but excluding underwriting discounts, selling commissions and the fees and expenses of Selling Stockholders' own counsel (other than the counsel selected to represent all Selling Stockholders).

2.5. Indemnification and Contribution.

(a) Indemnification by Aspen. In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, Aspen will indemnify and hold harmless each Selling Stockholder, each underwriter of such Registrable Shares, and each other person, if any,

who controls such Selling Stockholder or underwriter within the meaning of the Securities Act or the Exchange Act, with respect to each registration, qualification or compliance effected pursuant to this Section 2, against any losses, claims, damages, liabilities (or actions, proceedings or settlements in respect thereof), joint or several, to which such Selling Stockholder, underwriter or controlling person may become subject under the Securities Act, the Exchange Act, state securities or Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions, proceedings or settlements in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to such Registration Statement, incident to any such registration, qualification or compliance, or arise out of or are based upon the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading; or any violation by Aspen of the Securities Act or Exchange Act or any rule or regulation thereunder applicable to Aspen and relating to action or inaction required by Aspen in connection with any such registration, qualification or compliance; and Aspen will reimburse such Selling Stockholder, underwriter and each such controlling person for any legal or any other expenses reasonably incurred by such Selling Stockholder, underwriter or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that Aspen will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or omission made in such Registration Statement, preliminary prospectus or prospectus, or any such amendment or supplement, in reliance upon and in conformity with written information furnished to Aspen, by or on behalf of such Selling Stockholder, underwriter or controlling person and stated to be specifically for use in the preparation thereof.

(b) Indemnification by Selling Stockholders. In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, each Selling Stockholder, severally and not jointly, will indemnify and hold harmless Aspen, each of its directors and officers and each underwriter (if any) and each person, if any, who controls Aspen or any such underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which Aspen, such directors and officers, underwriter or controlling person may become subject under the Securities Act, Exchange Act, state securities or Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to the Registration Statement, or arise out of or are based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, if the statement or omission was made in reliance upon and in conformity with information relating to such Selling Stockholder furnished in writing to Aspen by or on behalf of such Selling Stockholder specifically for use in connection with the preparation of such Registration Statement, prospectus, amendment or supplement; provided, however, that the obligations of a Selling Stockholder hereunder shall be limited to an amount equal to the net proceeds to such Selling Stockholder of Registrable Shares sold in connection with such registration.

(c) Indemnification Procedures. Each party entitled to indemnification under this Section (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided, that counsel for the Indemnifying

Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld); and, provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section except to the extent that the Indemnifying Party is adversely affected by such failure. The Indemnified Party may participate in such defense at such party's expense; provided that the Indemnifying Party shall pay such expense if representation of such Indemnified Party by the counsel retained by the Indemnifying Party is determined to be inappropriate, based upon the advice of counsel, for the Indemnified Party due to actual or potential differing interests between the Indemnified Party and any other party represented by such counsel in such proceeding; provided, further, that in no event shall the Indemnifying Party be required to pay the expenses of more than one law firm per jurisdiction as counsel for the Indemnified Party. The Indemnifying Party also shall be responsible for the expenses of such defense if the Indemnifying Party does not elect to assume such defense. No Indemnifying Party, in the defense of any such claim or litigation shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation, and no Indemnified Party shall consent to entry of any judgment or settle such claim or litigation without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

(d) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 2.5 is due in accordance with its terms but for any reason is held to be unavailable to an Indemnified Party in respect to any losses, claims, damages and liabilities referred to herein, then the Indemnifying Party shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities to which such party may be subject in such proportion as is appropriate to reflect the relative fault of Aspen on the one hand and the Selling Stockholders on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of Aspen and the Selling Stockholders shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of material fact related to information supplied (or required to be supplied) by Aspen or the Selling Stockholders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. Aspen and the Selling Stockholders agree that it would not be just and equitable if contribution pursuant to this Section 2.5 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph of Section 2.5, (a) in no case shall any one Selling Stockholder be liable or responsible for any amount in excess of the net proceeds received by such Selling Stockholder from the offering of Registrable Shares and (b) Aspen shall be liable and responsible for any amount in excess of such proceeds; provided that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section, notify such party or parties from whom contribution may be sought, but the omission so to notify such party or parties from whom contribution may be sought shall not relieve such party from any other obligation it or they may have thereunder or otherwise under this Section. No party shall be liable for contribution with respect to any action, suit, proceeding or claim settled without its prior written consent, which consent shall not be unreasonably withheld.

2.6. Other Matters with Respect to Underwritten Offerings. In the event that Registrable Shares are sold pursuant to a Registration Statement in an underwritten offering pursuant to Section 2.1, Aspen agrees to: (a) enter into an underwriting agreement containing customary representations and warranties with respect to the business and operations of Aspen and customary covenants and agreements to be performed by Aspen, including without limitation customary provisions with respect to indemnification by Aspen of the underwriters of such offering; (b) use its best efforts to cause its legal counsel to render customary opinions to the underwriters with respect to the Registration Statement; and (c) use its best efforts to cause its independent public accounting firm to issue a customary "cold comfort letter" to the underwriters with respect to the Registration Statement.

2.7. Information by Holder. Each Stockholder included in any registration shall furnish to Aspen such information regarding such Stockholder and the distribution proposed by such Stockholder as Aspen may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Agreement.

2.8. "Stand-Off" Agreement; Confidentiality of Notices. Each Stockholder, if requested by Aspen and the managing underwriters of an underwritten public offering by Aspen of Common Stock, shall not sell or otherwise transfer or dispose of any Registrable Shares or other securities of Aspen other than the securities covered by the registration statement held by such Stockholder for the applicable lock-up period under lock-up arrangements generally entered into by selling stockholders, executive officers and directors of Aspen at the request of such managing underwriters, provided that such period shall not extend beyond 180 days after the date of the final prospectus for such offering. Aspen may impose stop-transfer instructions with respect to the Registrable Shares or other securities subject to the foregoing restriction until the end of such 180-day period. Any Stockholder receiving any written notice from Aspen regarding Aspen's plans to file a Registration Statement shall treat such notice confidentially and shall not disclose such information to any person other than as necessary to exercise his rights under this Agreement.

2.9. Rule 144 Requirements. Aspen agrees to:

(a) make and keep current public information about Aspen available, as those terms are understood and defined in Rule 144;

(b) use its best efforts to prepare and file with the Commission in a timely manner all reports and other documents required of Aspen under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) promptly furnish to any holder of Registrable Shares upon request (A) a written statement by Aspen as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), (B) a copy of the most recent annual or quarterly report of Aspen, and (C) such other reports and documents of Aspen as such holder may reasonably request to avail itself of any similar rule or regulation of the Commission allowing it to sell any such securities without registration.

2.10. Sections 2.1 and 2.2 Termination. All of Aspen's obligations to register Registrable Shares under Sections 2.1 and 2.2 shall terminate on the earlier of (a) the second anniversary of the date of this Agreement and (b) the first date after the first anniversary of the date of this Agreement any date on which (i) all of the Registrable Shares of such Stockholder may be sold within a three-month period pursuant to Rule 144 and (ii) the number of Registrable Shares held by such Stockholder is less than the limitation set forth in paragraph (e)(1)(i) of Rule 144.

3. Transfers of Rights

This Agreement, and the rights and obligations of each Stockholder hereunder, may be assigned by such Stockholder to any person or entity to which at least 25,000 Shares are transferred by such Stockholder, and such transferee shall be deemed a "Stockholder" for purposes of this Agreement; provided that the transferee provides written notice of such assignment to Aspen and agrees in writing to be bound hereby.

4. General

4.1. Amendments and Waivers. Any term of this Agreement may be amended or terminated and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of Aspen and the holders of at least a majority of the Registrable Shares held by all of the Stockholders. Any such amendment, termination or waiver effected in accordance with this Section 4.1 shall be binding on all parties hereto, even if they do not execute such consent. No waiver by any party hereto with respect to any condition or breach hereunder shall be deemed to extend to any prior or subsequent condition or breach hereunder or affect in any way any rights arising by virtue of any prior or subsequent condition or breach. No failure of the part of any parties hereto to exercise, and no delay in exercising any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

4.2. Construction.

(a) 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.

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

(c) The term "including" as used herein shall not be construed so as to exclude any other thing not referred to or described.

(d) References herein to "Sections" shall be deemed to be to sections of this Agreement, unless otherwise specified.

4.3. Entire Agreement; Successors. This Agreement (a) constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, and (b) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder, except as otherwise expressly provided herein. Subject to the preceding sentence, this Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors and permitted assigns.

4.4. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Massachusetts or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the Commonwealth of Massachusetts. THE PARTIES HERETO WAIVE ANY RIGHT THEY MAY HAVE, AND AGREE NOT TO DEMAND, A TRIAL BY JURY.

4.5. Notices. All notices, instructions, demands, claims, requests and other communications given hereunder or in connection herewith shall be in writing. Any such communication shall be sent either (a) by registered or certified mail, return receipt requested, postage prepaid, or (b) via a reputable nationwide overnight courier service, in each case to the address set forth below. Any such communication shall be deemed to have been delivered two business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent via a reputable nationwide overnight courier service.

To Aspen	Aspen Technology, Inc. Ten Canal Park Cambridge, Massachusetts 02141 Facsimile: 617.577.0722 Attention: Chief Executive Officer
With a copy to:	Hale and Dorr LLP 60 State Street Boston, Massachusetts 02109 Facsimile: 617.526.5000 Attention: Mark L. Johnson
To any Stockholder:	At such Stockholder's address of record in the stock transfer records of Aspen
With a copy to:	Elias, Matz, Tiernan & Herrick L.L.P. 734 15th Street, N.W. Washington, D.C. 20005 Facsimile: 202.347.2172 Attention: Jeffrey A. Koeppel

Any party hereto may give any notice, instruction, demand, claim, request 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 communication shall be deemed to have been duly given unless and until it actually is received by the party for which it is intended. Any party hereto may change the address to which notices, instructions, demands, claims, requests and other communications hereunder are to be delivered by giving the other parties hereto notice in the manner set forth in this Section 4.5.

4.6. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any circumstances 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 circumstances 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 hereto agree that the court making the determination of invalidity or unenforceability shall have the power to limit 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.

4.7. Signatures. This Agreement may be executed in two 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 set forth above.

ASPEN TECHNOLOGY, INC.

By: /s/ Mary A. Palermo

Title: Executive Vice President

STOCKHOLDERS:

/s/ Eunice E. Blecker

EUNICE E. BLECKER

/s/ Herbert G. Blecker

HERBERT G. BLECKER

Exhibit 10.41

CHANGE IN CONTROL AGREEMENT

AGREEMENT dated as of September 1, 2000 by and between Aspen Technology, Inc., a Delaware corporation (the "Company"), and Helen Moye (the "Executive").

WHEREAS, the Company considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel; and

WHEREAS, the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties with the Company without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control (as defined herein);

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other valuable consideration, the Company and the Executive hereby agree as follows:

1. DEFINED TERMS. The definitions of capitalized terms used in this Agreement are provided in the last section hereof.

2. TERM OF AGREEMENT. This Agreement shall commence on the date hereof and shall continue in effect through June 30, 2002. Thereafter, this Agreement shall be automatically renewed for successive one year terms unless the Company sends written notice of termination to the Executive at least 60 days before the expiration date of this Agreement, which termination will be effective at that expiration date. If a Change in Control shall have occurred during the term of this Agreement, however, this Agreement shall continue in effect for a period of three years beyond the last day of the month in which the Change in Control occurred. Notwithstanding the foregoing provisions of this Section 2, this Agreement shall terminate, unless earlier terminated in accordance with this Agreement, (i) one year after the Executive is notified in accordance with Section 9 hereof that the Compensation Committee, upon recommendation of the Company's chief executive officer, has voted to terminate this Agreement or (ii) if earlier, immediately after the Executive is notified in accordance with Section 9 hereof that the Compensation Committee has determined that the Executive's level of responsibility (other than reporting responsibility) has substantially changed from the Executive's current level of responsibility, in either case only if the notification occurs prior to a Potential Change in Control that results in a Change in Control.

3. PAYMENTS AFTER CHANGE IN CONTROL.

3.1 If the Executive's employment shall be terminated for any reason following a Change in Control and during the term of this Agreement, the Company

shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect at the time the Notice of Termination is given, together with all compensation and benefits payable to the Executive through the Date of Termination under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period.

3.2 Subject to Section 3.3, the Company shall pay to the Executive the payments described in this Section 3.2 (the "Severance Payments") upon the termination of the Executive's employment following a Change in Control and during the term of this Agreement, in addition to the payments and benefits described in Section 3.1, unless such termination is (i) by the Company for Cause, (ii) by reason of death, (iii) by the Executive without Good Reason, or (iv) after the Executive shall have attained age 70. In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefits otherwise payable to the Executive under any then existing broad-based employee severance plan, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to three times the sum of (x) the higher of the Executive's annual base salary in effect immediately prior to the occurrence of the event or circumstance upon which the Notice of Termination is based or in effect immediately prior to the Change in Control and (y) the higher of the average of the annual bonuses paid to the Executive for the three years (or the number of years employed, if less) immediately preceding the occurrence of the event or circumstance upon which the Notice of Termination is based or the Change in Control. In lieu of any further life, disability, accident and health insurance benefits otherwise due to the Executive, the Company shall pay to the Executive a lump sum amount, in cash, equal to the cost to the Company (as determined by the Company in good faith with reference to its most recent actual experience) of providing such benefits, to the extent that the Executive is eligible to receive such benefits immediately prior to the Notice of Termination, for a period of three years commencing on the Date of Termination.

3.3 The payments provided for in Section 3.2 shall be made not later than the fifth day following the Date of Termination.

3.4 The Company also shall pay to the Executive all legal fees and expenses incurred by the Executive in seeking to obtain or enforce any benefit or right provided by this Agreement, payable within five business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

4. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

4.1 Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by the Executive in connection with a Change in Control or the termination of the Executive's employment (all such payments and benefits, including the Severance Payments, the "Total Payments") is

determined to be subject (in whole or part) to the Excise Tax, then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including without limitation any income taxes and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount equal to the Total Payments. Notwithstanding the foregoing provisions of this Section 4.1, if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Total Payments do not exceed 110% of the greatest amount (the "Reduced Amount") that could be paid to the Executive such that the receipt thereof would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Total Payments shall be reduced to the Reduced Amount.

4.2 All determinations required to be made under this Section 4, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's accountants or such other certified public accounting firm reasonably acceptable to the Company as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive.

5. TERMINATION PROCEDURES.

5.1 NOTICE OF TERMINATION. After a Change in Control and during the term of this Agreement, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 8. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in the definition of Cause.

5.2 DATE OF TERMINATION. "Date of Termination", with respect to any purported termination of the Executive's employment after a Change in Control and during the term of this Agreement, shall mean the date specified in the Notice of Termination (which, in the case of a termination by the Company otherwise than for Cause, shall not be less than thirty days and, in the case of a termination by the Executive, shall not be less than fifteen days nor more than sixty days, respectively, from the date such Notice of Termination is given).

6. NO MITIGATION. If the Executive's employment by the Company is terminated during the term of this Agreement, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 3. Further, the amount of any payment or benefit provided for in Section 3 shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

7. EXECUTIVE'S COVENANTS. The Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control during the term of this Agreement, the Executive will remain in the employ of the Company until the earliest of (i) a date which is six months from the date of such Potential Change of Control, (ii) the date of a Change in Control, (iii) the date of termination by the Executive of the Executive's employment for Good Reason (determined by treating the Potential Change in Control as a Change in Control in applying the definition of Good Reason), by reason of death or Retirement; or (iv) the termination by the Company of the Executive's employment for any reason.

8. SUCCESSORS; BINDING AGREEMENT.

8.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change in Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

8.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's representatives.

9. NOTICES. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified

or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

To the Company:
Aspen Technology, Inc.
Ten Canal Park
Cambridge, MA 02141

Attention: General Counsel

To the Executive:
Helen Moye
7721 Deerhill Drive
Clarkston MI. 48346

10. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. Except as expressly provided herein, no waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts, and this Agreement shall be an instrument under seal. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed.

11. SETTLEMENT OF DISPUTES; ARBITRATION. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The Executive shall, however, be entitled to seek specific performance of the

Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

12. DEFINITIONS. For purposes of this Agreement, the following terms shall have the meanings indicated below:

"Beneficial owner" shall have the meaning defined in Rule 13d-3 under the Exchange Act.

"Board" shall mean the Board of Directors of the Company.

"Cause" for termination by the Company of the Executive's employment, after any Change in Control, shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the willful engaging by the Executive in gross misconduct which is demonstrably and materially injurious to the Company or any of its subsidiaries, monetarily or otherwise. No act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company.

A "Change in Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(a) Continuing Directors constitute two-thirds or less of the membership of the Board, whether as the result of a proxy contest or for any other reason or reasons; or

(b) Any Person is or becomes the Beneficial owner, directly or indirectly, of securities of the Company representing twenty-five percent or more of the combined voting power of the Company's then outstanding voting securities; or

(c) There is a change in control of the Company of a nature that would be required to be reported on Form 8-K or item 6(e) of Schedule 14A of Regulation 14A or any similar item, schedule or form under the Exchange Act, as in effect at the time of the change, whether or not the Company is then subject to such reporting requirement,

including without limitation any merger or consolidation of the Company with any other corporation, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty-one percent or more of the combined voting power of the voting securities (entitled to vote generally for the election of directors) of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation and which would result in those persons who are Continuing Directors immediately prior to such merger or consolidation constituting more than two-thirds of the membership of the Board or the board of such surviving or parent entity immediately after, or subsequently at any time as contemplated by or as a result of, such merger or consolidation or (ii) a merger or consolidation effected to implement a recapitalization of the company (or similar transaction) in which no Person acquired twenty-five percent or more of the combined voting power of the Company's then outstanding securities; or

(d) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (or any transaction having a similar effect).

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Company" shall mean Aspen Technology, Inc. and any successor to its business and/or assets which assumes or agrees to perform this Agreement, by operation of law or otherwise.

"Compensation Committee" shall mean the Compensation and Nominating Committee of the Board.

"Continuing Director" shall mean any director (i) who has continuously been a member of the Board since not later than the date of a Potential Change in Control or (ii) who is a successor of a director described in clause (i), if such successor (and any intervening successor) shall have been recommended or elected to succeed a Continuing Director by a majority of the then Continuing Directors.

"Date of Termination" shall have the meaning stated in Section 5.2 hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Excise Tax" shall mean the tax imposed by Section 4999 of the Code.

"Executive" shall mean the individual named in the first paragraph of this Agreement.

"Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent) of any one of the following acts or failures to act by the Company unless, in the case of any act or failure to act described in paragraph (a), (e), (f) or (g) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof or, in the case of paragraph (c) below, such act is not objected to in writing by the Executive within four months after notification by the Company to the Executive of the Company's intention to take the action contemplated by such paragraph (c):

(a) the assignment to the Executive of any duties inconsistent with the Executive's status as a senior executive officer of the Company or a meaningful alteration, adverse to the Executive, in the nature or status of the Executive's responsibilities (other than reporting responsibilities) from those in effect immediately prior to the Change in Control;

(b) a reduction by the Company in the Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all senior executives of the Company and all senior executives of any Person in control of the Company;

(c) the Company's requiring the Executive to be based anywhere other than the Boston Metropolitan Area (or, if different, the metropolitan area in which the Company's principal executive offices are located immediately prior to the Change in Control) except for required travel on the Company business to an extent substantially consistent with the Executive's present business travel obligations;

(d) the failure by the Company, without the Executive's consent, to pay to the Executive any portion of the Executive's current compensation, or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within fourteen days of the date such compensation is due;

(e) the failure by the Company to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation, or the failure by the Company to continue the

Executive's participation therein on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(f) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company' s pension, life insurance, medical, health and accident, or disability plans in which the Executive was participating at the time of the Change in Control, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control; or

(g) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 5.1.

"Notice of Termination" shall have the meaning stated in Section 5.1.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d). thereof; however, a Person shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to a registered offering of such securities in accordance with an agreement with the Company, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

"Potential Change in Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(a) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(b) the Company or any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control;

(c) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing fifteen percent or more of the combined voting power of the Company's then outstanding securities (entitled to vote generally for the election of directors); or

(d) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

"Severance Payments" shall mean those payments described in Section 3.2 hereof.

"Total Payments" shall mean those payments described in Section 4 hereof.

IN WITNESS WHEREOF, the Company and the Executive have executed and delivered this Agreement on the date first written above.

ASPEN TECHNOLOGY, INC.

By: /s/

/s/ Helen Moye

Helen Moye

Exhibit 10.42

CHANGE IN CONTROL AGREEMENT

AGREEMENT dated as of August 1, 2000 by and between Aspen Technology, Inc., a Delaware corporation (the "Company"), and Michael Muscatello (the "Executive").

WHEREAS, the Company considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel; and

WHEREAS, the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties with the Company without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control (as defined herein);

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other valuable consideration, the Company and the Executive hereby agree as follows:

1. DEFINED TERMS. The definitions of capitalized terms used in this Agreement are provided in the last section hereof.

2. TERM OF AGREEMENT. This Agreement shall commence on the date hereof and shall continue in effect through June 30, 2002. Thereafter, this Agreement shall be automatically renewed for successive one year terms unless the Company sends written notice of termination to the Executive at least 60 days before the expiration date of this Agreement, which termination will be effective at that expiration date. If a Change in Control shall have occurred during the term of this Agreement, however, this Agreement shall continue in effect for a period of three years beyond the last day of the month in which the Change in Control occurred. Notwithstanding the foregoing provisions of this Section 2, this Agreement shall terminate, unless earlier terminated in accordance with this Agreement, (i) one year after the Executive is notified in accordance with Section 9 hereof that the Compensation Committee, upon recommendation of the Company's chief executive officer, has voted to terminate this Agreement or (ii) if earlier, immediately after the Executive is notified in accordance with Section 9 hereof that the Compensation Committee has determined that the Executive's level of responsibility (other than reporting responsibility) has substantially changed from the Executive's current level of responsibility, in either case only if the notification occurs prior to a Potential Change in Control that results in a Change in Control.

3. PAYMENTS AFTER CHANGE IN CONTROL.

3.1 If the Executive's employment shall be terminated for any reason following a Change in Control and during the term of this Agreement, the Company

shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect at the time the Notice of Termination is given, together with all compensation and benefits payable to the Executive through the Date of Termination under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period.

3.2 Subject to Section 3.3, the Company shall pay to the Executive the payments described in this Section 3.2 (the "Severance Payments") upon the termination of the Executive's employment following a Change in Control and during the term of this Agreement, in addition to the payments and benefits described in Section 3.1, unless such termination is (i) by the Company for Cause, (ii) by reason of death, (iii) by the Executive without Good Reason, or (iv) after the Executive shall have attained age 70. In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefits otherwise payable to the Executive under any then existing broad-based employee severance plan, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to three times the sum of (x) the higher of the Executive's annual base salary in effect immediately prior to the occurrence of the event or circumstance upon which the Notice of Termination is based or in effect immediately prior to the Change in Control and (y) the higher of the average of the annual bonuses paid to the Executive for the three years (or the number of years employed, if less) immediately preceding the occurrence of the event or circumstance upon which the Notice of Termination is based or the Change in Control. In lieu of any further life, disability, accident and health insurance benefits otherwise due to the Executive, the Company shall pay to the Executive a lump sum amount, in cash, equal to the cost to the Company (as determined by the Company in good faith with reference to its most recent actual experience) of providing such benefits, to the extent that the Executive is eligible to receive such benefits immediately prior to the Notice of Termination, for a period of three years commencing on the Date of Termination.

3.3 The payments provided for in Section 3.2 shall be made not later than the fifth day following the Date of Termination.

3.4 The Company also shall pay to the Executive all legal fees and expenses incurred by the Executive in seeking to obtain or enforce any benefit or right provided by this Agreement, payable within five business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

4. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

4.1 Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by the Executive in connection with a Change in Control or the termination of the Executive's employment (all such payments and benefits, including the Severance Payments, the "Total Payments") is

determined to be subject (in whole or part) to the Excise Tax, then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including without limitation any income taxes and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount equal to the Total Payments. Notwithstanding the foregoing provisions of this Section 4.1, if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Total Payments do not exceed 110% of the greatest amount (the "Reduced Amount") that could be paid to the Executive such that the receipt thereof would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Total Payments shall be reduced to the Reduced Amount.

4.2 All determinations required to be made under this Section 4, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's accountants or such other certified public accounting firm reasonably acceptable to the Company as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive.

5. TERMINATION PROCEDURES.

5.1 NOTICE OF TERMINATION. After a Change in Control and during the term of this Agreement, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 8. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in the definition of Cause.

5.2 DATE OF TERMINATION. "Date of Termination", with respect to any purported termination of the Executive's employment after a Change in Control and during the term of this Agreement, shall mean the date specified in the Notice of Termination (which, in the case of a termination by the Company otherwise than for Cause, shall not be less than thirty days and, in the case of a termination by the Executive, shall not be less than fifteen days nor more than sixty days, respectively, from the date such Notice of Termination is given).

6. NO MITIGATION. If the Executive's employment by the Company is terminated during the term of this Agreement, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 3. Further, the amount of any payment or benefit provided for in Section 3 shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

7. EXECUTIVE'S COVENANTS. The Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control during the term of this Agreement, the Executive will remain in the employ of the Company until the earliest of (i) a date which is six months from the date of such Potential Change of Control, (ii) the date of a Change in Control, (iii) the date of termination by the Executive of the Executive's employment for Good Reason (determined by treating the Potential Change in Control as a Change in Control in applying the definition of Good Reason), by reason of death or Retirement; or (iv) the termination by the Company of the Executive's employment for any reason.

8. SUCCESSORS; BINDING AGREEMENT.

8.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change in Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

8.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's representatives.

9. NOTICES. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified

or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

To the Company:
Aspen Technology, Inc.
Ten Canal Park
Cambridge, MA 02141

Attention: President

To the Executive:
Michael Muscatello
9 Cobblestone Lane
Andover, MA 01810

10. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. Except as expressly provided herein, no waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts, and this Agreement shall be an instrument under seal. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed.

11. SETTLEMENT OF DISPUTES; ARBITRATION. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

The Executive shall, however, be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

12. DEFINITIONS. For purposes of this Agreement, the following terms shall have the meanings indicated below:

"Beneficial owner" shall have the meaning defined in Rule 13d-3 under the Exchange Act.

"Board" shall mean the Board of Directors of the Company.

"Cause" for termination by the Company of the Executive's employment, after any Change in Control, shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the willful engaging by the Executive in gross misconduct which is demonstrably and materially injurious to the Company or any of its subsidiaries, monetarily or otherwise. No act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company.

A "Change in Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(a) Continuing Directors constitute two-thirds or less of the membership of the Board, whether as the result of a proxy contest or for any other reason or reasons; or

(b) Any Person is or becomes the Beneficial owner, directly or indirectly, of securities of the Company representing twenty-five percent or more of the combined voting power of the Company's then outstanding voting securities; or

(c) There is a change in control of the Company of a nature that would be required to be reported on Form 8-K or item 6(e) of Schedule 14A of Regulation 14A or any similar item, schedule or form under the Exchange Act, as in effect at the time of the change, whether

or not the Company is then subject to such reporting requirement, including without limitation any merger or consolidation of the Company with any other corporation, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty-one percent or more of the combined voting power of the voting securities (entitled to vote generally for the election of directors) of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation and which would result in those persons who are Continuing Directors immediately prior to such merger or consolidation constituting more than two-thirds of the membership of the Board or the board of such surviving or parent entity immediately after, or subsequently at any time as contemplated by or as a result of, such merger or consolidation or (ii) a merger or consolidation effected to implement a recapitalization of the company (or similar transaction) in which no Person acquired twenty-five percent or more of the combined voting power of the Company's then outstanding securities; or

(d) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (or any transaction having a similar effect).

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Company" shall mean Aspen Technology, Inc. and any successor to its business and/or assets which assumes or agrees to perform this Agreement, by operation of law or otherwise.

"Compensation Committee" shall mean the Compensation and Nominating Committee of the Board.

"Continuing Director" shall mean any director (i) who has continuously been a member of the Board since not later than the date of a Potential Change in Control or (ii) who is a successor of a director described in clause (i), if such successor (and any intervening successor) shall have been recommended or elected to succeed a Continuing Director by a majority of the then Continuing Directors.

"Date of Termination" shall have the meaning stated in Section 5.2 hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Excise Tax" shall mean the tax imposed by Section 4999 of the Code.

"Executive" shall mean the individual named in the first paragraph of this Agreement.

"Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent) of any one of the following acts or failures to act by the Company unless, in the case of any act or failure to act described in paragraph (a), (e), (f) or (g) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof or, in the case of paragraph (c) below, such act is not objected to in writing by the Executive within four months after notification by the Company to the Executive of the Company's intention to take the action contemplated by such paragraph (c):

(a) the assignment to the Executive of any duties inconsistent with the Executive's status as a senior executive officer of the Company or a meaningful alteration, adverse to the Executive, in the nature or status of the Executive's responsibilities (other than reporting responsibilities) from those in effect immediately prior to the Change in Control;

(b) a reduction by the Company in the Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all senior executives of the Company and all senior executives of any Person in control of the Company;

(c) the Company's requiring the Executive to be based anywhere other than the Boston Metropolitan Area (or, if different, the metropolitan area in which the Company's principal executive offices are located immediately prior to the Change in Control) except for required travel on the Company business to an extent substantially consistent with the Executive's present business travel obligations;

(d) the failure by the Company, without the Executive's consent, to pay to the Executive any portion of the Executive's current compensation, or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within fourteen days of the date such compensation is due;

(e) the failure by the Company to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation, or the failure by the Company to continue the

Executive's participation therein on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(f) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's pension, life insurance, medical, health and accident, or disability plans in which the Executive was participating at the time of the Change in Control, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control; or

(g) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 5.1.

"Notice of Termination" shall have the meaning stated in Section 5.1.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d). thereof; however, a Person shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to a registered offering of such securities in accordance with an agreement with the Company, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

"Potential Change in Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(a) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(b) the Company or any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control;

(c) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing fifteen percent or more of the combined voting power of the Company's then outstanding securities (entitled to vote generally for the election of directors); or

(d) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

"Severance Payments" shall mean those payments described in Section 3.2 hereof.

"Total Payments" shall mean those payments described in Section 4 hereof.

IN WITNESS WHEREOF, the Company and the Executive have executed and delivered this Agreement on the date first written above.

ASPEN TECHNOLOGY, INC.

By: /s/

/s/ Michael Muscatello

Michael Muscatello

Exhibit 10.44

FINANCING PARTNER AGREEMENT

Financing Partner

Agreement No.: AA010600

Name: Aspen Technology, Inc.
Address: Ten Canal Park
Cambridge, MA 02141

IBM Credit Corporation (IBM Credit, we, us, our) is the United States provider of IBM Global Financing's (IGF) financing offerings and with this agreement (Agreement) establishes our financing relationship with Aspen Technology, Inc. (you, your).

Our financing relationship with you is intended to assist your customers in obtaining financing from us for the acquisition of information technology equipment, programs and/or services ("Products") from you.

This Agreement describes the financing partner program (Program) and sets forth the mutual understanding and undertakings in connection with the Program.

1. Your Referral

You select the customers that you wish to refer to us for financing. At your discretion, you may either: (i) provide the customer's name to us and our representatives will contact the customer directly, or (ii) complete and submit a financing request (Financing Request) to us. The following information will be required under either option:

a) customer's full and legal name and address;

b) Products to be financed, as well as the cost of the Products and any additional charges or fees associated with each specific Product or its installation; and

c) the anticipated installation date(s).

2. Our Responsibilities

We shall evaluate the Financing Request and will promptly notify you and the customer of an approval, rejection or request for additional information. We will offer financing to those customers that meet the credit and other relevant criteria that we establish for our financial offerings. We will provide financial selling education to your field sales force.

3. Your Responsibilities

You agree to:

a.) Use reasonable efforts to provide contacts and assistance, if required, to assist us in obtaining required credit evaluation financial from your referred customers and providing them with copies of our agreements.

b.) Provide documentation, to either the customer or to us, that accurately and completely lists the Products you are providing, and the initial costs or fees associated with each specific Product. This includes providing us or assisting us in obtaining customer invoices for all Products which we are financing for the customer.

FINANCING PARTNER AGREEMENT

4. Customer Default

If one of your customers fails to make payment to us due to the failure of your Products to perform as specified in the warranty sections of your sales, license and/or services agreements and following your reasonable opportunity to cure such Product nonperformance you become obligated to refund amounts under such agreement, you agree to pay to us instead of your customer, with your customer's written approval, any warranty refund payments due under your agreement terms to the extent such amounts were financed by us.

5. Trademarks, Trade Names, Advertising or Promotional Materials

Neither party shall have the right to use the other party's trademark to trade name in any advertising or promotional materials, or otherwise, without the other party's prior written consent. However, each party hereby consents to the other party identifying it by name, naming you as a Financing Partner under this program and the use of trade names (including use of the IGF trade name) in the following situations:

1. Communications to each party's sales and sales support teams (sales/administrative procedures and processes; newsletter, etc.);
2. Communication to IBM Business partners who promote/sell financing;
3. Our websites;
4. Presentations to internal audiences;
5. Presentations to external audiences (Business partners/ distributors/customers);
6. IBM websites;
7. Your Websites;
8. Marketing literature and brochures for internal events;
9. Marketing literature and brochures for customer events.

You agree to comply with the IGF Advertising Guidelines, that are attached, in the above situations as well as other situations where your compliance with the IGF Advertising Guidelines will be deemed to constitute our prior written consent for such usage.

6. General

This Agreement may be terminated, by either party, with 90 days' prior written notice and may only be modified in writing, signed by both parties.

We reserve the right, with 90 days prior written notice to you, to terminate this Program. However, the terms of this Agreement shall continue in effect with respect to any financing already in place for Aspen Technology, Inc. products and/or services financed by IBM Credit Corp.

We reserve the right, without liability to you, to discontinue or vary the terms of financing proposals to any or all customers.

You reserve the right, without liability to us, to discontinue or vary the offerings available to your customers.

We retain absolute discretion not to accept all or part of any request or application for financing for any reason.

It shall be your responsibility to report, collect, and remit any taxes levied in connection with your selling/licensing software programs or providing taxable services.

Neither party has any authority to affect or change the other's contracts, prices or terms.

Neither party will make any representations, warranties or promises of any type, on the other party's behalf to customers or any other party.

7. RATE BUY-DOWN OFFERING

You may want to provide your customers with a more attractive financing proposal for Products than our standard offerings. Both parties agree that under the terms of this Offering, we offer you the option to buy-down the rate/$1000 (Rate) for financing under the following terms: Upon our acceptance of this Agreement, we will use the Rate Buy-Down Percent indicated below, which may be 0%, to determine a reduction in the Rate that we offer to your customer for Products financing transactions, unless you notify us otherwise prior to our presenting the reduced Rates to the customer. We will document the details of the transaction on a confirming Rate Buy-Down Schedule (Schedule) and the reduced Rate will be valid and effective provided the financing transaction is accepted by the customer prior to the Schedule Expiration Date that is specified in such schedule. When the customer accepts our financing services agreement, we will deduct an amount equal to the sum of the Unit Amount Financed multiplied by the Rate Buy-Down Percent for each item financed (Total Rate Buy-Down Amount) from the amount due under your invoice for the items we are financing and remit the remainder to you upon receipt of all required financing documents.

On a case by case basis, you may request to buy down a proposed Rate for a transaction at a different Rate Buy-Down Percent than that indicated below. To request such change, you must indicate the modified Rate Buy-Down Percent on a Schedule and return the signed Schedule to us prior to our presenting the Rates to the customer.

Neither party hereunder is under any obligation to either offer or accept a Rate Buy-Down proposal with regard to any specific customer transaction.

Rate Buy-Down Percent - 0%

FINANCING PARTNER AGREEMENT

Please indicate your acceptance of the terms of this Program, as described herein, by signing below.

ACCEPTED BY

IBM Credit Corporation	Aspen Technology, Inc.
By: /s/ Matt J. Gonsen	By: /s/ Lisa W. Zappala
Authorized Signature	Authorized Signature
Matt J. Gonsen 6/15/00	Lisa W. Zappala 6/15/00
Name (Type or Print) Date	Name (Type or Print) Date

Exhibit 10.48

DIRECT VENDOR PROGRAM AGREEMENT

THIS DIRECT VENDOR PROGRAM, AGREEMENT ("Agreement") is dated as of November 18, 1999 by and between GENERAL ELECTRIC CAPITAL CORPORATION ("GE CAPITAL"), a New York corporation, with an address at 10 Riverview Drive, P.O. Box 3199, Danbury, CT 06810-3199, telecopy number 203-749-4522, Attn: Manager of Operations, Vendor Financial Services, Diversified Industries Group, and ASPEN TECHNOLOGY, INC. ("ASPEN"), a Delaware corporation, with its principal place of business and address at 10 Canal Park, Cambridge, MA 02141, telecopy number (617) 949-1030, Attn: Lisa W. Zappala, Chief Financial Officer, together with their respective successors and assigns.

ASPEN AND GE CAPITAL are entering into this Agreement with the principal objective of providing a customer financing capability to support the licensing of certain software products manufactured or distributed by ASPEN and the provision of certain services which are related to such software (the "Program").

NOW THEREFORE, in consideration of the above premises and of the representations, warranties and agreements contained herein, the parties hereby agree as follows:

1. DEFINITIONS.

(a) "Agreement" means this Direct Vendor Program Agreement and any riders, addends, and written amendments hereto. (b) "Application" means information regarding a prospective Customer and any other information required by GE CAPITAL to evaluate a proposed Transaction, (c) "Customer" means a qualified customer of ASPEN who is an obligor under a DFC or a guarantor of such obligor. (d) "Default by ASPEN" means a breach by ASPEN of any term or condition of this Agreement or of any Software License Agreement described in a DFC. (e) "Default by GE CAPITAL" means a breach by GE CAPITAL of any term or condition of this Agreement. (f) "DFC" means a Direct Finance Contract between GE CAPITAL and a Customer which evidences the Customer's obligation to repay to GE CAPITAL the amounts required under the applicable Software License Agreement for the Software License and the Service Fees, if applicable. (g) "Event of Cancellation" means (i) a Material Adverse Change in financial condition, business or operations of ASPEN since the date of this Agreement or of a Customer since the date of the related Application, or (ii) the occurrence of an event which causes a representation made by ASPEN under this Agreement or by a Customer under a DFC to be false in any material respect when made or, although true when made, not to be true at the time the Software and Services are accepted by such Customer, or (iii) a Default by ASPEN, or (iv) notification by such Customer to ASPEN or to GE CAPITAL of its intent to cancel all or any part of such Transaction or to refuse to accept any part of the Software or Services. (h) "Final Document Package" means such properly completed and duly executed documentation, including the DFC and a copy of the Software License Agreement, as GE CAPITAL shall require in order to finalize a Transaction and to pay the Purchase Price to ASPEN, (i) "Material Adverse Change" means a significant negative change of ASPEN or GE CAPITAL from the date of this Agreement or of a Customer from the date of the related Application in its financial condition or its properties, assets, business, operations or business prospects. (j) "Net Book Value" with respect to a DFC means: (i) all accrued and unpaid amounts then due under the applicable DFC, plus (ii) all remaining amounts which shall become due under the applicable DFC, discounted to present value at the applicable Standard Discount Rate, plus (iii) any out-of-pocket expenses (including actual attorney's fees) incurred by GE CAPITAL with respect to such DFC. (k) "Software License Agreement" means the agreement between Aspen and the applicable Customer described in a DFC which entitles the Customer to use the Software in accordance with the terms of the Software License and to receive the Services described therein. (l) "Purchase Price" means the present value of the aggregate payments scheduled to be made under a DFC for the Software License and the Service Fees, if applicable, discounted at the Standard Discount Rate applicable thereto (or any non-Standard Discount Rate previously approved by GE CAPITAL in writing). (m) "Service Fees" means the fees charged by ASPEN to a Customer under a Software License Agreement for the provision of Services. (n) "Services" means any and all of the software maintenance services described in the applicable Software License Agreement which are financed by GE CAPITAL. (o) "Software" means ASPEN's proprietary computer programs (including any accompanying documentation, manuals, upgrades, releases, databases, enhancements and instructions), plus any accompanying hardware security devices and third party software and documentation. (p) "Software License" means the license to the Software granted by Aspen to a Customer under a Software License Agreement. (q) "Standard Discount Rate" means the rate of interest established by GE CAPITAL at which GE CAPITAL discounts the Purchase price to be paid for a Transaction. (r) "Termination Event" means a Default by GE CAPITAL which is not cured within thirty (30) days following receipt of written notice, or a Default by ASPEN which is not cured within thirty (30) days following receipt of written notice, or a Material Adverse Change of GE CAPITAL or ASPEN. (s) "Transaction" means the financing by GE CAPITAL of a Software License and Service Fees, if applicable, on behalf of a Customer, the repayment obligations of which are evidenced by a DFC.

2. ORIGINATING TRANSACTIONS. GE CAPITAL and ASPEN agree that provided that no Termination Event has occurred. GE CAPITAL may enter into Transactions to finance the Software Licenses and Service Fees of Customers. While ASPEN agrees to recommend GE CAPITAL as a financing source, nothing contained herein shall require ASPEN to attempt to dissuade those prospective Customers who have

either elected to purchase the Software License and Service Fees for cash or to select another financing source, and nothing contained herein shall require GE CAPITAL to approve any prospective Customer referred by ASPEN.

3. REVIEW. ASPEN will cause a prospective Customer to complete and deliver to GE CAPITAL any information required to complete an Application. Upon receipt, GE CAPITAL will review the information and either approve or reject the Application and will notify ASPEN of its determination. Upon notification, ASPEN will advise the Customer of the approval or rejection of the Application, and will deliver to GE CAPITAL the Final Document Package for any approved Application.

4. CONDITIONS OF APPROVAL. Approvals for all Applications will remain valid for a period of sixty (60) days, unless extended by GE CAPITAL in its sole discretion. GE CAPITAL may revoke its approval of an Application and transfer to ASPEN any right, title or interest which it acquired in such Application or the related Final Document Package if (a) GE CAPITAL does not receive the Final Document Package within sixty (60) days after the date GE CAPITAL notifies ASPEN of its approval of such Application; or (b) prior to the payment by GE CAPITAL of the applicable Purchase Price, GE CAPITAL determines, in its good faith judgment, that an Event of Cancellation has occurred. Upon revocation of its approval for an Application, GE CAPITAL shall have no further liability to the Customer or to ASPEN in connection with the proposed Transaction.

5. FUNDING. Provided that GE CAPITAL has not revoked its approval of an Application pursuant to Section 4 and that the amount requested to be funded does not exceed the amount approved for such Application, GE CAPITAL will pay ASPEN the Purchase Price of the applicable Transaction within one (1) business day (or such other period as the parties mutually determine) following GE CAPITAL's receipt of the Final Document Package.

6. STANDARD DISCOUNT RATE. (a) GE CAPITAL will provide ASPEN with the Standard Discount Rate used to calculate the Purchase Price for each Transaction. (b) Following consultation between the Relationship Managers and upon GE CAPITAL's written approval, GE CAPITAL may also approve a Purchase Price which is calculated at a rate other than the current Standard Discount Rate. (c) GE CAPITAL will honor the Standard Discount Rate (and any non-Standard Discount Rate previously approved in writing by GE CAPITAL) for each Application submitted by ASPEN which predates the effective date of a new Standard Discount Rate, provided that the Final Document Package is received by GE CAPITAL within thirty (30) days (or any longer period agreed to by GE CAPITAL) after the date of approval of such Application.

7. GENERAL ADMINISTRATIVE SERVICES; RELATIONSHIP MANAGERS. (a) GE CAPITAL will provide general administrative services in connection with Transactions, including credit investigation, documentation review, billing and collecting. GE CAPITAL will work with ASPEN's field sales organization to structure new Transactions and otherwise support the Program and ASPEN sales efforts. GE CAPITAL personnel will be available to answer Customer inquiries relating to the Program or Transactions on business days between the hours of 8:30 a.m. and 5:30 p.m., eastern time. GE CAPITAL will endeavor to resolve (or forward to Aspen for resolution) all Customer complaints related to Transactions within forty-eight (48) hours of receipt and, failing that, endeavor to keep the affected Customer informed of the progress toward resolution on a regular basis; provided, however, that nothing in this Section 7 shall require GE CAPITAL to resolve or endeavor to resolve any Customer complaints related to Software, Software Licenses or Services, which shall remain the sole responsibility of ASPEN. (b) GE CAPITAL may without notice to ASPEN: (i) amend or restructure any Transaction, defer, renew or extend the time for payment or performance or grant any other indulgence to a Customer, or (ii) make settlements or compromises in connection therewith. GE CAPITAL's and ASPEN's rights and obligations hereunder shall remain unaffected by any such activity. (c) ASPEN hereby irrevocably appoints GE CAPITAL its attorney-in-fact to endorse or sign ASPEN's name on all checks received by GE CAPITAL with regard to Transactions. (d) ASPEN and GE CAPITAL will each appoint a Relationship Manager to supervise the Program and to serve as the primary management contact between ASPEN and GE CAPITAL under the Program. The Relationship Managers will be charged with monitoring and managing the relationship between ASPEN and GE CAPITAL, and ensuring compliance with the terms of this Agreement.

8. REPRESENTATIONS AND WARRANTIES OF ASPEN. ASPEN hereby represents, warrants and covenants to GE CAPITAL, its successors and assigns, as of the date hereof, of the related Application and throughout the term of any Transaction, that, (a) ASPEN is a duly organized and validly existing corporation and has full power to enter into this Agreement and to carry out the transactions contemplated hereby. (b) The execution and delivery of this Agreement and the performance by ASPEN of the transactions contemplated hereby have been duly authorized by all necessary corporate action. (c) This Agreement constitutes a legal, valid and binding obligation of ASPEN enforceable in accordance with its terms. (d) Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will constitute (i) a violation or default of any statute, rule, or decree of any court, administrative agency or governmental body to which ASPEN is or may be subject, or (ii) a material default with respect to any indenture, loan agreement or other agreement to which ASPEN is bound. (e) ASPEN possesses and will maintain throughout the term of any Software License Agreement adequate licenses and permits to grant the Software Licenses described in the Software License Agreement. (f) Each Software License and Software License Agreement constitutes the genuine, legal, valid, and binding obligation of ASPEN, enforceable in accordance with its terms, and ASPEN will not amend any portion of a Software License or a Software License Agreement in any manner which could adversely affect GE CAPITAL's ability to receive payments due under the applicable DFC, without GE CAPITAL's prior written consent. (g) To the best of ASPEN's knowledge, each DFC constitutes the genuine, legal, valid, and binding obligation of the applicable Customer, enforceable in accordance with its terms. (h) In all documents (including the DFC) where ASPEN is responsible for obtaining the Customer's signature, the signature of the named Customer is genuine, and the individual signing on behalf of the Customer holds the office set forth below his signature. (i) There are and will be no agreements between ASPEN or its agents and any Customer in connection with any Transaction, except as contained in (i) the applicable Software License

Agreement and/or (ii) any agreement relating to services and/or consulting which is not financed by GE CAPITAL, the breach or default of which by either ASPEN or its agents will not adversely impact the Customer's obligations to GE CAPITAL under the applicable DFC, and no express or implied warranties have been or will be made by ASPEN or its agents to any Customer, except as contained therein. (j) ASPEN will immediately remit to GE CAPITAL any Software License or Service Fees which it may receive from a Customer in connection with a Transaction. (k) GE CAPITAL will have a first priority security interest in the Customer's right to use the Software subject to any Transaction, free and clear of all liens, claims, and encumbrances. (l) Neither ASPEN nor its agents have

participated in or have any knowledge of any fraudulent act in connection with any Transaction or any Customer, (m) All credit or other information reasonably relevant to a credit decision concerning the Customer known to ASPEN will be disclosed to GE CAPITAL, (n) The Software will be delivered to and accepted by the named Customer, in accordance with the standard terms and conditions outlined in the applicable Software License Agreement. ASPEN will license, service and maintain the Software and otherwise perform its obligations in compliance with the terms of the applicable Software License Agreement; (o) All sales, use, or property taxes applicable to the value, sale or use of the Software assessed or imposed prior to the time GE CAPITAL pays the applicable Purchase Price, will have been paid or will be timely remitted by ASPEN to the appropriate taxing authority and ASPEN will on request provide GE CAPITAL with proof of such payment as promptly as possible, (p) There are no suits or proceedings pending or, to the knowledge of ASPEN, threatened in any court or before any regulatory commission, or other administrative or governmental agency against or affecting ASPEN which could materially impair ASPEN's ability to perform its obligations hereunder or in connection with any Software License Agreement, (q) The financial statements of ASPEN delivered to GE CAPITAL from time to time fairly present the financial position of ASPEN as of the dates thereof and the results of operations of ASPEN for the periods covered thereby, all in conformity with generally accepted accounting principles applied on a consistent basis, and since the date of the latest such financial statements, there has been no Material Adverse Change of ASPEN, (r) ASPEN will promptly deliver to GE CAPITAL such information concerning the financial or other condition of ASPEN as GE CAPITAL may reasonably request, and will deliver to GE CAPITAL within one hundred twenty (120) days of the close of each fiscal year, the balance sheet and profit and loss statement of ASPEN (including the consolidated taxpayer group of which it is a part), certified by a recognized firm of public accountants, and, within ninety (90) days of the close of each fiscal quarter, its quarterly financial report, certified by its chief financial officer, (s) ASPEN has a Year 2000 computer program with respect to its services, products and internal systems which provides for testing of products, development of compliant products, extension of warranties and representations to customers, testing and selected remediation or replacement of internal systems, and development of contingency plans. This program includes seeking assurances from its vendors and suppliers that such vendors' and suppliers' products and services which are material to ASPEN's operations are Year 2000 Compliant, (t) ASPEN only provides Year 2000 compliant warranties to customers in accordance with the listing and description of software products accessed through its internet page (www.AspenTech.com) ("Compliant Software"), which warranty generally warrants that such product is capable of correctly (1) processing, providing, and/or receiving date data within and between the twentieth and twenty-first centuries for the years 1980 through 2025, (2) handling the computer date rollover on December 31, 1999 at midnight, (3) processing leap years through 2025, and (4) handling single century formula and multi-century formula date inputs in a clearly defined and unambiguous manner, provided that all non-ASPEN products (hardware, software, and firmware) used with the Compliant Software properly exchange accurate date data with the Compliant Software. All Software for which GE CAPITAL is requested to provide financing under Transactions on or after the date of this Agreement is, to the best of ASPEN's knowledge, Compliant Software, and ASPEN shall promptly notify GE CAPITAL if ASPEN discovers that any such Software is not Compliant Software.

9. REPRESENTATIONS AND WARRANTIES OF GE CAPITAL. GE CAPITAL hereby represents, warrants and covenants to ASPEN, its successors and assigns, as of the date hereof, of the related Application and throughout the term of any Transaction, that: (a) GE CAPITAL is a duly organized and validly existing corporation and has full power to enter into this Agreement and to carry out the transactions contemplated hereby, (b) The execution and delivery of this Agreement and the performance by GE CAPITAL of the transactions contemplated hereby have been duly authorized by all necessary corporate action, (c) This Agreement constitutes a legal, valid and binding obligation of GE CAPITAL enforceable in accordance with its terms, (d) Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will constitute (i) a violation or default of any statute, rule, or decree of any court, administrative agency or governmental body to which GE CAPITAL is or may be subject, or (ii) a material default with respect to any indenture, loan agreement or other agreement to which GE CAPITAL is bound, (e) All documents relating to a Transaction to which GE CAPITAL is a party or by which it is bound will be genuine, legal, valid and binding obligations of GE CAPITAL, enforceable in accordance with their terms, (f) GE CAPITAL will honor any agreements made by GE CAPITAL with any Customer in connection with any Transaction, (g) There are no suits or proceedings pending or, to the knowledge of GE CAPITAL, threatened in any court or before any regulatory commission, or other administrative or governmental agency against or affecting GE CAPITAL which could materially impair GE CAPITAL's ability to perform its obligations hereunder or in connection with any Transaction, (h) The consolidated financial statements of GE CAPITAL fairly present the financial position of GE CAPITAL as of the dates thereof and the results of operations of GE CAPITAL for the periods covered thereby, all in conformity with generally accepted accounting principles applied on a consistent basis, and since the date of the latest such financial statements, there has been no Material Adverse Change in the financial condition of GE CAPITAL.

10. DFC DEFAULTS. Upon the occurrence of an event of a default by a Customer under a DFC (a "DFC Default"), ASPEN acknowledges that all rights of such Customer under the applicable Software License Agreement shall be automatically transferred to GE CAPITAL, and ASPEN shall, upon the instruction of GE CAPITAL, immediately terminate the Software License granted to such

Customer and cease to perform any Services on behalf of such Customer which have not yet been performed under the applicable Software License Agreement. In addition, ASPEN will, upon request, pay GE CAPITAL the Net Book Value of any Service Fees financed by GE CAPITAL under the applicable Software License Agreement which relate to Services which have not yet been performed by ASPEN (regardless of whether or not such Service Fees are incorporated into the Software License Fees described in the Software License Agreement). ASPEN acknowledges that GE CAPITAL shall be free to pursue such Customer for amounts owed by such Customer to GE CAPITAL under the applicable DFC which relate to (i) Service Fees for Services performed by ASPEN prior to

the date of the DFC Default and/or (ii) the Software License financed by GE CAPITAL (excluding that portion, if any, which relates to Services not yet been performed by ASPEN). ASPEN shall cooperate with any reasonable requests from GE CAPITAL which enable GE CAPITAL to enforce its rights against such Customer pursuant to this Section 10, including providing documentary evidence of the Services actually performed by ASPEN or its agents for such Customer prior to the date of the DFC Default.

11. INDEMNIFICATION. ASPEN shall indemnify and hold harmless GE CAPITAL, its officers, directors, affiliates, employees and agents, from any losses, claims, liabilities, demands and expenses, including reasonable attorneys' fees and additional tax liabilities resulting from the receipt by GE CAPITAL of indemnities pursuant hereto, arising out of (i) any breach by ASPEN of its representations, warranties or obligations hereunder, or (ii) any act, failure to act, omission, representation or misrepresentation by ASPEN, its officers, directors, affiliates or their respective employees or agents in connection with any Software License Agreement or with the licensing, use, operation, updating, upgrading, servicing or maintenance of the Software or provision of Services, or (iii) the termination of any license (including the Software License) pertaining to any Software which results from (a) ASPEN no longer having the right to license such Software (including, any termination arising from the alleged infringement of the Software on any third party's intellectual property rights) or (b) an arbitrary act on the part of ASPEN which is unrelated to any material breach on the Customer's part of the Software License Agreement or the license granted thereunder. GE CAPITAL shall indemnify and hold harmless ASPEN, its officers, directors, affiliates, employees and agents, from any losses, claims, liabilities, demands and expenses, including without limitation reasonable attorneys' fees and additional tax liabilities resulting from the receipt by ASPEN of indemnities pursuant hereto, arising out of (i) any breach by GE CAPITAL of its representations, warranties or obligations hereunder or (ii) any act, failure to act, omission, representation or misrepresentation by GE CAPITAL, its officers, directors, affiliates or their respective employees or agents in connection with any Transaction. The indemnified party shall not be required as a condition to receipt of payments hereunder to contest or to permit the indemnifying party to participate in any contest in connection with the foregoing or to attempt to recover from any Customer through legal proceedings or otherwise. All indemnities and obligations under this Section 11 shall survive the expiration or termination of this Agreement and the expiration or termination of any Transaction. In no event shall ASPEN or GE CAPITAL indemnify the other party against liability for indirect, special, consequential or incidental damages including loss of use, revenue or profit (other than, in the case of ASPEN's indemnity of GE CAPITAL, any amounts that are included in the Net Book Value assigned to such Transaction by GE CAPITAL) regardless of the form of the cause of action.

12. TERM AND TERMINATION. This Agreement shall be effective upon execution by GE CAPITAL and ASPEN and shall continue from such effective date until terminated by either party pursuant to the provisions hereof. This Agreement may be terminated by either party for any reason upon ninety (90) days prior written notice. Either party may terminate this Agreement immediately upon written notice to the other party if a Termination Event shall have occurred. Upon termination of this Agreement, the obligations of the parties with respect to Transactions not funded by GE CAPITAL shall cease, but all obligations with respect to Transactions which have been funded by GE CAPITAL shall survive. If this Agreement is terminated following the occurrence of a Termination Event, the terminating party shall have the right to seek any and all additional remedies as may be available in law or in equity.

13. ASSIGNMENT OF RIGHTS. ASPEN may without prior written consent assign any of its rights hereunder to payment to any party. GE CAPITAL may without prior written consent assign any of its rights hereunder or under any Transaction or related DFC to any party, and may in connection therewith securitize or syndicate its rights under such DFC. Except as provided herein, the rights and obligations of GE CAPITAL and ASPEN under this Agreement may not be assigned without the prior written consent of the other party.

14. CONFIDENTIALITY. From time to time GE CAPITAL or ASPEN may provide information to the other party which is plainly marked as "confidential". GE CAPITAL and ASPEN will take reasonable steps to preserve the confidential nature of such information and to prevent its disclosure to third parties. Such information shall not be considered confidential if (i) it is already in the public domain, or (ii) it is obtained from an independent source who is not legally bound to refrain from such disclosure, or (iii) it is independently developed by the receiving party. GE CAPITAL and ASPEN will fulfill their obligations hereunder if they exercise the same degree of care to preserve and safeguard such confidential information as they use to preserve and safeguard their own confidential information. GE CAPITAL and ASPEN may disclose confidential information to their respective affiliates, and confidential information relating to a specific Transaction and the related DFC may be disclosed by GE CAPITAL to its representatives and agents, in the event that such Transaction is referred for collection, and to any purchaser or administrator, in the event that such DFC is syndicated or securitized, provided that the receiving party agrees to be bound by the terms hereof. Nothing herein shall be deemed to prohibit disclosure of confidential information that is required by law, so long as the disclosing party, so far as practicable, consults with the other party prior to such disclosure and takes such steps as the other party may reasonably request to mitigate the effect of such disclosure.

15. MISCELLANEOUS. (a) GE CAPITAL and ASPEN acknowledge that they are separate entities, each of which has entered into this Agreement for independent business reasons. (b) This Agreement constitutes the entire agreement between ASPEN and GE CAPITAL concerning the subject matter hereof. The Vendor Program Agreement dated as of March 29, 1990, as amended, between ASPEN and GE CAPITAL (the "Original VPA") shall continue to apply to all transactions funded under the Original VPA, as well as to any new transactions funded on or after the date hereof in which the repayment obligations of the Customers with respect to Software Licenses and Service Fees (if applicable) shall be evidenced by agreements between ASPEN and such Customers, which shall be assigned by ASPEN to GE CAPITAL pursuant to the terms of the Original VPA. (c) ASPEN shall have no right, and will not attempt, to accept collections under any DFC, or repossess or consent to the return of any Software (other than for maintenance or upon the expiration of the term of the applicable Software License Agreement). (d) Notices to ASPEN or GE CAPITAL under this Agreement shall be deemed to have been given if sent by (i) recognized overnight delivery or registered or certified mail, return receipt requested, or

(ii) by telecopy (promptly confirmed in writing) to the other party at the address or telecopy number first stated above or such other address or telecopy number as such party may have provided by notice. (e) The parties agree that this Agreement shall be governed by and construed in accordance with the laws (other than the choice of law provisions) of the State of New York. (f) If at any time any provision of this Agreement is held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall not impair the enforceability of any other provision of this Agreement. (g) This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof. The terms may not be terminated or amended orally, but only by an instrument duly executed by each of the parties hereto. (h) In the event there is any conflict between this Agreement and any ancillary agreements with respect to any Software, Software Licenses or Services, the terms and conditions of this Agreement shall control. (h) THE PARTIES WAIVE, THE EXTENT PERMITTED BY LAW, ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS HEREUNDER.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the date first above written.

ASPEN TECHNOLOGY, INC.	GENERAL ELECTRIC CAPITAL CORPORATION
By: /s/ Lisa W. Zappala	By: /s/ Paul Bossidy
Title: Sr. VP & CFO	Title: Vice President

EXHIBIT 21.1
SUBSIDIARIES

U.S. DOMESTIC SUBSIDIARIES

SUBSIDIARY NAME	JURISDICTION OF ORGANIZATION
Aspen Technology (Asia), Inc.	Delaware
AspenTech EMEA, Inc.	Delaware
AspenTech Securities Corporation	Massachusetts
AspenTech, Inc.	Texas
Chesapeake Decision Sciences, Inc.	New Jersey
Chesapeake Properties	New Jersey
ICARUS Corporation	Maryland
ICARUS Marketing and Development Corporation	Maryland
IISYS, Inc.	Texas
Industrial Systems, Inc.	Washington
Lakewood Corporation	Delaware
NeuralWare, Inc.	Pennsylvania
Petrolsoft Corporation	Delaware
ProcessCity, Inc.	Delaware
S.A.S.T., Inc.	Delaware
Snow Mass, Inc.	Massachusetts
Syllogistics, Inc.	California
Treiber Controls, Inc.	Texas

FOREIGN SUBSIDIARIES

SUBSIDIARY NAME	JURISDICTION OF ORGANIZATION
Aspen Technology S.r.l.	Italy
AspenTech Asia, Ltd.	Hong Kong
Aspen Tech Australia, P.T.Y	Australia
AspenTech Canada Ltd. Ltd.	Canada
Aspen Tech Espana	Spain
AspenTech Europe B.V.	Netherlands
AspenTech Europe S.A./N.V.	Belgium
Aspen Tech India Private, L.T.D	India
AspenTech International, Ltd.	Barbados
AspenTech Japan Co. Ltd.	Japan
AspenTech, Ltd.	United Kingdom
Chesapeake Europe, Ltd.	United Kingdom
CimTech S.A./N.V.	Belgium
Cimtrade Trading S.A.	Belgium
ICARUS Nippon K.K.	Japan
ICARUS Services Limited	England
Petrolsoft Europe Limited	England and Wales
SAST Process, Ltd. Petrol Soft Europe Limited	United Kingdom
Setpoint Systems, Ltd.	United Kingdom
Special Analysis and Computing Services Limited	England
Special Analysis and Simulation Technology Limited	England
The SAST Corporation Limited	United Kingdom
Zyqad Ltd.	United Kingdom

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statements File Nos. 333-44575, 333-80223, 333-80225, 333-21593 333-11651, 333-42536, 333-42588 and 333-42540.

ARTHUR ANDERSEN LLP

/s/ ARTHUR ANDERSEN LLP

Boston, Massachusetts
September 27, 2000

5
1,000
U.S. DOLLARS

YEAR
JUN-30-2000
JUL-01-1999
JUN-30-2000
1
49,371
64,161
105,114
(1,439)
0
261,555
92,343
56,250
364,945
92,175
0
0
0
2,906
166,292
364,945
132,843
268,093
9,605
94,798
51,567
0
5,563
7,752
2,324
3,582
0
0
0
5,428
0.19
0.18

5
1,000
U.S. DOLLARS

YEAR
JUN-30-1999
JUL-01-1998
JUN-30-1999
1
34,039
64,662
91,997
1,288
0
229,702
82,873
45,875
325,023
75,715
0
0
0
2,781
142,969
325,023
97,108
226,519
7,899
91,804
48,625
0
5,677
(36,604)
(15,809)
(40,944)
0
0
0
(20,795)
(0.76)
(0.76)

5
1,000
U.S. DOLLARS

YEAR
JUN-30-1998
JUL-01-1997
JUN-30-1998
1
78,969
35,037
91,760
1,482
0
238,767
76,358
33,578
344,432
65,178
0
0
0
2,737
163,820
344,432
140,857
254,736
8,178
76,855
43,793
0
377
30,320
14,109
25,322
0
0
0
16,211
0.62
0.59