

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

FILED BY THE REGISTRANT [X] FILED BY A PARTY OTHER THAN THE REGISTRANT [ ]

Check the appropriate box:

- Preliminary Proxy Statement
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to sec. 240.14a-11(c) or sec. 240.14a-12
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Aspen Technology, Inc.  
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, If Other Than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

- No fee required.
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- (1) Title of each class of securities to which transaction applies:
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ASPEN TECHNOLOGY, INC.  
TEN CANAL PARK  
CAMBRIDGE, MASSACHUSETTS 02141

[ASPEN TECHNOLOGY, INC. LOGO]  
NOTICE OF 2000 ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholder:

We invite you to attend our 2000 Annual Meeting of Stockholders, which is being held as follows:

DATE: Tuesday, December 19, 2000

TIME: 3 P.M.

LOCATION: Royal Sonesta Hotel  
Riverfront Room, East Tower, Second Floor  
5 Cambridge Parkway  
Cambridge, Massachusetts 02142

At the Meeting, we will ask you and our other stockholders to:

1. elect two directors to three-year terms;
2. approve the adoption of our 2001 Stock Option Plan;
3. approve an amendment to increase the number of shares of common stock reserved under our 1998 Employees' Stock Purchase Plan from 1,000,000 to 3,000,000;
4. consider and act upon a stockholder proposal to rescind our shareholder rights plan; and
5. consider any other business properly presented at the Meeting.

You may vote on these matters in person or by proxy. Whether you plan to attend the Meeting or not, we ask that you complete and return the enclosed proxy card promptly in the enclosed addressed, postage-paid envelope, so that your shares will be represented and voted at the Meeting in accordance with your wishes. If you attend the Meeting, you may withdraw your proxy and vote your shares in person. Only stockholders of record at the close of business on October 31, 2000 may vote at the Meeting.

By order of the board of directors,  
STEPHEN J. DOYLE  
Secretary

Cambridge, Massachusetts  
November 14, 2000

PROXY STATEMENT  
FOR THE  
ASPEN TECHNOLOGY, INC.  
2000 ANNUAL MEETING OF STOCKHOLDERS

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## INFORMATION ABOUT THE MEETING

## THIS PROXY STATEMENT

We have sent you this Proxy Statement and the enclosed proxy card because our board of directors is soliciting your proxy to vote at our 2000 Annual Meeting of Stockholders or any adjournment or postponement of the Meeting. The Meeting will be held at 3 P.M., local time, on Tuesday, December 19, 2000, at the Royal Sonesta Hotel, Riverfront Room, East Tower, Second Floor, 5 Cambridge Parkway, Cambridge, Massachusetts.

- THIS PROXY STATEMENT summarizes information about the proposals to be considered at the Meeting and other information you may find useful in determining how to vote.
- THE PROXY CARD is the means by which you actually authorize another person to vote your shares in accordance with your instructions.

Our directors, officers and employees may solicit proxies in person or by mail, telephone, facsimile or electronic mail. We will pay the cost of soliciting these proxies. We expect that the expense of any solicitation will be nominal. We will reimburse brokers and other nominee holders of shares for expenses they incur in forwarding proxy materials to beneficial owners of those shares. We have not retained the services of any proxy solicitation firm to assist us in this solicitation.

We are mailing this proxy statement and the enclosed proxy card to stockholders for the first time on or about November 14, 2000. In this mailing, we are including a copy of our 2000 Annual Report to Stockholders.

## HOW TO VOTE

You are entitled to one vote at the Meeting for each share of common stock registered in your name at the close of business on October 31, 2000. The proxy card states the number of shares you are entitled to vote at the Meeting.

You may vote your shares at the Meeting in person or by proxy:

- TO VOTE IN PERSON, you must attend the Meeting, and then complete and submit the ballot provided at the Meeting.
- TO VOTE BY PROXY, you must complete and return the enclosed proxy card. Your proxy will be valid only if you sign, date and return it before the Meeting. By completing and returning the proxy card, you will direct the designated persons to vote your shares at the Meeting in the manner you specify in the proxy card. If you complete the proxy card with the exception of the voting instructions, then the designated persons will vote your shares for the election of the nominated directors, the approval of the 2001 Stock Option Plan and the amendment of our 1998 Employees' Stock Purchase Plan, but will not vote your shares for the rescission of the Shareholder Rights Plan. If any other business properly comes before the Meeting, the designated persons will have the discretion to vote your shares as they deem appropriate.

Even if you complete and return a proxy, you may revoke it at any time before it is exercised by taking one of the following actions:

- send written notice to Stephen J. Doyle, our Secretary, at our address appearing in the Notice appearing before this proxy statement;
- send us another signed proxy with a later date; or
- attend the Meeting, notify the Secretary that you are present, and then vote in person.

**QUORUM REQUIRED TO TRANSACT BUSINESS**

At the close of business on October 31, 2000, 29,714,274 shares of common stock were outstanding. Our by-laws require that a majority of the common stock outstanding on that date be represented, in person or by proxy, at the Meeting in order to constitute the quorum we need to transact business. We will count abstentions and broker non-votes in determining whether a quorum exists.

**AVAILABILITY OF AUDITORS**

The board of directors has selected Arthur Andersen LLP as independent public accountants to audit our financial statements for the fiscal year ending June 30, 2001. Arthur Andersen LLP has served as our auditors since 1982. We expect that representatives of Arthur Andersen LLP will attend the Meeting, will have an opportunity to make a statement, and will be available to respond to appropriate questions.

## DISCUSSION OF PROPOSALS

## PROPOSAL ONE: ELECTION OF CLASS I DIRECTORS

The first proposal on the agenda for the Meeting is the election of two persons to serve as Class I directors for three-year terms beginning at the Meeting and ending at our 2003 Annual Meeting of Stockholders.

Under our by-laws, our board of directors has the authority to fix the number of directors. The number of directors currently is fixed at 7. Our by-laws provide that the board is to be divided into three classes with each class of directors serving for staggered three-year terms.

The board has nominated the two current Class I directors for re-election. Brief biographies of the nominees, as of October 31, 2000, follow. You will find information about their stock holdings on page 21.

LAWRENCE B. EVANS..... Our principal founder, Dr. Evans has served as a director since 1981 and has served as our Chairman of the Board and Chief Executive Officer since 1984. He also served as our Treasurer from 1984 through February 1995 and as President from our inception until 1984. Dr. Evans served as Professor of Chemical Engineering at M.I.T. from 1962 to 1990 and was the principal investigator for the ASPEN Project at M.I.T., which lasted from 1976 to 1981. Dr. Evans holds a B.S. in Chemical Engineering from the University of Oklahoma and an M.S.E. and Ph.D. in Chemical Engineering from the University of Michigan. Dr. Evans is 66 years old.

JOAN C. MCARDLE..... Ms. McArdle has served as a director since 1994. She currently serves as a member of the Audit Committee. Since 1985 she has been a Vice President of Massachusetts Capital Resource Company, an investment company. Ms. McArdle holds an A.B. in English from Smith College. Ms. McArdle is 49 years old.

If for any reason either Dr. Evans or Ms. McArdle becomes unavailable for election, the persons designated in the proxy card may vote the proxy for the election of a substitute. Dr. Evans and Ms. McArdle have consented to serve as directors if elected, and we have no reason to believe that either of them will become unavailable for election.

The two nominees receiving the greatest number of votes cast will be elected as directors. We will not count abstentions or broker non-votes when we tabulate votes cast for the election of directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF DR. EVANS AND MS. MCARDLE.

## PROPOSAL TWO: ADOPTION OF 2001 STOCK OPTION PLAN

The board of directors has adopted a 2001 Stock Option Plan, subject to stockholder approval. The 2001 Option Plan would replace the 1995 Stock Option Plan and initially would cover 4,000,000 shares of common stock. At July 1, 2002 and July 1, 2003, the 2001 Option Plan would be expanded to cover an additional 5% of the common stock outstanding on the preceding June 30, rounded down to the nearest number divisible by 10,000. In no event, however, may the number of shares subject to incentive options exceed 8,000,000 unless the 2001 Option Plan is amended and the amendment is approved by the stockholders.

An affirmative vote of a majority of the common stock voting on the matter, in person or by proxy, is necessary to approve the 2001 Stock Option Plan.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO APPROVE THE 2001 STOCK OPTION PLAN.

## Rationale for 2001 Stock Option Plan

The 2001 Option Plan is intended to advance the interests of our stockholders by improving our ability to attract and retain qualified individuals who are in a position to contribute to our management and growth and to provide additional incentive for those individuals to contribute to our future success.

The board of directors has determined that additional options are necessary to meet our goals of:

- retaining key employees and attracting the best new employees by providing competitive compensation;
- encouraging stock ownership by our employees, which will link their individual financial results to the performance of our company; and
- rewarding the achievement of project milestones and other goals set by the board of directors and senior management.

Over the past three years, our annual grants of stock options have represented, on the average, 6.93% of the total number of shares of common stock outstanding. Data compiled by Watson Wyatt & Company from 14 of our peer companies and a sampling of high technology companies indicates that those companies' annual grants of stock options, over the comparable period, represented an average of 9.63% of their outstanding shares. We project the need to grant stock options in fiscal years 2002, 2003 and 2004 representing approximately 8% of shares outstanding, which would continue to be below the average grants reported by Watson Wyatt & Company. Adoption of the 2001 Option Plan will enable us to grant options in accordance with our projections, which will further our goals of attracting and retaining the best qualified individuals and thereby maximizing stockholder value.

## Description of 2001 Stock Option Plan

The 2001 Option Plan provides that we may grant options for not more than the stated number of shares of common stock, subject to increase or decrease in the event of subsequent stock splits or other capital changes. In the event that any option expires or terminates for any reason without being exercised in full, the unpurchased shares covered thereby will be available for subsequent grants under the 2001 Option Plan. Options under the 2001 Option Plan may be granted after June 30, 2001, but not later than June 30, 2010.

Options under the 2001 Option Plan may be granted only to our employees or advisors or to employees or advisors of one of our subsidiaries. Employees may receive either incentive options or nonstatutory options, as decided by the Compensation Committee, but advisors may receive only nonstatutory options. The aggregate fair market value of common stock for which incentive options held by any participant may first become exercisable in any calendar year, determined as of the time the incentive option is granted, shall not exceed \$100,000. No more than 1,000,000 shares may be subject to options granted to any one employee or advisor.

The exercise price of each incentive option granted pursuant to the 2001 Option Plan shall not be less than 100% of the fair market value on the date of grant. The exercise price of each nonstatutory option is not so limited. An option may be exercised in exchange for cash or shares of common stock equal in value to the exercise price. An option may also be exercised through a cashless exercise procedure pursuant to which the optionee provides irrevocable written instructions to a designated brokerage firm to effect the immediate sale of the purchased shares and to remit to us, out of the sale proceeds, an amount equal to the aggregate option price payable for the purchased shares plus all applicable withholding taxes.

The 2001 Option Plan will be administered by the Compensation Committee. The Compensation Committee has complete authority, subject to the limitations described herein, to determine which employees and advisors will be granted options, the time at which options will be granted, the number of shares covered by each option, and the option period. The Compensation Committee may delegate to the Chief Executive Officer the power to grant options to employees who are not officers.

Each option granted under the 2001 Option Plan will be evidenced by a written option agreement in a form approved by the Compensation Committee. Each option will become exercisable in one or more

installments over time as provided in the option agreement. Generally, one-sixteenth of the amount of shares subject to the option will become exercisable at the end of each calendar quarter, except that no incentive option may be exercised later than 10 years from the date of its grant. In the event of a change of control, however, each option will become immediately exercisable in full. In addition, the Compensation Committee may accelerate the exercisability of options. Options granted under the 2001 Option Plan generally will not be transferable other than by will or the laws of descent and distribution, but may be transferred to family members or family trusts or partnerships with the Compensation Committee's permission. Options granted under the 2001 Stock Option Plan will cease to vest upon the death or other termination of employment of an optionee, and any vested but unexercised options will only be exercisable for a limited period thereafter.

The 2001 Option Plan is intended to qualify as an "incentive stock option plan" within the meaning of Section 422 of the Internal Revenue Code, but not all options granted under the 2001 Option Plan are required to be incentive options. Under the applicable Code provisions, an employee will recognize no income subject to federal income taxation upon either the grant or exercise of an incentive option under the 2001 Option Plan, and we will not be entitled to a deduction for federal income tax purposes as a result of the grant or exercise of the incentive option. Generally, if an optionee disposes of the incentive option shares more than two years after the date the option was granted and more than one year after the exercise of the option, the gain or loss on a sale of the incentive option shares, equal to the difference between the sales price and the option exercise price, will be treated as long-term capital gain or loss. In that case, we will not be entitled to a deduction at the time the optionee sells the option shares. If the optionee sells the incentive option shares within two years after the date the option is granted or within one year after the date the option is exercised, the optionee will generally be taxed on an ordinary income basis on the sale of the shares on an amount equal to the difference between the fair market value of the common stock at exercise and the incentive option exercise price. We will be allowed a deduction at that time in an amount equal to the ordinary income realized by the employee. In addition, some optionees may be subject to a minimum tax on tax preference income.

No taxable income will be recognized by an individual upon the grant of a nonstatutory option under the 2001 Option Plan. Upon the exercise of the nonstatutory option, however, any amount by which the fair market value of the common stock at exercise exceeds the option exercise price will be treated as ordinary income to the individual in the year of exercise. In that case, we will be allowed an income tax deduction in an amount equal to the amount the individual recognizes as ordinary income.

#### Description of the 1995 Stock Option Plan

The 1995 Option Plan is identical in most respects to the 2001 Option Plan. Under the 1995 Option Plan, 1,451,366 shares remain available for grant and 4,693,858 shares are subject to outstanding options. We intend to grant options under the 1995 Option Plan until all the shares available for grant thereunder have been issued and thereafter to grant options to employees exclusively under the 2001 Option Plan.

#### New Plan Benefits

Because the grant of options under the 2001 Option Plan is discretionary, we are unable to determine the dollar value and number of options that we will grant to any person, including any executive officer, director or director-nominee, or any associate of any executive officer, director or director-nominee, as a result of the proposed adoption of the 2001 Option Plan. If the 2001 Option Plan had been in effect during fiscal 2000, it would not have affected the determination of the number of options received by or allocated to participants in fiscal 2000.

#### PROPOSAL THREE: AMENDMENT OF 1998 EMPLOYEES' STOCK PURCHASE PLAN

The board of directors has approved, subject to stockholder approval, an amendment to our 1998 Employees' Stock Purchase Plan that would increase the number of shares covered from 1,000,000 to 3,000,000. In all other respects, the 1998 Purchase Plan would remain unchanged.



The purpose of the 1998 Purchase Plan is to encourage ownership of stock by our employees and employees of our subsidiaries and to provide additional incentive for those employees to promote our success.

An affirmative vote of a majority of the common stock voting on the matter, in person or by proxy, is necessary to approve the amendment of the 1998 Purchase Plan.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO AMEND THE 1998 EMPLOYEES' STOCK PURCHASE PLAN.

#### Description of 1998 Employees' Stock Purchase Plan

The 1998 Purchase Plan provides that we may grant options for not more than 1,000,000 shares of common stock, subject to increase or decrease in the event of stock splits or other capital changes. Options are granted to eligible employees on each January 1 and July 1 that is designated as a grant date by the Compensation Committee. As of June 30, 2000, there remained 196,388 shares of common stock under the 1998 Purchase Plan. In order that we may continue to grant options under the 1998 Purchase Plan, we propose to increase the number of shares covered from 1,000,000 to 3,000,000.

All employees of our company and our participating subsidiaries who have been employed for at least one month, for at least twenty hours per week and for more than five months per year are eligible to participate in the 1998 Purchase Plan as of the first enrollment date following employment. Participants may elect to make contributions up to a maximum of 10% of base compensation. On the last trading date of each purchase period, we apply the funds then in each participant's account to the purchase of shares. The cost of each share purchased is 85% of the lower of the closing prices for common stock on (1) the first trading day in the enrollment period for which the purchase is made and (2) the last such trading date. In addition, an employee's rights to purchase stock will not accrue at a rate that exceeds \$25,000 of fair market value of common stock, determined as of the grant date, for any calendar year.

The 1998 Purchase Plan is administered by the Compensation Committee. The 1998 Purchase Plan may be amended or terminated at any time by the Compensation Committee, but no amendments may, without stockholder approval, increase the maximum number of shares purchasable under the 1998 Purchase Plan, change the description of employees or classes of employees eligible to receive options, change the manner of determining the exercise price of the options or extend the period during which the options may be granted or exercised under the 1998 Purchase Plan.

The 1998 Purchase Plan is intended to qualify as an "employee stock purchase plan" as defined by Section 423 of the Internal Revenue Code. Under the applicable Code provision, an employee will incur no federal income tax upon either the grant or the exercise of an option granted under the 1998 Purchase Plan. If an employee sells or otherwise disposes of the shares within two years after the date the option was granted or within one year after the date the option was exercised, the employee will be taxed at ordinary income rates on an amount equal to the difference between the exercise price and the fair market value of the shares at the time the option was exercised, and we will be entitled to a deduction of an equivalent amount. The difference between the amount received on the disposition of the shares and the employee's tax basis in the shares, which is equal to the exercise price plus the amount taxed as ordinary income, will be recognized as a capital gain or loss. If an employee sells or disposes of the shares more than two years after the option was granted and more than one year after the option was exercised, the employee will be taxed at ordinary income rates on the amount equal to the excess of the fair market value of the shares at the time of the disposition over the exercise price or 15% of the fair market value of the shares at the time the option was granted, whichever is less, and we will not be entitled to a corresponding deduction. The difference between the amount realized on the disposition of the shares and the optionee's tax basis in the shares will be recognized as long-term capital gain or loss.

#### New Plan Benefits

Because purchases of shares under the 1998 Purchase Plan are subject to decisions made by the individual participants, we are unable to determine the dollar value and number of shares that we will grant as

a result of the proposed amendment to any executive officer or any associate of any executive officer. If the amendment to the 1998 Purchase Plan had been in effect during fiscal 2000, it would not have affected the determination of the number of options received by or allocated to participants in fiscal 2000.

#### PROPOSAL FOUR: RECISION OF SHAREHOLDER RIGHTS PLAN

##### Proponent's Proposal

Donald E. Shobrys, a stockholder with 4,996 shares as of October 31, 2000, submitted a letter to our Secretary requesting that the following resolution be submitted to our stockholders for consideration at the Meeting. This proposal is identical to the proposal submitted by Mr. Shobrys and included in our proxy statement for 1999 Annual Meeting of Stockholders. That proposal was defeated by the vote of our stockholders.

Mr. Shobrys is a former employee of Chesapeake Decision Sciences, Inc. who left Chesapeake shortly before we acquired Chesapeake. As a result of the acquisition, Mr. Shobrys received 160,396 shares of common stock upon conversion of his holdings of Chesapeake stock and received an additional 73,711 shares through his participation in the Chesapeake Employee Stock Ownership Plan. In accordance with applicable SEC rules, we have set forth the proposal of Mr. Shobrys below:

Resolved: The stockholders of Aspen Technology, Inc. hereby request that the Board of Directors rescind the Stockholder Rights plan adopted on March 12, 1998 by redeeming the Rights in whole, but not in part, at a price (in cash or Common Shares or other securities of the Company deemed by the Board of Directors to be at least equivalent in value) of \$.01 per Right (the "Redemption Price"). The shareholders also ask that the Board of Directors agree not to reissue or extend these rights, or create a new rights plan unless such action by the Board is approved by an affirmative vote of a majority of the outstanding shares at a meeting of the shareholders held as soon as is practicable.

The following is the supporting statement of Mr. Shobrys in connection with his proposal:

"Last year over 49.2% of the Company's shareholders voted in favor of this proposal, therefore, the Proponent is resubmitting its proposal.

"In March 1998, the Board of Directors of the company declared a dividend of one 'Right' for each outstanding share of common stock. These Rights are a type of corporate anti-takeover device commonly known as a 'poison pill.'

"The Proponent argues that anti-takeover (poison pill) provisions diminish stockholder value and do not service the best long-term interests of shareholders. The Stockholder Rights plan provides a mechanism for diluting the holdings of a 3rd party trying to acquire Aspen Technology. The Board of Directors controls this mechanism. The Proponent points out that the Company has significantly under-performed relative to management's own projections and as such, management should not be protected by such anti-takeover devices.

"This proposal, if adopted, recommends that the Board of Directors of the Company should redeem the Rights so that the Board of Directors cannot use this poison pill to discourage or thwart an unwanted takeover of the Company. It also recommends that the Board of Directors obtain the approval of the stockholders before adopting another poison pill.

"I urge shareholders to vote FOR this resolution."

##### Our Response to the Proponent's Proposal

We adopted the shareholder rights plan, referred to in the remainder of this section as the Rights Plan, because we believed that it would enable us to better represent the interests of our stockholders in the event of a hostile takeover attempt. Before making our decision, we reviewed the arguments for and against adopting

a shareholder rights plan. In addition, we reviewed publicly available consulting studies on the effect that shareholder rights plans have had on stock prices and hostile takeover attempts.

A shareholder rights plan is an important tool for corporate governance.

A shareholder rights plan is a plan that generally results in the dilution of the percentage stock ownership of any party who attempts to take over control of a company without first obtaining the approval of its board of directors. Under the Rights Plan, if a stockholder acquires 15% or more of our common stock, the Rights Plan would be automatically triggered and we are obligated to grant additional stock to all stockholders other than the 15% stockholder. The effect of the Rights Plan being triggered would be to dilute the percentage ownership interest of the 15% stockholder and effectively increase the acquisition price payable by the 15% stockholder. The rationale behind the Rights Plan is to encourage potential acquirors to discuss potential acquisitions with us before undertaking hostile takeover bids. We would then be able to consider any offer which might result and decide whether accepting the offer is in the best interests of our stockholders.

We passed the Rights Plan to enable us to properly carry out our duties as directors.

We approved the Rights Plan in November 1997 because we believed that the Rights Plan would enable us to better represent the interests of our stockholders in the event of a hostile takeover bid. As directors, we have a fiduciary duty to our stockholders to consider any legitimate offer for the company and generally act in your best interests. We believed that, if there were no rights plan in place, we would not be able to exercise proper diligence or adequately consider an offer in the type of "crisis" environment that typically occurs when a potential acquiror makes a hostile tender offer. The Rights Plan allows us to carry out our fiduciary duties carefully and thoughtfully, with time to consider all relevant information.

Before approving the Rights Plan, we carefully reviewed available information pertaining to rights plans generally and considered various factors for and against adopting a rights plan. Among the information that we examined were certain publicly available consulting studies analyzing the effect that shareholder rights plans historically have had on stock prices and hostile takeover attempts. For example, one study that we reviewed was conducted by Georgeson & Company Inc. The study analyzed the effect of shareholder rights plans on company stock prices and takeover attempts based upon statistical data from the period between 1992 and 1996 and concluded that:

- the presence of a shareholder rights plan did NOT increase the likelihood that a friendly takeover bid would be withdrawn or that a hostile bid would be defeated, and did NOT reduce the likelihood that a company would become a takeover target; and
- premiums paid to acquire target companies with shareholder rights plans were SEVEN TO TEN PERCENT HIGHER than for target companies that did not have a plan.

In response to this year's shareholder proposal, we asked our outside consultants to review the criteria we used to approve the Rights Plan. The available data continue to support our belief that a shareholder rights plan can help a board MAXIMIZE stockholder value. A shareholder rights plan is not intended to and will not eliminate the obligation of the directors to exercise their fiduciary duty.

We believe that, by providing us with a tool that allows us to consider takeover offers carefully, the Rights Plan is in the best interests of our stockholders, who would like a higher premium for their shares; our customers, who want a stable environment with respect to their vendors; and our employees, who want our company to grow without us or our management team being distracted by inadequate offers, insufficiently funded offers or decision-making prompted by crises.

Shareholder rights plans do not prevent or inhibit legitimate takeover offers, but do inhibit or prevent offers that are inadequate or insufficiently funded.

Historically, shareholder rights plans have provided companies and their boards of directors with considerable leverage to prevent unfair or insufficient offers. Moreover, studies have shown that shareholder rights plans do not necessarily prevent takeovers occurring. The following charts are based upon such a study

conducted by Jamiil Aboumen and Christopher Hayden, and support the premise that companies with shareholder rights plans have experienced higher takeover rates, and lower takeover bid withdrawal and failure rates, than companies without shareholders rights plans. Their article entitled "Poison Pills, Shareholder Value, and Voting on Recision Proposals" can be found in a 1998 publication by Directorship, Inc.

#### TAKEOVER BID WITHDRAWAL RATE

Firms Without Pills.....	11.2%
Firms With Pills.....	10.3%

#### HOSTILE BID FAILURE RATE

Firms Without Pills.....	66.7%
Firms With Pills.....	45.0%

#### TAKEOVER RATE S&P 500/400

Firms Without Pills.....	5.6%
Firms With Pills.....	7.7%

Source: Jamiil Aboumen and Christopher Hayden

The Rights Plan is designed to provide us with a tool to encourage potential bidders to negotiate with us before attempting an acquisition of control of the company. The Rights Plan provides us with such a tool and we believe will allow us to discourage takeover attempts that we consider not to be in the best interests of our stockholders. These include:

- stock acquisitions by market accumulators seeking to acquire a position of substantial influence or control without paying remaining stockholders a full and fair price;
- coercive two-tiered, front-end loaded or partial tender offers, in which different prices are paid to different groups of stockholders so that full and fair value is not paid to all stockholders; and
- inadequate offers that do not give our stockholders proper value for their stock.

The Rights Plan is designed to address takeover tactics that do not treat all stockholders equally, as well as insufficiently financed offers that may be intended to put us "in play" for the purpose of permitting the bidder to realize a profit on a block of common stock that the bidder already owns or otherwise furthering the interests of the bidder without consideration of the interests of other stockholders.

We believe the Rights Plan is in the best interest of our stockholders, employees and customers.

The Rights Plan affords us the ability to negotiate terms with potential bidders and discourages undesirable takeover tactics and inadequate offers. Stockholders benefit from a more stable trading environment and from the increased likelihood of receiving proper value and a higher premium in the event of a change in control. Employees and customers benefit because we will not face the myriad distractions caused by coercive, inadequate or insufficiently funded offers. All of our constituents can be assured that any change in control will be the result of careful consideration and not decisions forced to be made in the heat of a crisis.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE AGAINST THE PROPOSAL RELATING TO OUR SHAREHOLDER RIGHTS PLAN.

#### OTHER MATTERS

Neither we nor the board of directors intends to propose any matters at the Meeting other than the election of two Class I directors, the approval of the 2001 Stock Option Plan and the amendment of the 1998 Employees' Stock Purchase Plan.

## STOCKHOLDER PROPOSALS FOR 2001 ANNUAL MEETING

A stockholder who intends to present a proposal at the 2001 Annual Meeting of Stockholders for inclusion in our 2001 proxy statement must submit the proposal by July 18, 2001. In order for the proposal to be included in the proxy statement, the stockholder submitting the proposal must meet certain eligibility standards and must comply with certain procedures established by the SEC, and the proposal must comply with the requirements as to form and substance established by applicable laws and regulations. The proposal must be mailed to our Secretary at our address set forth on the Notice appearing before this proxy statement.

In addition, in accordance with our by-laws, a stockholder wishing to bring an item of business before the 2001 Annual Meeting of Stockholders must deliver notice of the item of business to us at our offices no later than sixty days and no earlier than ninety days prior to that meeting, even if the item is not to be included in our proxy statement.

## ADDITIONAL INFORMATION ABOUT DIRECTORS

## BACKGROUND INFORMATION ABOUT DIRECTORS CONTINUING IN OFFICE

Our Class II and Class III directors will continue in office following the Meeting. The terms of our Class II directors will expire upon the 2001 Annual Meeting of Stockholders, and the terms of our Class III directors will expire upon the 2002 Annual Meeting of Stockholders. Brief biographies of these directors, as of October 31, 2000, follow. You will find information about their holdings of common stock on page 21.

- JOSEPH F. BOSTON..... One of our founders, Dr. Boston has served as President of our company since 1984 and as one of our Class II directors since 1981. Dr. Boston served as both the Principal Engineer and as an Associate Project Manager from 1977 to 1981 of the ASPEN Project at M.I.T. Dr. Boston holds a B.S. in Chemical Engineering from Washington University and a Ph.D. in Chemical Engineering. Dr. Boston is 63 years old.
- GRESHAM T. BREBACH, JR..... Mr. Brebach has served as one of our Class II directors since 1995. He currently serves as a member of the Audit and Compensation Committees. Since March 2000, Mr. Brebach has served as Entrepreneur-In-Residence for the Frontenac Company. From February 1997 to October 1999, Mr. Brebach was Chairman, President and Chief Executive Officer of Nextera Enterprises, Inc., a consulting company. From January 1995 to February 1997, Mr. Brebach was Executive Vice President--Client Services of Renaissance Solutions Inc., a supplier of management consulting and client/server systems integration services. From August 1994 to December 1994, Mr. Brebach operated Brebach and Associates, a consulting firm. From April 1993 to August 1994, Mr. Brebach served as Executive Vice President of Digital Consulting at Digital Equipment Corporation. From December 1989 to April 1993, Mr. Brebach was a Director in the Consumer and Industrial Products sector of McKinsey & Company, a management consulting firm. Mr. Brebach holds a B.S. in Engineering and an M.B.A. in Business Administration from the University of Illinois. Mr. Brebach is 59 years old.
- DOUGLAS R. BROWN..... Mr. Brown has served as one of our Class III directors since 1986. He currently serves as a member of the Compensation Committee. Since January 1996, Mr. Brown has been the President and Chief Executive Officer and a director of Advent International Company, a venture capital investment firm. Mr. Brown was the Chief Investment Officer of Advent International Company from December 1993 to December 1995 and Senior Vice President and Managing Director--Europe of Advent International Company from since June 1990 to September 1994. Mr. Brown holds an S.B. in Chemical Engineering from M.I.T. and an M.B.A. from the Harvard Graduate School of Business Administration. Since May 1997, Mr. Brown has served as a member of the board of directors of Ionics, Incorporated, a separations technology company. Mr. Brown is 46 years old.

STEPHEN L. BROWN..... Mr. Brown has served as one of our Class III directors since July 1, 2000. He currently serves as a member of the Audit Committee. Mr. Brown has been the Chairman of the Board of John Hancock Financial Services, Inc. since August 1999 and also served as the Chief Executive Officer of John Hancock Financial Services from August 1999 until June 2000. Since 1992, he has been the Chairman of the Board of John Hancock Life Insurance Company and also served as the Chief Executive Officer of John Hancock Life Insurance Company from January 1992 to June 2000. Mr. Brown serves as a member of the board of directors of Independence Investment Associates, Inc., Independence International Associates, Inc., Independence Fixed Income Associates, Inc., Ionics, Incorporated, John Hancock Financial Services, John Hancock Insurance Agency, Inc., John Hancock Asset Management Company, The Berkeley Financial Group, Inc., John Hancock Funds, Inc., John Hancock Signature Services, Inc., John Hancock Advisers, Inc., and John Hancock Subsidiaries, Inc., and as a member of the executive committee of Massachusetts Capital Resource Company, an investment company. Mr. Brown is 63 years old.

STEPHEN M. JENNINGS..... Mr. Jennings has served as one of our Class III directors since July 1, 2000. He currently serves as a member of the Compensation Committee. Mr. Jennings has been a Director of Monitor Company, a strategy consulting firm, since June 1996. From 1992 to June 1996, Mr. Jennings was a consultant to Monitor. He serves as a member of the board of directors of LTX Corporation, a semiconductor test equipment manufacturer. Mr. Jennings is 40 years old.

#### BOARD AND COMMITTEE MEETINGS

The board of directors held eight meetings during fiscal year 2000, including four regular meetings and four special meetings. All directors attended at least 75% of the meetings of the board of directors.

We currently have an Audit Committee and a Compensation Committee. The Audit Committee met six times during fiscal year 2000. The Audit Committee:

- reviews the scope and results of the annual audit of our consolidated financial statements conducted by our independent accountants;
- reviews the scope of other services provided by our independent accountants;
- reviews proposed changes in our financial and accounting standards and principles and in our policies and procedures for our internal accounting, auditing and financial controls; and
- makes recommendations to our board of directors on the engagement of the independent accountants.

The Audit Committee currently consists of Gresham Brebach, Stephen Brown and Joan McArdle.

The Compensation Committee met once and acted by unanimous written consent on nine occasions during fiscal year 2000. The Compensation Committee administers our compensation programs, including our 1995 Stock Option Plan, 1996 Special Stock Option Plan and 1998 Employees' Stock Purchase Plan and will administer the 2001 Stock Option Plan, if approved by the stockholders. The Compensation Committee also performs other duties that our board of directors periodically assigns to it. The Compensation Committee currently consists of Gresham Brebach, Douglas Brown and Stephen Jennings.

We do not have a standing nominating committee. The board performs functions of a nominating committee in considering an increase in the number of directors, and in identifying and screening potential candidates for nomination and election to the board.

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee consists of Gresham Brebach, Douglas Brown and Stephen Jennings, none of whom has ever been an employee of our company. The Compensation Committee is advised by Richard Harter, our Assistant Secretary, who participates in the deliberations but does not vote on actions taken by the Compensation Committee. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as members of our board of directors or Compensation Committee.

## DIRECTOR COMPENSATION

At the meeting of the Compensation Committee on October 18, 2000, it was agreed by unanimous consent that the annual fee for directors who are not our full-time employees would be increased from \$15,000 to \$25,000 and the \$1,500 fee for each regular meeting of the board of directors would be eliminated. This change was made to take into account the ever increasing demands upon the directors' time and to more fairly compensate them for their attendance at both regularly scheduled and special meetings of the board of directors. In addition, at the election of any director, his or her annual fee may be converted to a right to purchase shares of our common stock.

Additionally, our 1995 Directors Stock Option Plan provides that each non-employee director will be granted an option to purchase 24,000 shares of common stock at fair market value upon his or her initial election as a director or as of December 18, 1995, for directors serving when the plan began. One-twelfth of the options granted upon initial election vests at the end of each calendar quarter, but only if the optionee continues to be a director on the vesting date. Subsequent options to purchase 8,000 shares of common stock at fair market value following each annual meeting shall be granted to each non-employee director who continues to serve as a director. These options become exercisable in four quarterly installments, beginning with the third anniversary of the grant date, but only if the optionee continues to be a director on the vesting date.

## RELATED PARTY TRANSACTIONS

Since April 1995, Smart Finance & Co., of which Alison Ross is the sole owner, has provided us with investment banking consulting services. Until October 27, 2000, Ms. Ross was a Class III director. During fiscal year 2000, we paid to Smart Finance & Co. consulting fees totaling \$96,100, excluding expense reimbursements, for services rendered during fiscal 2000 under a consulting agreement.

On September 30, 1999, we entered into a Software License Distribution and Strategic Relationship Agreement with Extricity, Inc. The President and Chief Executive Officer of Extricity, Kenneth Ross, is the spouse of Ms. Ross. The agreement was reviewed and approved by the unanimous vote of the five non-affiliated directors on October 16, 1999.

On May 3, 2000, we entered into a Series F Preferred Stock Purchase Agreement with Extricity and other investors. Under this agreement, we purchased 310,077 shares of Series F preferred stock of Extricity for an aggregate purchase price of \$2,000,000. The price per share and other terms governing our purchase of these shares were identical to the terms under which other investors purchased an aggregate of 7,441,860 shares of Series F preferred stock of Extricity on the same date. The purchase agreement was reviewed and approved by the unanimous vote of the five non-affiliated directors on May 3, 2000.

We have a policy that transactions with affiliated entities or persons will be on terms no less favorable than could be obtained from unrelated parties and that all transactions between us and our officers, directors, principal stockholders and affiliates will be approved by a majority of our independent directors.



## INFORMATION ABOUT EXECUTIVE OFFICERS

## BACKGROUND INFORMATION ABOUT EXECUTIVE OFFICERS

Brief biographies of our executive officers follow. The ages of the executive officers are given as of October 31, 2000. You will find information about their holdings of common stock on page 21.

LAWRENCE B. EVANS.....  
Chairman of the Board and  
Chief Executive Officer

You will find background information about Dr. Evans on page 4.

JOSEPH F. BOSTON.....  
President

You will find background information about Dr. Boston on page 12.

DAVID L. MCQUILLIN.....  
Executive Vice President,  
Worldwide Sales & Marketing

Mr. McQuillin has served as our Executive Vice President, Worldwide Sales & Marketing since June 1997. Prior to joining us, Mr. McQuillin was employed by Honeywell, Inc. as Vice President, Eastern Region from January 1997 to May 1997, Vice President, Southeast Region from July 1995 to December 1996 and as Director and General Manager, European Region from 1992 to June 1995. From 1989 to 1992, Mr. McQuillin was President and Chief Executive Officer of Aeonic Systems, Inc. Mr. McQuillin holds a B.S. in Applied Science from Miami University. Mr. McQuillin is 42 years old.

DAVID MUSHIN.....  
Executive Vice President

Mr. Mushin has served as an Executive Vice President of our company since July 1999. He served as our Senior Vice President of Operations from November 1998 to June 1999. Mr. Mushin served as our Senior Vice President and General Manager, Information Management Division, from January 1996 to November 1999 and as our Vice President and General Manager of Plant Operations from 1991 to January 1996. He holds a Masters in Chemical Engineering from the University of Cambridge, England. Mr. Mushin is 43 years old.

MARY A. PALERMO.....  
Executive Vice President

Ms. Palermo has served as an Executive Vice President of our company since September 1998. She joined us in November 1987 as Director of Finance, and was promoted to Vice President and Chief Financial Officer in May 1989 and to Senior Vice President, Finance and Chief Financial Officer in June 1993. She then served as our Executive Vice President, Finance and Chief Financial Officer from December 1995 to August 1998. From 1979 to 1982, Ms. Palermo held several positions at Arthur Andersen & Co. Ms. Palermo holds a B.S. in Accounting from Boston College and is a C.P.A. Ms. Palermo is 42 years old.

STEPHEN J. DOYLE.....  
Senior Vice President,  
Internet Business Group  
and Secretary

Mr. Doyle has served as Senior Vice President, Internet Business Group and Secretary since August 2000. Mr. Doyle served as our Senior Vice President, General Counsel and Secretary from September 1998 to August 2000 and as our Vice President, General Counsel and Chief Legal Officer from September 1996 to September 1998. He began serving as our Secretary in October 1997. From July 1994 to September 1996, Mr. Doyle was a partner in Mirick, O'Connell, DeMallie & Lougee concentrating in technology and international business law. From 1986 to

June 1994, Mr. Doyle was International Attorney for the Bank of Boston. From 1978 to 1981, Mr. Doyle was an attorney in private practice. Mr. Doyle holds an A.B. from Georgetown University and J.D. and M.B.A. degrees from the University of Denver. Mr. Doyle is 47 years old.

LISA W. ZAPPALA.....  
Senior Vice President and  
Chief Financial Officer

Ms. Zappala has served as our Senior Vice President and Chief Financial Officer since September 1998. Ms. Zappala served as our Treasurer from February 1995 to August 1998. She served as Director of Financial Operations from January 1993 to February 1995. From 1981 to January 1993, Ms. Zappala held several positions at Arthur Andersen & Co. Ms. Zappala holds a B.S. in Accounting from Boston College and is a C.P.A. Ms. Zappala is 40 years old.

#### EXECUTIVE OFFICER COMPENSATION

The table on the following page summarizes certain information with respect to the annual and long-term compensation that we paid for the past three fiscal years to the following persons (the "Named Officers"):

- Lawrence Evans, our only chief executive officer in fiscal 2000; and
- Joseph Boston, David L. McQuillin, Mary Palermo and David A. Mushin, our four most highly compensated executive officers (other than Dr. Evans) who continued to serve as executive officers at June 30, 2000.

## SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION		LONG-TERM COMPENSATION AWARDS
		SALARY(\$)	BONUS(\$)	SECURITIES UNDERLYING OPTIONS(#)(1)
Lawrence B. Evans..... Chairman of the Board and Chief Executive Officer	2000	\$316,250	\$243,750	45,000(2)
	1999	290,000	--	30,000(3)
				9,250(4)
	1998	290,000	--	60,000(5)
			7,886(6)	
			30,000(7)	
Joseph F. Boston..... President	2000	252,500	90,000	20,000(2)
	1999	230,000	--	12,000(3)
				5,000(4)
	1998	230,000	--	30,000(5)
			4,263(6)	
			18,000(7)	
David L. McQuillin(8)..... Executive Vice President, Worldwide Sales & Marketing	2000	562,971	--	40,000(2)
	1999	319,840	--	100,000(3)
	1998	360,000	--	50,000(7)
Mary A. Palermo..... Executive Vice President	2000	268,750	135,000	42,500(2)
	1999	220,000	--	10,000(3)
				5,250(4)
	1998	220,000	--	50,000(5)
			4,476(6)	
			30,000(7)	
David A. Mushin..... Executive Vice President	2000	246,560	112,500	40,000(2)
	1999	221,130	--	3,750(4)
				40,000(5)
	1998	189,470	--	3,197(6)
			35,000(7)	

(1) Each option has a maximum term of ten years, subject to earlier termination in the event of the optionee's cessation of service with us. Each option is exercisable during the holder's lifetime only by the holder; it is exercisable by the holder only while the holder is our employee or advisor and for a certain limited period of time thereafter in the event of termination of employment. The exercise price may be paid in cash or in shares of common stock valued at fair market value on the exercise date.

(2) Options were granted on September 2, 1999 under our 1995 Stock Option Plan. One-sixteenth of the options granted vests at the end of each calendar quarter.

(3) Options were granted on August 5, 1998 under our 1995 Stock Option Plan. One-sixteenth of the options granted vests at the end of each calendar quarter.

(4) Options were granted on October 9, 1998 under our 1995 Stock Option Plan. These options were fully vested on the date of grant.

(5) Options were granted on January 19, 1999 under our 1995 Stock Option Plan. One-sixteenth of the options granted vests at the end of each calendar quarter.

(6) Options were granted on September 12, 1997 under our 1995 Stock Option Plan. These options were fully vested upon grant.

(7) Options were granted on December 22, 1997 under our 1995 Stock Option Plan. One-sixteenth of the options granted vests at the end of each calendar quarter.

(8) Mr. McQuillin's salary includes \$79,840 of sales commissions in fiscal year 1999 and \$322,971 of sales commissions in fiscal year 2000.

The following table sets forth information regarding the options we granted to the Named Officers during the fiscal year ended June 30, 2000.

## OPTION GRANTS IN FISCAL YEAR 2000

NAME	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(1)	
	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(#)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE (\$/SH)	EXPIRATION DATE	5%(\$)	10%(\$)
Lawrence B. Evans.....	45,000	2.11%	\$8.50	9/01/09(2)	245,133	616,901
Joseph F. Boston.....	20,000	.94	8.50	9/01/09(2)	108,948	274,178
David L. McQuillin.....	40,000	1.87	8.50	9/01/09(2)	217,896	548,357
Mary A. Palermo.....	42,500	1.99	8.50	9/01/09(2)	231,515	582,629
David A. Mushin.....	40,000	1.87	8.50	9/01/09(2)	217,896	548,357

(1) The amounts shown represent hypothetical gains that could be achieved for the respective options if exercised at the end of their option terms. These gains are based on assumed rates of stock appreciation of five percent and ten percent, compounded annually from the date the respective options were granted to the date of their expiration. The gains shown are net of the option price, but do not include deductions for taxes or other expenses that may be associated with the exercise. Actual gains, if any, on stock option exercises will depend on future performance of the common stock, the optionholders' continued employment through the option period, and the date on which the options are exercised.

(2) Option grant pursuant to our 1995 Stock Option Plan. One-sixteenth of the options granted vests at the end of each calendar quarter. The exercisability of these options is accelerated upon the occurrence of a change in control of our company.

The following table sets forth information as to options exercised during the fiscal year ended June 30, 2000, and unexercised options held at the end of such fiscal year, by the Named Officers.

## AGGREGATED OPTION EXERCISES IN FISCAL YEAR 2000 AND FISCAL 2000 YEAR-END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE(#)	VALUE REALIZED(\$)(1)	NUMBER OF UNEXERCISED OPTIONS AT FISCAL YEAR-END(#)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END(\$)(2)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Lawrence B. Evans.....	--	--	201,197	110,939	\$3,260,826	\$2,459,595
Joseph F. Boston.....	--	--	108,388	52,875	1,791,719	1,157,234
David L. McQuillin.....	10,000	\$ 374,375.00	100,625	129,375	1,252,422	2,850,703
Mary A. Palermo.....	42,830	1,159,622.25	237,818	88,908	5,728,498	2,064,973
David A. Mushin.....	5,000	166,875.00	59,821	73,125	1,108,083	1,749,609

(1) The values in this column are based on the closing sale prices of common stock on the respective dates of exercise, as reported by the Nasdaq National Market, less the respective option exercise price.

(2) The closing sale price for the common stock as reported by the Nasdaq National Market on June 30, 2000 was \$38.50. Value is calculated on the basis of the difference between the option exercise price and \$38.50, multiplied by the number of shares of common stock underlying the option.

## CHANGE IN CONTROL AGREEMENTS

On August 12, 1997, we entered into change in control agreements with Lawrence Evans, our Chairman of the Board and Chief Executive Officer; Joseph Boston, our President; David McQuillin, our Executive Vice President, Worldwide Sales & Marketing; Mary Palermo, an Executive Vice President; and Stephen Doyle, our Senior Vice President, General Counsel, Chief Legal Officer and Secretary. On November 3, 1999, we entered into a Change of Control Agreement with Lisa W. Zappala, our Senior Vice President and Chief Financial Officer. On December 30, 1998 we entered into a Change of Control Agreement with David A.

Mushin, an Executive Vice President. On August 1, 2000, we entered into a Change in Control Agreement with Michael J. Muscatello, our Vice President and General Counsel. On September 1, 2000, we entered into a Change in Control Agreement with Helen Moye, our Senior Vice President, Human Resources. Each agreement is for an initial term expiring June 30, 2002 and is automatically renewed thereafter on a yearly basis unless our board of directors ends the self-renewing feature at least sixty days before the next renewal. In the event of both a change in control and termination of employment (excluding termination for cause but including constructive termination), each of these executive officers will be entitled to a severance payment equal to three times salary plus bonus plus cost of benefits. A "change in control" is generally defined as any 1 person or group of persons purchasing 25% of the outstanding stock. Each agreement provides that the payment will be increased in the event that it would subject the executive to excise tax as a parachute payment under Section 280G of the Internal Revenue Code. The increase would be equal to an amount necessary for the executive to receive after payment of such tax cash in an amount equal to the amount the executive would have received in the absence of such tax. However, the increased payment will not be made if the total severance payment, if so increased, would not exceed 110% of the highest amount (the "reduced amount") that could be paid without causing an imposition of the excise tax. In that event, in lieu of an increased payment, the total severance payment will be reduced to such reduced amount.

We may enter into similar change in control agreements in the future with other officers of our company.

#### COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The following is the report of the Compensation Committee of our board of directors. The report describes the compensation policies and rationales that the Compensation Committee used to determine the compensation paid to our executive officers.

Purpose of the Compensation Committee. The Compensation Committee is responsible for determining compensation levels for the executive officers for each fiscal year based upon a consistent set of policies and procedures.

Elements of the Compensation Program. Each executive officer's compensation package has three elements:

- base compensation, which reflects individual performance and is designed primarily to be competitive with salary levels in a comparative group;
- bonus compensation, payable in cash and based on achievement of financial performance goals established by the Compensation Committee; and
- stock options, designed to assure long-term alignment with the interests of stockholders.

At the request of the Compensation Committee an independent compensation consultant, Westward Pay Strategies, Inc., was retained and a study was commissioned which resulted in a report dated April 20, 2000. The analysis included an assessment of base salaries, target total cash compensation (base salary plus target annual incentive opportunity), stock option valuation, and total direct compensation. Westward Pay Strategies gathered and reviewed compensation data and stock option present values from published surveys, and executive compensation data from the then most recent proxy statements of 10 high-technology companies. Westward Pay Strategies prepared a report which compared our compensation levels with the compensation levels of a group of peer companies. The report placed our compensation levels at the 75th percentile, which was determined by the Compensation Committee to be appropriate in view of the high-growth, high-technology environment in which we operate. On average, base salaries and total cash compensation for our executive positions were found to be 4% and 17%, respectively, above the 75th percentile of competitive levels, but both considered to fall within the competitive range. On average, stock option present values and total direct compensation levels were found to be 60% and 27%, respectively, below the 75th percentile of competitive levels.

Total compensation packages were authorized at levels deemed by the Compensation Committee to be appropriate to continue alignment with shareholder interests and to serve as a means to retain the services of the executive officers.

Section 162(m) Limitations. The cash compensation to be paid to our executive officers for the fiscal year ended June 30, 2000 is not expected to exceed the \$1,000,000 limit per officer imposed on the tax deductibility of such compensation by Section 162(m) of the Internal Revenue Code. Because our 1995 Stock Option Plan and 2001 Stock Option Plan, if approved by the stockholders, limit the maximum number of shares of common stock for which any one participant may be granted stock options, will have been approved by the stockholders, and will be administered by the Compensation Committee, any compensation deemed paid to an executive officer when he or she exercises an outstanding option under those plans will qualify as performance-based compensation and will not count toward (or beyond) the \$1,000,000 limitation.

COMPENSATION COMMITTEE  
Gresham T. Brebach, Jr.  
Douglas R. Brown  
Stephen M. Jennings

## INFORMATION ABOUT STOCK OWNERSHIP AND PERFORMANCE

## STOCK OWNED BY DIRECTORS, EXECUTIVE OFFICERS AND GREATER-THAN-5% STOCKHOLDERS

The following table sets forth certain information as of September 30, 2000, with respect to the beneficial ownership of the common stock by:

- each person or group that we know owns of record or beneficially more than 5% of the outstanding shares of common stock;
- each of the Named Officers;
- each of our directors, including the nominees for re-election; and
- all of our executive officers and directors as a group.

A total of 29,662,267 shares of common stock were outstanding as of September 30, 2000.

Unless otherwise noted, each person identified possesses sole voting and investment power with respect to shares subject to community property laws where applicable. Shares under "Right to Acquire" represent shares subject to options that were vested as of September 30, 2000 or will vest within 60 days of September 30, 2000. Shares under "Number" consist of shares outstanding as of September 30, 2000 as well as shares included under "Right to Acquire." Shares not outstanding but deemed beneficially owned by virtue of the right of a person to acquire those shares within 60 days of September 30, 2000 are treated as outstanding only for purposes of determining the number and percent of shares owned by such person or group. The address of all executive officers and directors is in care of Aspen Technology, Inc., Ten Canal Park, Cambridge, Massachusetts 02141.

NAME OF STOCKHOLDER -----	SHARES BENEFICIALLY OWNED		
	NUMBER	RIGHT TO ACQUIRE	PERCENT
-----	-----	-----	-----
Massachusetts Financial Services Co. .... 6 St. James Avenue Boston, Massachusetts 02116	3,196,017	--	10.8%
Lawrence B. Evans.....	867,833	216,511	2.9
Joseph F. Boston.....	390,635	115,888	1.3
Mary A. Palermo.....	265,697	249,226	*
David McQuillin.....	107,298	105,625	*
David A. Mushin.....	67,128	67,008	*
Douglas R. Brown.....	57,000	37,000	*
Gresham T. Brebach, Jr.....	37,000	37,000	*
Joan C. McArdle.....	37,000	37,000	*
Stephen L. Brown.....	2,000	2,000	*
Stephen M. Jennings.....	2,000	2,000	*
All executive officers and directors as a group (12 persons).....	1,833,591	869,258	8.9%

\* Less than 1.0%.

The number of shares reflected as beneficially owned by Massachusetts Financial Services Co. is based upon information provided in Schedule 13F filed by Massachusetts Financial with the SEC on June 30, 2000.

The shares reflected as beneficially owned by Joan C. McArdle do not include 175,000 shares held by Massachusetts Capital Resource Company, as to which she disclaims beneficial interest. Ms. McArdle is one of our directors and a Vice President of Massachusetts Capital Resource Company.

The shares reflected as beneficially owned by Stephen L. Brown do not include 942,000 shares held by John Hancock Life Insurance Company, as to which he disclaims beneficial interest. Mr. Brown is one of our directors and Chairman of the Board at John Hancock Mutual Life Insurance Company.

## COMPLIANCE WITH REPORTING REQUIREMENTS

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file changes in ownership on Form 4 or 5 with the SEC. These executive officers, directors and ten-percent stockholders are also required by SEC rules to furnish us with copies of all Section 16(a) reports they file. Based solely on our review of the copies of these forms, we believe that all Section 16(a) reports applicable to our executive officers, directors and ten-percent stockholders with respect to reportable transactions during the fiscal year ended June 30, 2000 were filed on a timely basis.

## PERFORMANCE GRAPH

The following graph compares the cumulative total return to stockholders of common stock for the period from June 30, 1995 to June 30, 2000, to the cumulative total return of the Nasdaq Stock Market (U.S.) Index and the Nasdaq Computer & Data Processing Index for the same period.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN\*  
AMONG ASPEN TECHNOLOGY, INC., NASDAQ STOCK MARKET (U.S.) INDEX  
AND NASDAQ COMPUTER & DATA PROCESSING INDEX

## COMPARISON GRAPH

	ASPEN TECHNOLOGY, INC. -----	NASDAQ STOCK MARKET (U.S.) INDEX -----	NASDAQ COMPUTER & DATA PROCESSING INDEX -----
6/30/95	100.00	100.00	100.00
6/96	215.69	128.39	132.82
6/97	295.10	156.14	167.66
6/98	396.08	205.58	253.22
6/99	92.16	296.03	387.49
6/00	301.96	437.27	550.96

\* \$100 invested on June 30, 1995 in stock or index, including reinvestment of dividends.



ASPEN TECHNOLOGY, INC.

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR ANNUAL MEETING OF STOCKHOLDERS TO BE HELD DECEMBER 19, 2000

The undersigned hereby authorizes and appoints Michael J. Muscatello and Lisa W. Zappala, and each of them, as proxies with full power of substitution in each, to vote all shares of common stock, par value \$.10 per share, of Aspen Technology, Inc. held of record as of the close of business on Tuesday, October 31, 2000, by the undersigned at the Annual Meeting of Stockholders to be held on Tuesday, December 19, 2000, at 3 P.M., local time, at the Royal Sonesta Hotel, Riverfront Room, East Tower, Second Floor, 5 Cambridge Parkway, Cambridge, Massachusetts, and at any adjournments thereof, on all matters that may properly come before said meeting.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED ON THE REVERSE OR, IN THE ABSENCE OF SUCH DIRECTION, FOR THE SPECIFIED NOMINEES IN PROPOSAL ONE, FOR PROPOSALS TWO AND THREE, AGAINST PROPOSAL FOUR, AND IN ACCORDANCE WITH THE JUDGMENT OF THE PROXIES UPON OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENTS THEREOF.

(To be signed on reverse side) [X] Please mark your vote as in this example.

PROPOSAL ONE: ELECT TWO CLASS I DIRECTORS

NOMINEES: Lawrence B. Evans Joan C. McArdle

[ ] FOR the nominees listed above [ ] WITHHOLD AUTHORITY for above (except as marked to the contrary below)

To withhold authority to vote for a single nominee, write the name of the nominee on the following line: -----

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH NOMINEE.

PROPOSAL TWO: APPROVE 2001 STOCK OPTION PLAN

[ ] FOR the proposal [ ] AGAINST the proposal [ ] WITHHOLD authority

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL.

PROPOSAL THREE: APPROVE AMENDMENT OF 1998 EMPLOYEES' STOCK PURCHASE PLAN TO INCREASE THE NUMBER OF RESERVED SHARES OF COMMON STOCK FROM 1,000,000 TO 3,000,000

[ ] FOR the proposal [ ] AGAINST the proposal [ ] WITHHOLD authority

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL.

PROPOSAL FOUR: REQUEST THAT THE BOARD OF DIRECTORS RESCIND SHAREHOLDER RIGHTS PLAN (AS SUCH PROPOSAL IS SET FORTH IN FULL IN THE PROXY STATEMENT DATED NOVEMBER 14, 2000)

[ ] FOR the proposal [ ] AGAINST the proposal [ ] WITHHOLD authority

THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST THIS PROPOSAL.

PLEASE SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

(IF HELD JOINTLY)

Dated: \_\_\_\_\_, 2000

NOTE: This Proxy Card must be signed exactly as the name of the stockholder(s) appears on the label above. Executors, administrators, trustees, etc. should give full title as such. If the signatory is a corporation, please sign full corporate name by duly authorized officer.

## ASPEN TECHNOLOGY, INC.

## 2001 STOCK OPTION PLAN

1. DEFINITIONS. As used in this 2001 Stock Option Plan of Aspen Technology, Inc., the following terms shall have the following meanings:

1.1 ACQUISITION means a merger or consolidation of the Company into or with another entity or the sale, transfer or other disposition of all or substantially all of the Company's assets to one or more other persons in a single transaction or series of related transactions unless securities possessing more than 50% of the total combined voting power of the outstanding securities of the survivor or acquirer or any parent thereof are held by persons who held securities possessing more than 50% of the total combined voting power of the Company immediately prior to that transaction.

1.2 CAUSE means (a) any willful act or grossly negligent act which results in material injury to the Company or any Related Corporation or any employee or advisor thereof, or (b) any conviction, guilty plea or nolo contendere plea to any crime involving moral turpitude.

1.3 CHANGE IN CORPORATE CONTROL means the date of an Acquisition or the date on which any individual, corporation, partnership or other person or entity (together with its "Affiliates" and "Associates," as defined in Rule 12b-2 under the Securities Exchange Act of 1934) "beneficially owns" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) in the aggregate 20% or more of the outstanding shares of capital stock of the Company entitled to vote generally in the election of directors of the Company.

1.4 CODE means the Internal Revenue Code of 1986, as amended.

1.5 COMMITTEE means the Compensation Committee of the Company's Board of Directors.

1.6 COMPANY means Aspen Technology, Inc.

1.7 GRANT DATE means the date on which an Option is granted, as specified in Section 7.

1.8 INCENTIVE OPTION means an option which qualifies for tax treatment under Section 422 of the Code.

1.9 MAJOR SHAREHOLDER means a person who, within the meaning of Section 422(b)(6) of the Code, is deemed to own stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or a related Corporation.

1.10 MARKET VALUE means the value of a share of Stock of the Company on any date as determined by the Committee.

1.11 OPTION means an option to purchase shares of the Stock granted under the Plan.

1.12 OPTION AGREEMENT means an agreement between the Company and an Optionee, setting forth the terms and conditions of an Option.

1.13 OPTION PRICE means the price paid by an Optionee for an Option under this Plan.

1.14 OPTION SHARE means any share of Stock of the Company transferred to an Optionee upon exercise of an Option pursuant to this Plan.

1.15 OPTIONEE means a person eligible to receive an Option, as provided in Section 6, to whom an Option shall have been granted under the Plan.

1.16 PLAN means this 2001 Stock Option Plan of the Company.

1.17 RELATED CORPORATION means a Parent Corporation or a Subsidiary Corporation, each as defined in Section 424 of the Code.

1.18 STOCK means common stock, \$.10 par value, of the Company.

1.19 STOCK PURCHASE AGREEMENT means an agreement between the Company and the Optionee or other person exercising an Option, as contemplated by Section 14.

2. PURPOSE. This 2001 Stock Option Plan is intended to encourage ownership of the Stock by employees and advisors of the Company and its Related Corporations and to provide additional incentive for them to promote the success of the Company's business. The Plan is intended to be an incentive stock option plan within the meaning of Section 422 of the Code, but not all the Options must be Incentive Options.

3. TERM OF THE PLAN. Options under the Plan may be granted after June 30, 2001 and before July 1, 2010.

4. STOCK SUBJECT TO THE PLAN. Subject to the provisions of Section 16 of the Plan, the number of shares of the Stock attributable to the exercise of Options granted under the Plan plus the number of shares then issuable upon exercise of outstanding options granted under the Plan shall at no time exceed 4,000,000 increased automatically at each of July 1, 2002, July 1, 2003 and July 1, 2004 by the number equal to 5% of the Stock outstanding on the preceding June 30 rounded down to the largest even multiple of 10,000. Unless and until the Plan is amended, however, at no time may the number of shares purchasable under Options which are Incentive Options exceed 8,000,000 shares. Shares to be issued upon the exercise of Options granted under the Plan may be either authorized but unissued shares or shares held by the Company in its treasury. If any Option expires or terminates for any reason without having been exercised in full, the shares not purchased thereunder shall again be available for Options thereafter to be granted.

5. ADMINISTRATION. The Plan shall be administered by the Committee, provided, however, that the Committee may delegate to an executive officer or officers the authority to grant Options to employees who are not officers in accordance with such guidelines as the Committee shall set forth at any time or from time to time. Subject to the provisions of the Plan, the Committee shall have complete authority, in its discretion, to make the following determinations with respect to each Option to be granted by the Company: (a) the employee or advisor to receive the Option; (b) the time of granting the Option; (c) the number of shares subject thereto; (d) the Option Price; (e) the Option period; and (f) if the Optionee is an employee, whether the Option is an Incentive Option. In making such determinations, the Committee may take into account the nature of the services rendered by the employees and advisors, their present and potential contributions to the success of the Company and its Related Corporations, and such other factors as the

Committee in its discretion shall deem relevant. Subject to the provisions of the Plan, the Committee shall also have complete authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective Option Agreements (which need not be identical), and to make all other determinations necessary or advisable for the administration of the Plan. The Committee's determinations on the matters referred to in this Section 5 shall be conclusive.

6. ELIGIBILITY. An Option may be granted only to an employee or advisor of one or more of the Company and its Related Corporations. A director of one or more of the Company and its Related Corporations who is not also an employee of one or more of the Company and its Related Corporations shall not be eligible to receive an Option. A Major Shareholder shall be eligible to receive an Incentive Option only if the Option Price is at least 110% of the Market Value on the Grant Date and only if the Incentive Option expires, to the extent not theretofore exercised, on the fifth anniversary of the Grant Date.

7. TIME OF GRANTING OPTIONS. The granting of an Option shall take place at the time specified by the Committee. Only if expressly so provided by the Committee, shall the Grant Date be the date on which an Option Agreement shall have been duly executed and delivered by the Company and the Optionee.

8. OPTION PRICE. The Option Price under each Incentive Option shall be not less than 100% of the Market Value of the Stock on the Grant Date except that the Option Price under an Incentive Option granted to a Major Shareholder must be not less than 110% of the Market Value.

9. OPTION PERIOD; EXERCISABILITY. No Option may be exercised later than the tenth anniversary of the Grant Date or, for an Incentive Option granted to a Major Shareholder, the fifth anniversary of the Grant Date. An Option may be immediately exercisable or become exercisable in such installments, cumulative or non-cumulative, as the Committee may determine. In the case of an Option not otherwise immediately exercisable in full, the Committee may accelerate the exercisability of the Option in whole or in part at any time, but only if (a) the acceleration of any Incentive Option would not cause the Option to fail to comply with the provisions of Section 422 of the Code, or (b) the Optionee consents to the acceleration. Upon a Change in Corporate Control, each outstanding Option shall immediately become fully exercisable.

10. MAXIMUM SIZE OF OPTION. No person shall be granted Options to purchase more than 1,000,000 shares of Stock. To the extent that the

aggregate Market Value of Stock for which one or more Incentive Options become exercisable by an Optionee for the first time in any calendar year exceeds \$100,000, the most recent Option shall be treated as a nonstatutory option, and not an Incentive Option. For purposes of this Section 10, all Options granted to an Optionee by the Company shall be considered in the order in which they were granted, and the Fair Market Value shall be determined as of the Grant Dates.

11. EXERCISE OF OPTION. An Option may be exercised only by giving written notice, in the manner provided in Section 20 hereof, specifying the number of shares as to which the Option is being exercised, accompanied by (a) full payment for such shares in the form of (X) a check or bank draft payable to the order of the Company, (Y) certificates representing shares of the Stock with a current Market Value equal to the Option Price of the shares to be purchased, or (Z) irrevocable instructions to a brokerage firm to sell a sufficient number of the Option Shares to generate the full exercise price plus all applicable withholding taxes and to pay over to the Company such proceeds of sale, and (b) such additional amount in one or more of the foregoing forms as the Company may reasonably require to permit the Company to comply with applicable withholding tax requirements. Receipt by the Company of such notice and payment shall constitute the exercise of the Option or a part thereof. The Company shall thereafter deliver or cause to be delivered to the Optionee a certificate or certificates for the number of shares then being purchased by the Optionee. Such shares shall be fully paid and nonassessable. If any law or applicable regulation of the Securities and Exchange Commission or other body having jurisdiction in the premises shall require the Company or the Optionee to take any action in connection with shares being purchased upon exercise of the option, exercise of the option and delivery of the certificate or certificates for such shares shall be postponed until completion of the necessary action, which shall be taken at the Company's expense.

12. NOTICE OF DISPOSITION OF STOCK PRIOR TO EXPIRATION OF SPECIFIED HOLDING PERIOD. The Company may require that the person exercising an Incentive Option give a written representation to the Company, satisfactory in form and substance to its counsel and upon which the Company may reasonably rely, that he or she will report to the Company any disposition of shares purchased upon exercise prior to the expiration of the holding periods specified by Section 422(a)(1) of the Code. If and to the extent that the disposition imposes upon the Company federal, state, local or other withholding tax requirements, or any such withholding is required to secure for the Company an otherwise available tax deduction, the Company shall have the right to require that the person making the disposition remit to the Company an amount sufficient to satisfy those requirements.

13. TRANSFERABILITY OF OPTIONS. Except as provided in this Section 13, Options shall not be transferable, otherwise than by will or the laws of descent and distribution, and may be exercised during the life of the Optionee only by the Optionee. The Committee may, at or after the grant of an Option that is not an Incentive Option provide that the Option may be transferred by the recipient to an immediate family member without payment of any consideration. For this purpose, "immediate family member" means an Optionee's parents, siblings, spouse and issue, spouses of such issue and any trust for the benefit of, or the legal representative of, any of the preceding persons, or any partnership substantially all of the partners of which are one or more of such persons or the Optionee.

14. STOCK PURCHASE AGREEMENT Each Optionee exercising an option, at the request of the Company, will be required to sign a Stock Purchase Agreement representing in form satisfactory to counsel for the Company that he or she will not transfer, sell or otherwise dispose of the Option Shares at any time purchased by him or her, upon the exercise of any portion of the Option, in a manner which would violate the Securities Act of 1933, as amended, and the regulations of the Securities and Exchange Commission thereunder; and the Company may, at its discretion, make a notation on any certificates issued upon exercise of options to the effect that such certificate may not be transferred except after receipt by the Company of an opinion of counsel satisfactory to it to the effect that such transfer will not violate such Act and such regulations, and may issue "stop transfer" instructions to its transfer agent, if any, and make a "stop transfer" notation on its books as appropriate. Such Stock Purchase Agreement shall include such other provisions as the Company may determine are appropriate.

15. TERMINATION OF ASSOCIATION. Unless otherwise provided by the Committee for any Option, in the event that the Optionee's employment or other association is terminated for any reason (other than retirement, death, disability or Cause) or the Optionee's employer or advised entity is no longer the Company or a Related Corporation, the Option, to the extent exercisable at termination, may be exercised by the Optionee at any time within 3 months after termination unless terminated earlier by its terms. If termination results from the retirement, death or disability of the Optionee, the Option, to the extent exercisable at the date of termination, may be exercised by the Optionee or, in the event of death, the person to whom the Option is transferred by will or the applicable laws of descent and distribution, at any time within 12 months after the date of termination, unless terminated earlier by its terms. If termination is due to Cause, the Option shall lapse immediately upon termination. Military or sick leave shall not be deemed a termination of employment provided that it does not exceed the longer of 90



days or the period during which the absent employee's re-employment rights are guaranteed by statute or by contract.

16. ADJUSTMENT OF NUMBER OF SHARES.

16.1 RECAPITALIZATION. Each Option Agreement shall provide that, in the event of any capital adjustments including stock splits, stock contractions, stock dividends, reclassifications, exchanges and substitutions, occurring after the Grant Date of the Option and prior to the exercise in full of the Option, the number of shares for which the Option may be exercised and the price per share shall be proportionately adjusted. In the event of any such change in the outstanding Stock, the number of shares of the Stock available for the purpose of the Plan, as stated in Section 4 hereof, the number that may be Incentive Options, also as stated in Section 4 hereof, and the maximum shares for any one person, as stated in Section 10 hereof, shall be correspondingly adjusted.

16.2 ACQUISITION. Each Option Agreement shall further provide that, in the event of any Acquisition, the Option may be exercised for shares of stock or other securities equivalent in kind and value to the shares of Stock the Optionee would have held if he or she had exercised the Option in full immediately prior to Acquisition and had continued to hold such shares (together with all other shares and securities thereafter issued in respect thereof) until the date of exercise.

17. STOCK RESERVED. The Company shall at all times during the term of the Options reserve and keep available such number of shares of the Stock as will be sufficient to satisfy the requirements of this Plan and shall pay all fees and expenses necessarily incurred by the Company in connection therewith.

18. LIMITATION OF RIGHTS IN THE OPTION SHARES. An Optionee shall not be deemed for any purpose to be a stockholder of the Company with respect to any of the Option Shares except to the extent that the Option shall have been exercised with respect thereto and, in addition, a certificate shall have been issued therefor and delivered to the Optionee.

19. TERMINATION AND AMENDMENT OF THE PLAN. The Board of Directors of the Company may at any time terminate the Plan or make such amendment to the Plan as it shall deem advisable, provided that, except as provided in Section 16, it may not, without the approval by the holders of a majority of the Stock, change the classes of persons eligible to receive Options or increase the maximum number of shares available for option under the Plan. No

termination or amendment of the Plan may, without the consent of the Optionee to whom any Option shall theretofore have been granted, adversely affect the rights of such Optionee under such Option. The Company may also, in its discretion, permit any option to be exercised prior to the date on which it vests.

20. NOTICES. Any communication or notice required or permitted to be given under the Plan shall be in writing, and mailed by registered or certified mail or delivered in hand, if to the Company, to its Chief Financial Officer at Ten Canal Park, Cambridge, MA 02141 and, if to the Optionee, to the address as the Optionee shall last have furnished to the Company.

## ASPEN TECHNOLOGY, INC.

## 1998 EMPLOYEES' STOCK PURCHASE PLAN

1. DEFINITIONS. As used in this 1998 Employees' Stock Purchase Plan of Aspen Technology, Inc., the following terms shall have the meanings respectively assigned to them below:

1.1 BENEFICIARY means the person designated as beneficiary on the Optionee's Membership Agreement or, if no such beneficiary is named, the person to whom the Option is transferred by will or under the applicable laws of descent and distribution.

1.2 CODE means the Internal Revenue Code of 1986, as amended.

1.3 COMMITTEE means the Compensation Committee of the Board of Directors of the Company.

1.4 COMPANY means Aspen Technology, Inc.

1.5 COMPENSATION means annual compensation, including commissions, overtime and bonuses for the most recently completed calendar year.

1.6 CONTROL GROUP mean the Company and the Related Corporations.

1.7 ELIGIBLE EMPLOYEE means a person who is eligible under the provisions of Section 7 to receive an Option as of a particular Grant Date.

1.8 EXERCISE DATE means a date not more than 27 months after a Grant Date, as determined by the Committee, on which Options must, if ever, be executed.

1.9 GRANT DATE means a date specified by the Committee on which Options are to be granted to Eligible Employees.

1.10 MARKET VALUE means, as of a particular date, the value as determined by the Committee in accordance with applicable provisions of the Code and Treasury Department

rulings and regulations thereunder or, if applicable, the closing price of the Stock on the NASDAQ National Market System, as reported in The Wall Street Journal.

1.11 MEMBERSHIP AGREEMENT means an agreement whereby an Optionee authorizes the Company to withhold payroll deductions from his or her Compensation.

1.12 OPTION means an option to purchase shares of Stock granted under the Plan.

1.13 OPTIONEE means an Eligible Employee to whom an Option is granted.

1.14 PLAN means this 1998 Employee Stock Purchase Plan of the Company.

1.15 RELATED CORPORATION means any corporation which is a parent corporation of the Company, as defined in Section 424(e) of the Code, and any corporation controlled by that parent corporation or the Company.

1.16 STOCK means common stock, \$0.10 par value, of the Company.

2. PURPOSE OF THE PLAN. The Plan is intended to encourage ownership of Stock by employees of the Company and to provide additional incentive for the employees to promote the success of the business of the Company. It is intended that the Plan shall be an "employee stock purchase plan" within the meaning of Section 423 of the Code.

3. TERM OF THE PLAN. The Plan shall become effective on January 1, 1998. No option shall be granted under the Plan after September 30, 2007.

4. ADMINISTRATION OF THE PLAN. The Plan shall be administered by the Committee, which shall determine from time to time whether to grant Options under the Plan, shall specify which dates shall be Grant Dates and Exercise Dates, shall determine the Market Value of the Stock, and shall fix the maximum percentage of each Optionee's Compensation which may be withheld for the purpose of purchasing shares of Stock; PROVIDED that the maximum percentage shall not exceed ten percent. The Committee shall have authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, to determine the terms of Options

granted under the Plan, and to make all other determinations necessary or advisable for the administration of the Plan.

5. TERMINATION AND AMENDMENT OF PLAN. The Committee may terminate or amend the Plan at any time; PROVIDED HOWEVER, that the Committee may not, without approval by the holders of a majority of the shares of Stock, increase the maximum number of shares of Stock purchasable under the Plan, change the description of employees or classes of employees eligible to receive Options, change the manner of determining the exercise price of Options, or extend the period during which Options may be granted or exercised. No termination of or amendment to the Plan may adversely affect the rights of an Optionee with respect to any Option held by the Optionee as of the date of such termination or amendment.

6. SHARES OF STOCK SUBJECT TO THE PLAN. No more than an aggregate of 1,000,000 shares of Stock may be issued or delivered pursuant to the exercise of Options granted under the Plan, subject to adjustment to reflect events described in Section 9.8. Shares to be delivered upon the exercise of Options may be either shares of Stock which are authorized but unissued or shares of Stock held by the Company in its treasury. If an Option expires or terminates for any reason without having been exercised in full, the unpurchased shares subject to the Option shall become available for other Options granted under the Plan. The Company shall, at all times during which Options are outstanding, reserve and keep available shares of Stock, sufficient to satisfy such Options, and shall pay all fees and expenses incurred by the Company in connection therewith. In the event of any capital change in the outstanding Stock as contemplated by Section 9.8, the number of shares of Stock reserved and kept available by the Company shall be appropriately adjusted.

7. PERSONS ELIGIBLE TO RECEIVE OPTIONS. Each employee of each specified member of the Controlled Group shall be granted an Option on a Grant Date on which the employee meets all of the following requirements:

- 7.1 The employee has been employed by the Controlled Group for at least one month and is customarily so employed for at least twenty hours per week and for more than five months per calendar year.
- 7.2 The employee will not, after grant of the Option, own stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any Related Corporation. For purposes of this paragraph (b), the rules of Section 424(d) of the Code shall apply in

determining the stock ownership of the employee, and stock which the employee may purchase under outstanding options shall be treated as stock owned by the employee.

7.3 Upon grant of the Option, the employee's rights to purchase stock under all employee stock purchase plans (as defined in Section 423(b) of the Code) of the Company and its Related Corporations will not accrue at a rate which exceeds \$25,000 of fair market value of the stock (determined as of the Grant Date) for each calendar year in which such option is outstanding at any time. The accrual of rights to purchase stock shall be determined in accordance with Section 423(b)(8) of the Code.

8. DATES FOR GRANTING OPTIONS. Options shall be granted on each date designated by the Committee as a Grant Date.

9. TERMS AND CONDITIONS OF OPTIONS.

9.1 GENERAL. All Options granted on a particular Grant Date shall comply with the terms and conditions set forth in Section 9.3 through 9.12, and each Option shall be identical except as to the number of shares of Stock purchasable under the Option, which shall be determined in accordance with Section 9.2.

9.2 NUMBER OF SHARES. The maximum number of shares of Stock which an Optionee shall be permitted to purchase shall be an amount equal to ten percent of the Optionee's Compensation as of the Grant Date divided by 85 percent of the Market Value of the Stock as of the Grant Date.

9.3 PURCHASE PRICE. The purchase price of shares of Stock shall be 85 percent of the lesser of (a) the Market Value of the shares as of the Grant Date, or (b) the Market Value of the shares as of the Exercise Date, or such greater percentage as may be set by the Committee from time to time.

9.4 RESTRICTIONS ON TRANSFER. Options may not be transferred otherwise than by will or under the laws of descent and distribution. An Option may not be exercised by anyone other than the Optionee during the lifetime of the Optionee. Shares of Stock may be sold or otherwise transferred by the Optionee without restriction subject to the provisions of Section 9.11.

- 9.5 EXPIRATION. Each Option shall expire at the close of business on the Exercise Date or on such earlier date as may result from the operation of Section 9.6.
- 9.6 TERMINATION OF EMPLOYMENT OF OPTIONEE. If an Optionee ceases for any reason (other than death or retirement) to be continuously employed by the Company or a Related Corporation, whether due to voluntary severance, involuntary severance, transfer, or disaffiliation of the employer corporation with the Company, his or her Option shall immediately expire, and the Optionee's accumulated payroll deduction shall be returned by the Company without interest. For purposes of this Section 9.6, an Optionee shall be deemed to be employed throughout any leave of absence for military service, illness or other bona fide purpose which does not exceed the longer of ninety days of the period during which the Optionee's reemployment rights are guaranteed by statute or by contract. If the Optionee does not return to active employment prior to the termination of such period, his or her employment shall be deemed to have ended on the ninety-first day of such leave of absence.
- 9.7 RETIREMENT OR DEATH OF OPTIONEE. If an Optionee retires or dies, the employee or, in the case of death, his or her Beneficiary shall be entitled to withdraw the Optionee's accumulated payroll deductions without interest or to purchase shares on the Exercise Date to the extent that the Optionee would be so entitled had he or she continued to be employed by the Controlled Group. The number of shares purchasable shall be limited by the amount of the Optionee's accumulated payroll deductions as of the date of his or her retirement or death. Accumulated payroll deductions shall be applied by the Company toward the purchase of shares only if the Optionee or Beneficiary submits to the Company a Stock Purchase Agreement pursuant to Section 9.10. Accumulated payroll deductions not withdrawn or applied to the purchase of shares shall be delivered by the Company to the Optionee or Beneficiary without interest within a reasonable time after the Exercise Date.
- 9.8 CAPITAL CHANGES AFFECTING THE STOCK. In the event that, between the Grant Date and the Exercise Date of an Option, a stock dividend is paid or becomes payable in respect of the Stock or there occurs a split up or contraction in the number of

shares of Stock, the number of shares for which the Option may thereafter be exercised and the price to be paid for each such share shall be proportionately adjusted. In the event that, after the Grant Date, there occurs a reclassification or change of outstanding shares of the Stock or a consolidation or merger of the Company with or into another corporation or a sale or conveyance, substantially as a whole, of the property of the Company, the Optionee shall be entitled on the Exercise Date to receive shares of stock or other securities equivalent in kind and value to the shares of Stock he or she would have held if he or she had exercised the Option in full immediately prior to such reclassification, change, consolidation, merger, sale or conveyance and had continued to hold such shares (together with all other shares and securities thereafter issued in respect thereof) until the Exercise Date. In the event that, after the Grant Date, there occurs a dissolution or liquidation of the Company, except pursuant to a transaction to which Section 424(a) of the Code applies, each Option to purchase Stock of the Company to be dissolved or liquidated shall terminate, but the Optionee holding such Option shall have the right to exercise his or her Option prior to such dissolution or liquidation.

- 9.9 PAYROLL DEDUCTIONS. An Optionee may purchase shares under his or her Option by completing and returning to the Company a Membership Agreement indicating the amount of his or her Compensation, not to exceed ten percent, which is to be withheld each pay period. A Membership Agreement may continue from the period following one Grant Date to the periods following subsequent Grant Dates until revoked by the Optionee. The Optionee may withdraw any or all of his or her accumulated payroll deductions on the Exercise Date or such earlier date as is permitted by the Membership Agreement by submitting a written request therefor to the Company no later than two weeks prior to the date on which the withdrawal will be effective.
- 9.10 EXERCISE OF OPTIONS. On the Exercise Date the Optionee may purchase the number of shares purchasable by his or her accumulated payroll deduction, provided that:
- (a) The number of shares of Stock purchasable shall not exceed the number of shares the Optionee is entitled to purchase pursuant to Section 9.2.



- (b) If the number of shares purchasable includes a fraction, that number shall be adjusted to the next smaller whole number and the purchase price shall be adjusted accordingly.

If the Optionee fails to elect to purchase shares on the Exercise Date, accumulated payroll deductions will be returned promptly after the Exercise Date without interest.

- 9.11 DELIVERY OF STOCK. Within a reasonable time after the Exercise Date, the Company shall deliver or cause to be delivered to the Optionee a certificate or certificates for the number of shares purchased by the Optionee. At the time of any exercise of any Option, the Company may, if it shall deem it necessary or desirable for any reason connected with any law or applicable regulation of the Securities and Exchange Commission or state securities laws, require the Optionee or a transfer of the Optionee's rights to represent in writing to the Company that it is such person's then intention to acquire the Stock for investment, and not with a view to the distribution thereof. The Company shall have the right to place a legend on all certificates that the shares represented by such certificates may not be transferred unless a Registration Statement with respect to these shares is effective under the Securities Act of 1933, as amended, or unless the Company shall receive an opinion of counsel satisfactory to it that transfer will not violate said act or regulations thereunder. If any law or applicable regulation of the Securities and Exchange Commission or other body having jurisdiction in the premises shall require that the Company or the Optionee take any action in connection with the shares being purchased under the Option, delivery of the certificate or certificates for such shares shall be postponed until the necessary action shall have been completed. The Optionee shall have no rights as a shareholder in respect of shares for which he or she has not received a certificate.
- 9.12 RETURN OF ACCUMULATED PAYROLL DEDUCTIONS. In the event that the Optionee or the Beneficiary is entitled to the return of accumulated payroll deductions, whether by reason of voluntary withdrawal, termination of employment, retirement, death, or otherwise such amount shall be returned without interest within a reasonable time after the Exercise Date or

such earlier date as is permitted by the Membership Agreement. Payroll deductions shall be returned by the Company to the Optionee or the Beneficiary, as the case may be. An Optionee's Membership Agreement may specify that amounts exceeding the purchase price will be carried forward to the next option period under the Plan.

- 9.13 NOTIFICATION OF DISPOSITION. Each Membership Agreement shall require a person purchasing shares of stock pursuant to the exercise of an Option to notify the Company of any disposition of shares so purchased prior to the expiration of two years from the Grant Date or prior to the expiration of one year from the Exercise Date and, to the extent applicable law imposes upon the Company withholding tax requirements, to remit to the Company cash sufficient to satisfy those requirements.

AMENDMENT NO. 1 TO THE 1998  
EMPLOYEES' STOCK PURCHASE PLAN  
OF  
ASPEN TECHNOLOGY, INC.

The 1998 Stock Incentive Plan (the "Plan") of Aspen Technology, Inc. is hereby amended by deleting the number 1,000,000 and substituting therefor the number 3,000,000 in Section 6 of the Plan.