SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

AMENDMENT NO. 1 TO CURRENT REPORT ON FORM 8-K
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Aspen Technology, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware	0-24786	04-2739697
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

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

Not Applicable

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

The undersigned Registrant hereby amends the following items, financial statements, exhibits and other portions of its Current Report on Form 8-K dated May 27, 1998, as set forth in the pages attached hereto:

Item 5. Other Events.

On May 27, 1998, pursuant to an Agreement and Plan of Reorganization dated as of April 28, 1998 among Aspen Technology, Inc. ("AspenTech"), AT Acquisition Corp., a Delaware corporation and wholly owned subsidiary of AspenTech, Chesapeake Decision Sciences, Inc., a New Jersey corporation ("Chesapeake"), and Dr. Thomas E. Baker, a stockholder of Chesapeake, AspenTech acquired Chesapeake by means of a statutory merger (the "Merger") of Acquisition Corp. into Chesapeake, with Chesapeake remaining as the surviving corporation in the Merger. As a result of the Merger, Chesapeake became a wholly owned subsidiary of AspenTech.

AspenTech accounted for the acquisition of Chesapeake under the "pooling-of-interests" accounting method. AspenTech has included herein its consolidated financial statements reflecting the combined operations of AspenTech and Chesapeake as if the two entities had operated as one entity since inception. These consolidated financial statements are substantially identical to the supplemental consolidated financial statements initially filed with this Form 8-K. The principal difference between the two is that the supplemental consolidated financial statements are now the historical financial statements for AspenTech due to AspenTech publishing post merger results. The disclosure set forth under "Item 5. Other Events" in the Form 8-K as initially filed, other than the consolidated financial statements included therein, has not been restated, but shall continue to constitute a portion of this Form 8-K as amended. All references to supplemental consolidated financial statements in "Item 5. Other Events" of the Form 8-K as initially filed shall be deemed to refer to the equivalent consolidated financial statements included herewith.

AspenTech has filed as Exhibit 99.1 hereto a copy of its press release dated August 11, 1998, with respect to its financial results for the quarter and year ended June 30, 1998.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON CONSOLIDATED FINANCIAL STATEMENTS

To Aspen Technology, Inc.:

We have audited the accompanying consolidated balance sheets of Aspen Technology, Inc. (a Delaware corporation) and subsidiaries as of June 30, 1996 and 1997, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended June 30, 1997. The consolidated statements give retroactive effect to the merger with Chesapeake Decision Sciences, Inc. and subsidiaries (CDI) on May 27, 1998, which has been accounted for as a pooling of interests as described in Note 1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, based upon our audit, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aspen Technology, Inc. and subsidiaries as of June 30, 1996 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 1997, after giving retroactive effect to the merger with CDI as described in Note 1, all in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Boston, Massachusetts
May 29, 1998

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	JUNE 30, 1996	JUNE 30, 1997	MARCH 31, 1998 (UNAUDITED)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 14,773	$ 18,284	$ 25,546
Short-term investments	38,821	16,622	9,172
Accounts receivable, net of reserves of $731 in 1996, $840 in 1997 and $1,429 in 1998	41,217	46,997	59,751
Unbilled services	7,634	12,444	18,282
Current portion of long-term installments receivable, net of unamortized discount of $930 in 1996, $815 in 1997 and $977 in 1998	12,068	19,063	21,447
Prepaid expenses and other current assets	4,181	8,876	9,590
Total current assets	118,694	122,286	143,788
Long-term installments receivable, net of unamortized discount of $5,027 in 1996, $7,386 in 1997 and $6,438 in 1998	17,708	30,963	29,698
Property and leasehold improvements, at cost:			
Land	350	664	728
Building and improvements	5,000	6,499	8,749
Computer equipment	18,813	24,774	31,938
Purchased software	3,056	9,934	14,983
Furniture and fixtures	3,833	7,941	9,402
Leasehold improvements	698	2,618	4,505
	31,750	52,430	70,305
Less -- Accumulated depreciation and amortization	12,961	21,271	30,315
	18,789	31,159	39,990
Computer software development costs, net of accumulated amortization of $3,908 in 1996, $5,051 in 1997 and $5,832 in 1998	1,817	3,058	5,272
Land	925	925	925
Intangible assets, net of accumulated amortization of $819 in 1996, $3,347 in 1997 and $5,352 in 1998	9,129	12,768	13,574
Other assets	1,924	2,386	2,841
	$168,986	$203,545	$236,088

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

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	JUNE 30, 1996	JUNE 30, 1997	MARCH 31, 1998 (UNAUDITED)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Current portion of long-term obligations	$ 425	$ 288	$ 1,581
Accounts payable	6,584	7,442	5,541
Accrued expenses	16,417	17,968	21,803
Unearned revenue	8,967	4,294	4,822
Deferred revenue	10,943	16,730	21,861
Deferred income taxes	2,798	1,775	5,486
Total current liabilities	46,134	48,497	61,094
Long-term obligations, less current portion	706	462	3,315
Deferred revenue, less current portion	8,279	9,441	10,068
Other liabilities	1,757	942	741
Deferred income taxes	7,633	6,789	9,893
Commitments and contingencies (Notes 10, 11 and 12)			
Stockholders' equity:			
Common stock, $.10 par value -- Authorized -- 40,000,000 shares Issued -- 20,758,343 shares, 22,342,399 shares and 24,404,639 shares in 1996, 1997 and 1998, respectively	2,076	2,235	2,440
Additional paid-in capital	110,388	128,344	138,466
Retained earnings (Accumulated deficit)	(7,121)	7,607	10,695
Cumulative translation adjustment	(362)	(261)	(100)
Treasury stock, at cost -- 230,396 shares, 230,330 shares and 230,330 shares of common stock in 1996, 1997 and 1998, respectively	(502)	(502)	(502)
Unrealized gain (loss) on investments	(2)	(9)	(22)
Total stockholders' equity	104,477	137,414	150,977
	$168,986	$203,545	$236,088

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

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

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

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1995	1996	1997	1997	1998
				(UNAUDITED)	
Revenues:					
Software licenses	$49,479	$ 70,199	$103,179	$ 71,741	$ 95,544
Service and other	16,540	44,619	90,891	65,858	82,500
	66,019	114,818	194,070	137,599	178,044
Expenses:					
Cost of software licenses	3,080	3,992	5,539	4,090	4,964
Cost of service and other	10,052	27,220	54,006	39,315	48,342
Selling and marketing	24,276	36,610	56,034	40,223	52,683
Research and development	12,652	22,310	33,580	23,686	31,519
General and administrative	5,679	10,715	17,072	12,854	14,650
Charge for in-process research and development	--	24,421	8,664	8,664	8,472
Costs related to acquisition	950	--	--	--	984
	56,689	125,268	174,895	128,832	161,614
Income (loss) from operations	9,330	(10,450)	19,175	8,767	16,430
Foreign currency exchange gain (loss)	34	(223)	(236)	(110)	(365)
Income on equity in joint ventures	22	10	26	--	45
Interest income	3,138	3,745	5,556	3,984	4,305
Interest expense on subordinated notes payable to a related party	(369)	(377)	--	--	--
Other interest expense	(192)	(946)	(151)	(117)	(147)
Income (loss) before provision for income taxes	11,963	(8,241)	24,370	12,524	20,268
Provision for income taxes	4,854	6,146	10,169	6,268	10,324
Net income (loss)	$ 7,109	$(14,387)	$ 14,201	$ 6,256	$ 9,944
Net income (loss) per share:					
Diluted	$ 0.42	$ (0.83)	$ 0.63	$ 0.28	$ 0.41
Basic	$ 0.46	$ (0.83)	$ 0.66	$ 0.30	$ 0.43
Weighted average shares outstanding:					
Diluted	17,113	17,432	22,707	22,596	24,432
Basic	15,321	17,432	21,368	21,190	23,101

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

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE DATA)

	CLASS A, CLASS B AND SERIES C-1 CONVERTIBLE PREFERRED STOCK		COMMON STOCK		
	NUMBER OF SHARES	PAR VALUE	NUMBER OF SHARES	$.10 PAR VALUE	ADDITIONAL PAID-IN CAPITAL
Balance, June 30, 1994	356,986	$ 177	8,339,148	$ 834	$ 18,092
Issuance of common stock in a public offering, net of issuance costs of $1,223	--	--	3,100,000	310	17,539
Issuance of common stock under employee stock purchase plans	--	--	72,064	7	238
Exercise of stock options and warrants	--	--	688,462	69	1,113
Liquidation of fractional shares	--	--	--	--	--
Conversion of preferred stock to common stock	(356,986)	(177)	4,709,580	471	(294)
Purchase of treasury stock	--	--	--	--	--
Repayment of receivable	--	--	--	--	--
ESOP contribution	--	--	443,209	45	171
Translation adjustment	--	--	--	--	--
Unrealized market gain on investments	--	--	--	--	--
Tax benefit related to stock options	--	--	--	--	486
Dividend distributions to stockholders relating to acquired Subchapter S corporation, net	--	--	--	--	--
Net income	--	--	--	--	--
Balance, June 30, 1995	--	--	17,352,463	1,736	37,345
Issuance of common stock in a public offering, net of issuance costs of $4,239	--	--	2,907,820	291	68,166
Issuance of common stock in a private placement	--	--	66,770	6	1,058
Issuance of common stock under employee stock purchase plans	--	--	50,220	5	469
Exercise of stock options and warrants	--	--	778,114	78	1,397
ESOP contribution	--	--	514,807	51	199
Retired stock	--	--	(911,851)	(91)	(353)
Translation adjustment	--	--	--	--	--
Realized gain on investments	--	--	--	--	--
Unrealized market loss on investments	--	--	--	--	--
Tax benefit related to stock options	--	--	--	--	2,107
Net loss	--	--	--	--	--
Balance, June 30, 1996	--	--	20,758,343	2,076	110,388
Issuance of common stock in a pooling	--	--	104,162	10	165
Issuance of common stock in the purchase of businesses	--	--	155,740	16	5,892
Issuance of common stock under employee stock purchase plans	--	--	210,085	21	3,549
Exercise of stock options and warrants	--	--	507,545	51	4,152
ESOP contribution	--	--	696,154	70	268
Retired stock	--	--	(89,630)	(9)	(33)
Translation adjustment	--	--	--	--	--
Issuance of treasury stock to charity	--	--	--	--	--
Unrealized market loss on investments	--	--	--	--	--
Tax benefit related to stock options	--	--	--	--	3,963
Net income	--	--	--	--	--
Balance, June 30, 1997	--	--	22,342,399	2,235	128,344
Issuance of common stock in poolings	--	--	626,443	63	2,046
Issuance of common stock under employee stock purchase plans	--	--	115,617	11	3,867
Exercise of stock options and warrants	--	--	340,728	34	3,830
ESOP contribution	--	--	983,145	98	380
Retired stock	--	--	(3,693)	(1)	(1)
Translation adjustment	--	--	--	--	--
Unrealized market loss on investments	--	--	--	--	--
Net income	--	--	--	--	--
Balance, March 31, 1998 (Unaudited)	--	$ --	24,404,639	$2,440	$138,466

	RETAINED EARNINGS (ACCUMULATED DEFICIT)	CUMULATIVE TRANSLATION ADJUSTMENT	RECEIVABLE FROM STOCKHOLDER FOR STOCK ISSUED	TREASURY STOCK	
				NUMBER OF SHARES	AMOUNTS
Balance, June 30, 1994	$ 1,084	$(390)	$(15)	229,188	$(497)
Issuance of common stock in a public offering, net of issuance costs of $1,223	--	--	--	--	--
Issuance of common stock under employee stock purchase plans	--	--	--	--	--
Exercise of stock options and warrants	--	--	--	--	--
Liquidation of fractional shares	--	--	--	64	--
Conversion of preferred stock to common stock	--	--	--	--	--
Purchase of treasury stock	--	--	--	1,144	(5)
Repayment of receivable	--	--	15	--	--

ESOP contribution	--	--	--	--	--
Translation adjustment	--	87	--	--	--
Unrealized market gain on investments	--	--	--	--	--
Tax benefit related to stock options	--	--	--	--	--
Dividend distributions to stockholders relating to acquired Subchapter S corporation, net	(927)	--	--	--	--
Net income	7,109	--	--	--	--
Balance, June 30, 1995	7,266	(303)	--	230,396	(502)
Issuance of common stock in a public offering, net of issuance costs of $4,239	--	--	--	--	--
Issuance of common stock in a private placement	--	--	--	--	--
Issuance of common stock under employee stock purchase plans	--	--	--	--	--
Exercise of stock options and warrants	--	--	--	--	--
ESOP contribution	--	--	--	--	--
Retired stock	--	--	--	--	--
Translation adjustment	--	(59)	--	--	--
Realized gain on investments	--	--	--	--	--
Unrealized market loss on investments	--	--	--	--	--
Tax benefit related to stock options	--	--	--	--	--
Net loss	(14,387)	--	--	--	--
Balance, June 30, 1996	(7,121)	(362)	--	230,396	(502)
Issuance of common stock in a pooling	527	--	--	--	--
Issuance of common stock in the purchase of businesses	--	--	--	--	--
Issuance of common stock under employee stock purchase plans	--	--	--	--	--
Exercise of stock options and warrants	--	--	--	--	--
ESOP contribution	--	--	--	--	--
Retired stock	--	--	--	--	--
Translation adjustment	--	101	--	--	--
Issuance of treasury stock to charity	--	--	--	(66)	--
Unrealized market loss on investments	--	--	--	--	--
Tax benefit related to stock options	--	--	--	--	--
Net income	14,201	--	--	--	--
Balance, June 30, 1997	7,607	(261)	--	230,330	(502)
Issuance of common stock in poolings	(6,856)	--	--	--	--
Issuance of common stock under employee stock purchase plans	--	--	--	--	--
Exercise of stock options and warrants	--	--	--	--	--
ESOP contribution	--	--	--	--	--
Retired stock	--	--	--	--	--
Translation adjustment	--	161	--	--	--
Unrealized market loss on investments	--	--	--	--	--
Net income	9,944	--	--	--	--
Balance, March 31, 1998 (Unaudited)	$ 10,695	$(100)	$ --	230,330	$(502)

	UNREALIZED GAIN (LOSS) ON INVESTMENTS	TOTAL STOCKHOLDERS' EQUITY
Balance, June 30, 1994	$ --	$ 19,285
Issuance of common stock in a public offering, net of issuance costs of $1,223	--	17,849
Issuance of common stock under employee stock purchase plans	--	245
Exercise of stock options and warrants	--	1,182
Liquidation of fractional shares	--	--
Conversion of preferred stock to common stock	--	--
Purchase of treasury stock	--	(5)
Repayment of receivable	--	15
ESOP contribution	--	216
Translation adjustment	--	87
Unrealized market gain on investments	282	282
Tax benefit related to stock options	--	486
Dividend distributions to stockholders relating to acquired Subchapter S corporation, net	--	(927)
Net income	--	7,109
Balance, June 30, 1995	282	45,824
Issuance of common stock in a public offering, net of issuance costs of $4,239	--	68,457
Issuance of common stock in a private placement	--	1,064
Issuance of common stock under employee stock purchase plans	--	474
Exercise of stock options and warrants	--	1,475
ESOP contribution	--	250
Retired stock	--	(444)
Translation adjustment	--	(59)
Realized gain on investments	(282)	(282)
Unrealized market loss on investments	(2)	(2)
Tax benefit related to stock options	--	2,107
Net loss	--	(14,387)
Balance, June 30, 1996	(2)	104,477
Issuance of common stock in a pooling	--	702
Issuance of common stock in the purchase of businesses	--	5,908
Issuance of common stock under employee stock purchase plans	--	3,570

Exercise of stock options and warrants	--	4,203
ESOP contribution	--	338
Retired stock	--	(42)
Translation adjustment	--	101
Issuance of treasury stock to charity	--	--
Unrealized market loss on investments	(7)	(7)
Tax benefit related to stock options	--	3,963
Net income	--	14,201
	-----	--------
Balance, June 30, 1997	(9)	137,414
Issuance of common stock in poolings	--	(4,747)
Issuance of common stock under employee stock purchase plans	--	3,878
Exercise of stock options and warrants	--	3,864
ESOP contribution	--	478
Retired stock	--	(2)
Translation adjustment	--	161
Unrealized market loss on investments	(13)	(13)
Net income	--	9,944
	-----	--------
Balance, March 31, 1998 (Unaudited)	$ (22)	$150,977
	=====	========

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

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1995	1996	1997	1997	1998
				(UNAUDITED)	
Cash flows from operating activities:					
Net income (loss)	$ 7,109	$(14,387)	$ 14,201	$ 6,256	$ 9,944
Adjustments to reconcile net income (loss) to net cash provided by operating activities --					
Depreciation and amortization	2,856	5,817	11,655	8,198	9,844
Charge for in-process research and development	--	24,421	8,664	8,664	8,472
Deferred income taxes	3,684	(295)	(1,646)	2,982	6,834
Changes in assets and liabilities --					
Accounts receivable	(6,210)	(11,930)	(9,107)	(8,622)	(16,484)
Prepaid expenses and other current assets	(734)	215	(4,686)	(2,040)	111
Long-term installments receivable	(8,503)	1,790	(20,251)	(8,325)	(609)
Accounts payable and accrued expenses	2,697	7,615	4,513	(655)	(3,249)
Unearned revenue	66	2,823	(7,835)	(6,780)	527
Deferred revenue	3,953	3,596	7,597	4,458	4,785
Net cash provided by operating activities	4,918	19,665	3,105	4,136	20,175
Cash flows from investing activities:					
Purchase of property and leasehold improvements	(2,701)	(7,926)	(20,199)	(15,973)	(13,570)
Increase in computer software development costs	(1,026)	(908)	(2,384)	(1,482)	(2,923)
(Increase) decrease in other assets	(154)	117	(549)	(323)	(445)
(Increase) decrease in short-term investments	(18,081)	(20,221)	22,194	16,548	7,437
Increase (decrease) in other liabilities	401	955	(815)	(2,281)	(201)
Cash acquired in immaterial poolings	--	--	792	--	(778)
Cash used in the purchase of business, net of cash acquired	--	(44,723)	(6,232)	(5,307)	(9,911)
Net cash used in investing activities	(21,561)	(72,706)	(7,193)	(8,818)	(20,391)
Cash flows from financing activities:					
Issuance of common stock	17,849	69,521	--	--	--
Issuance of common stock under employee stock purchase plans	245	474	3,570	381	3,878
Issuance of common stock under employee stock ownership plan	216	250	338	339	478
Exercise of stock options and warrants	1,182	925	4,203	2,299	3,864
Purchase of treasury stock	(5)	--	--	--	--
Repurchase of common stock	--	(444)	(42)	(42)	(2)
Repayment of receivable for stock issued	15	--	--	--	--
Proceeds from subordinated note payable to related party	2,000	--	--	--	--
Payment of subordinated notes payable to related parties	--	(3,450)	--	--	--
Payments of long-term debt and capital lease obligations	(661)	(5,693)	(571)	(472)	(907)
Dividend distributions to stockholders relating to acquired Subchapter S corporation, net	(927)	--	--	--	--
Net cash provided by financing activities	19,914	61,583	7,498	2,505	7,311
Effect of exchange rate changes on cash and cash equivalents	87	(59)	101	50	167
Increase (decrease) in cash and cash equivalents	3,358	8,483	3,511	(2,127)	7,262
Cash and cash equivalents, beginning of period	2,932	6,290	14,773	14,773	18,284
Cash and cash equivalents, end of period	$ 6,290	$ 14,773	$ 18,284	$ 12,646	$ 25,546

Supplemental disclosure of cash flow information:

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS -- (CONTINUED)

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1995	1996	1997	1997	1998
				(UNAUDITED)	
Cash paid for income taxes	$ 621	$ 3,080	$ 4,074	$ 1,526	$ 1,143
Cash paid for interest	$ 524	$ 1,363	$ 199	$ 92	$ 109
Supplemental schedule of noncash investing and financing activities:					
Increase in equipment under capital lease obligations	$ --	$ 105	$ --	$ --	$ --
Increase in additional paid-in capital and decrease in accrued expenses relating to the tax benefit of exercise of nonqualified stock options	$ 486	$ 2,107	$ 3,963	$ --	$ --
Increase in common stock and additional paid-in capital and decrease in subordinated notes payable to a related party relating to the exercise of warrants	$ --	$ 550	$ --	$ --	$ --
Supplemental disclosure of cash flows related to acquisitions:					
During 1996, 1997 and the nine months ended March 31, 1998, the Company acquired certain companies as described in Note 3. These acquisitions are summarized as follows --					
Fair value of assets acquired, excluding cash	$ --	$ 47,919	$ 15,469	$ 15,982	$ 11,316
Issuance of common stock related to acquisitions	--	--	(5,908)	(6,496)	--
Payments in connection with the acquisitions, net of cash acquired	--	(44,723)	(6,232)	(5,307)	(9,911)
Liabilities assumed	$ --	$ 3,196	$ 3,329	$ 4,179	$ 1,405

During the fiscal year 1995, the Company acquired Industrial Systems, Inc., which was accounted for as a pooling of interests. During the fiscal year 1997, the Company acquired B-JAC International, Inc., which was accounted for as a pooling of interests. During the fiscal year 1998, the Company acquired NeuralWare, Inc., The SAST Corporation Limited, Cimtech S.A./N.V., Contas Process Control S.r.L. and Zyqad Limited, which were accounted for as poolings of interests.

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

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1997
(INCLUDING DATA APPLICABLE TO UNAUDITED PERIODS)

(1) OPERATIONS

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

On May 27, 1998, the Company acquired Chesapeake Decision Sciences, Inc. and subsidiaries (CDI), a provider of software and services for the supply chain management market. The Company exchanged 2,961,959 shares of common stock for all the outstanding shares of CDI. The Company placed 296,196 of these shares into escrow as security for indemnification obligations of CDI relating to representation, warranties and tax matters. This merger was accounted for as a pooling of interests. Accordingly, the consolidated financial statements have been retroactively restated to reflect the transaction as if the Company and CDI had operated as one entity since inception.

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

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31, (UNAUDITED)	
	1995	1996	1997	1997	1998
Revenue --					
The Company	$57,498	$103,609	$180,299	$127,045	$164,481
CDI	8,521	11,209	13,771	10,554	13,563
Combined	$66,019	$114,818	$194,070	$137,599	$178,044
Net income (loss) --					
The Company	$ 5,416	$(15,185)	$ 13,155	$ 5,076	$ 8,497
CDI	1,693	798	1,046	1,180	1,447
Combined	$ 7,109	$(14,387)	$ 14,201	$ 6,256	$ 9,944
Net income (loss) per share -- Diluted --					
The Company	$ 0.35	$ (0.96)	$ 0.63	$ 0.24	$ 0.39
CDI	$ 1.09	$ 0.51	$ 0.60	$ 0.71	$ 0.59
Combined	$ 0.42	$ (0.83)	$ 0.63	$ 0.28	$ 0.41
Net income (loss) per share -- Basic --					
The Company	$ 0.39	$ (0.96)	$ 0.67	$ 0.26	$ 0.41
CDI	$ 1.09	$ 0.51	$ 0.60	$ 0.71	$ 0.59
Combined	$ 0.46	$ (0.83)	$ 0.66	$ 0.30	$ 0.43

The Company has incurred approximately $4.0 million of merger-related costs, which will be included in the 1998 consolidated statement of operations during the period in which the merger was completed.

(2) SIGNIFICANT ACCOUNTING POLICIES

(a) PRINCIPLES OF CONSOLIDATION

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

(b) INTERIM FINANCIAL STATEMENTS

The accompanying consolidated financial statements as of March 31, 1998 and for the nine months ended March 31, 1997 and 1998 are unaudited, but in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of results for the interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted, although the Company believes that the disclosures included are adequate to make the information presented not misleading. Results for the nine months ended

March 31, 1998 are not necessarily indicative of the results that may be expected for the year ending June 30, 1998.

(c) CASH AND CASH EQUIVALENTS

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

(d) SHORT-TERM INVESTMENTS

The Company accounts for its short-term investments in accordance with Statement of Financial Accounting Standards (SFAS) No. 115, Accounting for Certain Investments in Debt and Equity Securities. Under SFAS No. 115, securities purchased to be held for indefinite periods of time, and not intended at the time of purchase to be held until maturity, are classified as available-for-sale securities. Securities classified as available-for-sale are required to be recorded at market value in the accompanying consolidated financial statements. Unrealized gains and losses have been accounted for as a separate component of stockholders' equity.

Available-for-sale investments as of June 30, 1996 and 1997 and March 31, 1998 are as follows (in thousands):

		MARKET VALUE AT		
DESCRIPTION	CONTRACTED MATURITY	JUNE 30, 1996	JUNE 30, 1997	MARCH 31, 1998
Commercial paper	1-11 months	$38,559	$ 2,150	$ --
Money market funds	N/A	34	189	2,886
Stocks and mutual funds	N/A	120	--	757
Certificate of deposit	1-11 months	--	475	--
Corporate and foreign bonds	1-12 months	108	3,145	122
Corporate and foreign bonds	1-5 years	--	10,663	5,407
		$38,821	$16,622	$9,172

The Company had no realized gains or losses for the years ended June 30, 1995 and 1997 and had realized gains (losses) of $282,000 and $(3,000) for the year ended June 30, 1996 and the nine months ended March 31, 1998, respectively. The amortized cost of these investments does not differ significantly from their stated market value for all periods presented.

(e) DEPRECIATION AND AMORTIZATION

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

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

(f) LAND

In connection with the acquisition of Setpoint, Inc. (see Note 3(a)), the Company acquired land that is being held for investment purposes. The land was recorded at its appraised value at the date of acquisition.

(g) REVENUE RECOGNITION

The Company recognizes revenue from software licenses upon the shipment of its products, pursuant to a signed noncancelable license agreement. In the case of license renewals, revenue is recognized upon execution of the renewal license agreement. The Company has no other significant vendor obligations or collectibility risk associated with its product sales. The Company recognizes revenue from postcontract customer support ratably over the period of the postcontract arrangement. The Company accounts for insignificant vendor obligations by deferring a portion of the revenue and recognizing it either ratably as the obligations are fulfilled or when the related services are performed. If significant application development services are required as part of a software license, the license fees are recognized as the application development services are performed.

Service revenues from fixed-price contracts are recognized using the percentage-of-completion method, measured by the percentage of costs (primarily labor) incurred to date as compared to the estimated total costs (primarily labor) for each contract. When a loss is anticipated on a contract, the full amount thereof is provided currently. Service revenues from time and expense contracts and consulting and training revenue are recognized as the related services are performed. Services that have been performed but for which billings have not been made are recorded as unbilled services, and billings that have been recorded before the services have been performed are recorded as unearned revenue in the accompanying consolidated balance sheets.

Installments receivable represent the present value of future payments related to the financing of noncancelable term license agreements that provide for payment in installments over a one- to five-year period. A portion of each installment agreement is recognized as interest income in the accompanying consolidated statements of operations. The interest rates in effect for the years ended June 30, 1995, 1996 and 1997 and the nine months ended March 31, 1998 were 11% to 12%, 11% to 12%, 8.5% to 11% and 8.5%, respectively.

(h) COMPUTER SOFTWARE DEVELOPMENT COSTS

In compliance with SFAS No. 86, Accounting for the Costs of Computer Software To Be Sold, Leased or Otherwise Marketed, certain computer software development costs are capitalized in the accompanying consolidated balance sheets. Capitalization of computer software development costs begins upon the establishment of technological feasibility. Amortization of capitalized computer software development costs is provided on a product-by-product basis using the straight-line method over the remaining estimated economic life of the product, not to exceed three years. Total amortization expense charged to operations was approximately $630,000, $735,000, $1,143,000, $738,000 and $709,000 in fiscal 1995, 1996 and 1997 and for the nine months ended March 31, 1997 and 1998, respectively.

(i) FOREIGN CURRENCY TRANSLATION

The financial statements of the Company's foreign subsidiaries are translated in accordance with SFAS No. 52, Foreign Currency Translation. The determination of functional currency is based on the subsidiaries' relative financial and operational independence from the Company. Foreign currency exchange and translation gains or losses for certain wholly owned subsidiaries are credited or charged to the accompanying consolidated statements of operations since the functional currency of the subsidiaries is the U.S. dollar. Gains and losses from foreign currency translation related to entities whose functional currency is their local currency are credited or charged to the cumulative translation adjustment account, included in stockholders' equity in the accompanying consolidated balance sheets.

At June 30, 1996 and 1997 and March 31, 1998, the Company had long-term installments receivable of approximately $7,301,000, $8,987,000 and $5,810,000 denominated in foreign currencies. The March 1998 installments receivable mature through October 2002 and have been hedged with specific foreign currency contracts. There have been no material gains or losses recorded relating to hedge contracts for the periods presented.

(j) NET INCOME (LOSS) PER SHARE

In March 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 128, Earnings per Share. This statement established standards for computing and presenting earnings per share and applies to entities with publicly traded common stock or potential common stock. This statement is effective for periods ending after December 15, 1997. The prior years' earnings per share have been retroactively restated to reflect the adoption of SFAS No. 128.

Basic earnings per share was determined by dividing net income by the weighted average common shares outstanding during the period. Diluted earnings per share was determined by dividing net income by diluted weighted average shares outstanding. Diluted weighted average shares reflects the dilutive effect, if any, of common equivalent shares. Common equivalent shares include common stock options to the extent their effect is dilutive, based on the treasury stock method.

The calculations of basic and diluted weighted average shares outstanding are as follows (in thousands):

	YEAR ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1995	1996	1997	1997	1998
Basic weighted average common shares outstanding	15,321	17,432	21,368	21,190	23,101
Weighted average common equivalent shares	1,792	--	1,339	1,406	1,331
Diluted weighted average shares outstanding	17,113	17,432	22,707	22,596	24,432

(k) MANAGEMENT ESTIMATES

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

(l) CONCENTRATION OF CREDIT RISK

SFAS No. 105, Disclosure of Information About Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk, requires disclosure of any significant off-balance-sheet and credit risk concentrations. Financial instruments that potentially subject the Company to concentrations of credit risk are principally cash and cash equivalents, investments, accounts receivable and installments receivable. The Company places its cash and cash equivalents and investments in highly rated institutions. Concentration of credit risk with respect to receivables is limited to certain customers (end users and distributors) to which the Company makes substantial sales. To reduce risk, the Company routinely assesses the financial strength of its customers, hedges specific foreign receivables and routinely sells its receivables to financial institutions with and without recourse. As a result, the Company believes that its accounts and installments receivable credit risk exposure is limited. The Company maintains an allowance for potential credit losses but historically has not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographic area.

(m) FINANCIAL INSTRUMENTS

SFAS No. 107, Disclosures About Fair Value of Financial Instruments, requires disclosure about fair value of financial instruments. Financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable and installments receivable. The estimated fair value of these financial instruments approximates their carrying value and, except for accounts receivable and installments receivable, is based primarily on market quotes.

(n) INTANGIBLE ASSETS

Intangible assets consist of goodwill, existing products, trade names and assembled work force of certain acquired entities. Intangible assets are being amortized on a straight-line basis over estimated useful lives of five to twelve years. At each balance sheet date, the Company evaluates the realizability of intangible assets based on profitability and cash flow expectations for the related asset or subsidiary. Based on its most recent analysis, the Company believes that no impairment of intangible assets exists at March 31, 1998. Goodwill (net of accumulated amortization) was approximately $4,497,000 at March 31, 1998. Amortization of goodwill was approximately $40,000, $279,000 and $337,000 for the years ended June 30, 1996 and 1997 and the nine months ended March 31, 1998, respectively.

(o) NEW ACCOUNTING STANDARDS

In June 1997, the FASB issued SFAS No. 130, Reporting Comprehensive Income. SFAS No. 130 requires disclosure of all components of comprehensive income on an annual and interim basis. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. SFAS No. 130 is effective for fiscal years beginning after December 15, 1997.

In July 1997, the FASB issued SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information. SFAS No. 131 requires certain financial and supplementary information to be disclosed on an annual and interim basis for each reportable segment of an enterprise. SFAS No. 131 is effective for fiscal years beginning after December 15, 1997. Unless impracticable, companies would be required to disclose similar prior period information upon adoption.

In March 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use (SOP 98-1). SOP 98-1 requires computer software costs associated with internal use software to be charged to operations as incurred until certain capitalization criteria are met. SOP 98-1 is effective beginning January 1, 1999. The Company does not expect adoption of this statement to have a material impact on its consolidated financial position or results of operations.

(3) ACQUISITIONS

(a) DYNAMIC MATRIX CONTROL CORPORATION (DMCC) AND SETPOINT, INC. (SETPOINT)

During the quarter ended March 31, 1996, the Company acquired 100% of the outstanding shares of common stock of DMCC and Setpoint for purchase prices of $20,139,000 and $27,780,000, respectively, in cash and the assumption of certain expenses related to the acquisitions. DMCC and Setpoint were suppliers of on-line automation and information management software and services to companies in process manufacturing industries.

These acquisitions were accounted for as purchase transactions, and accordingly, their results of operations from the date of acquisitions forward are included in the Company's consolidated statements of operations. The fair market value of assets acquired and liabilities assumed was based on an independent appraisal. The portion of the purchase price allocated to in-process research and development represents projects that had not yet reached technological feasibility and had no alternative future.

The purchase price was allocated to the fair value of assets acquired and liabilities assumed as follows (in thousands):

DESCRIPTION	DMCC	SETPOINT	LIFE
Purchased in-process research and development	$ 9,521	$14,900	--
Existing technology	1,740	3,308	5 years
Other intangibles	1,066	1,709	5-10 years
Building	627	--	30 years
Goodwill	--	1,418	10 years
Uncompleted contracts	596	504	Life of contracts
	13,550	21,839	
Net book value of tangible assets acquired, less liabilities assumed	8,080	7,984	
	21,630	29,823	
Less -- Deferred taxes	1,491	2,043	
	$20,139	$27,780	

For tax purposes, these acquisitions were accounted for as purchases of stock, and due to the different basis in assets for book and tax purposes, deferred taxes were provided for as part of the purchase price allocation in accordance with SFAS No. 109.

(b) ACQUISITIONS DURING FISCAL YEAR 1997

During fiscal year 1997, the Company acquired B-JAC International, Inc. (B-JAC), the Process Control Division of Cambridge Control Limited (the Cambridge Control Division), the PIMS Division of Bechtel Corporation and Basil Joffe Associates, Inc.

The Company exchanged 104,162 shares of its common stock valued at approximately $3,400,000 for all outstanding shares of B-JAC, a major supplier of detailed heat exchanger modeling software. The acquisition has been accounted for as a pooling of interests and as a result of its immateriality as compared to the Company's financial position and results of operations, the historical financial statements were not restated.

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Company's acquisitions of the Cambridge Control Division, the PIMS Division and Basil Joffe Associates, Inc. were all accounted for as purchase transactions. Total purchase price for these acquisitions was approximately $12,217,000 plus approximately $3,011,000 in assumed liabilities and acquisition related costs. The Cambridge Control Division specialized in advanced process control solutions, specifically aimed toward process manufacturing controls applications for the refining, petrochemical and pulp and paper industries. The PIMS Division and a related software development organization, Basil Joffe Associates, Inc., developed and sold proprietary PIMS software used by companies in process industries for economic planning and scheduling based on linear programming models.

The results of operations of these companies from the dates of acquisition forward are included in the Company's consolidated statements of operations. The fair market value of assets acquired and liabilities assumed was based on an independent appraisal. The portion of the purchase price allocated to in-process research and development represents projects that had not yet reached technological feasibility and had no alternative future use. The purchase price was allocated to the fair value of assets acquired and liabilities assumed as follows (in thousands):

DESCRIPTION	AMOUNT	LIFE
Purchased in-process research and development	$ 8,664	--
Existing technology	600	5 years
Intangible assets	5,530	5-12 years
	14,794	
Net book value of tangible assets acquired, less liabilities assumed	(2,429)	
	12,365	
Less -- Deferred taxes	148	
	$12,217	

(c) ACQUISITIONS DURING THE FIRST THREE QUARTERS OF FISCAL YEAR 1998

During the first three quarters of fiscal year 1998, the Company acquired 100% of the outstanding shares of NeuralWare, Inc., The SAST Corporation, Limited, Cimtech S.A./N.V., Contas Process Control S.r.L. and Zyqad Limited. The Company exchanged 626,443 shares of its common stock and paid approximately $841,000 in cash for all outstanding shares of the acquired companies. These acquisitions were accounted for as poolings of interests, and none of them were material to the Company's financial position or results of operations. Accordingly, the historical financial statements of the Company have not been restated.

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

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

(d) SUBSEQUENT ACQUISITION

On May 29, 1998, the Company acquired 100% of the outstanding shares of Treiber Controls Inc. (Treiber). The Company exchanged 140,000 shares of its common stock for all outstanding shares of Treiber. Treiber specializes in advanced process control and optimization solutions, specifically in petroleum refining, petrochemical and chemical industries. The Company intends to account for this acquisition as a pooling of interests. The Company expects this transaction will be immaterial to the Company's financial position and results of operations and accordingly the historical financial statements will not be restated.

(e) UNAUDITED PRO FORMA COMBINED RESULTS

The following table represents selected unaudited pro forma combined financial information for the Company, DMCC and Setpoint, assuming the companies had combined at the beginning of fiscal 1995 (in thousands, except per share data):

	YEAR ENDED	
	JUNE 30, 1995	JUNE 30, 1996(1)
Pro forma revenue	$123,251	$153,877
Pro forma net income	$ 5,936	$ 9,397
Pro forma net income per share -- diluted	$ 0.35	$ 0.50
Pro forma weighted average shares outstanding -- diluted	17,113	18,873

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(1) Does not reflect the charge for in-process research and development and nonrecurring acquisition charges.

Pro forma results are not necessarily indicative of either actual results of operations that would have occurred had the acquisitions been made at the beginning of fiscal 1995 or of future results. The pro forma effect of the acquisitions during fiscal year 1997 and 1998, except for CDI (see Note 1), has not been presented, as they are immaterial.

(4) LINE OF CREDIT

The Company has a revolving line-of-credit agreement with a bank, which provides for borrowings up to $30,000,000, subject to existing limitations. The commitment fee for the unused portion of the revolving line of credit ranges from .25% to .50%, based on the financial position of the Company, as defined, and is payable quarterly. At the Company's election, borrowings bear interest on the basis of the applicable LIBOR, as defined (5.69% as of March 31, 1998), or at the bank's prime rate (8.5% as of March 31, 1998). The line is subject to certain covenants, including profitability and operating ratios, as defined. As of March 31, 1998 no amounts were outstanding under this line and approximately $29,359,000 was available for future borrowings as approximately $641,000 was reserved for certain performance bonds relating to service contracts. The line of credit expires on December 31, 1998.

(5) LONG-TERM OBLIGATIONS

Long-term obligations consist of the following at June 30, 1996 and 1997 and March 31, 1998 (in thousands):

	JUNE 30, 1996	JUNE 30, 1997	MARCH 31, 1998
Credit arrangement of subsidiary with a bank	$ --	$ --	$1,540
Mortgage payable due in annual installments of approximately $101,000	--	--	1,279
Non-interest bearing note payable due in annual installments of approximately $67,000	--	--	1,000
Convertible Debenture due in 2000, interest is payable at an annual rate of 6%. This note is convertible into approximately 7,500 shares of the Company's common stock at the option of the holder	--	--	393
Note payable due in annual installments of $125,000 plus interest at 9.5% per year	671	547	454
Other obligations	460	203	230
	1,131	750	4,896
Less -- Current maturities	425	288	1,581
	$ 706	$462	$3,315

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

	AMOUNT
Years Ending June 30,	
1998	$1,618
1999	618
2000	409
2001	474
2002	379
Thereafter	1,519
	5,017
Less -- Amount representing interest	121
-- Current maturities	1,581
	$3,315

(6) SUBORDINATED NOTES PAYABLE TO A RELATED PARTY

At June 30, 1995, the Company had $4,000,000 of outstanding subordinated notes payable to an outside investor, of which a director of the Company is an officer. The notes were repayable

$2,000,000 on April 30, 1997 and $2,000,000 on April 30, 1998, with interest at 9.6%, payable quarterly.

In December 1995 and June 1996, the lender exercised warrants to purchase 77,500 and 60,000 shares of common stock, respectively. The total proceeds due to the Company relating to the exercise of the warrants of $550,000 were recognized as a reduction of principal on the notes. The Company paid the remaining balance of $3,450,000 on June 27, 1996.

(7) PREFERRED STOCK

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

(8) COMMON STOCK

(a) AUTHORIZED AND OUTSTANDING SHARES

On November 11, 1996, the Company increased its authorized shares of $.10 par value common stock from 30,000,000 to 40,000,000. On February 14, 1997, the Company effected a two for one stock split through the issuance of a stock dividend. All share and per share amounts affected by this split have been retroactively adjusted for all periods presented.

(b) WARRANTS

During fiscal 1990, the Company issued warrants to purchase 255,000 shares of common stock to the holder of the subordinated notes payable to a related party (see Note 6). In February 1995, warrants to purchase 100,000 shares were exercised and sold as part of the Company's second public offering of stock. The remaining warrants to purchase 155,000 shares of common stock were exercised in December 1995. During 1991, the Company issued an additional warrant to purchase 120,000 shares of common stock to the holder of the subordinated notes payable (see Note 6). These warrants were exercised in June 1996.

During fiscal 1992, the Company issued warrants to purchase 60,000 shares of common stock to a research consultant at an exercise price of $3.34 per share. In February 1995, warrants to purchase 27,000 shares were exercised and sold as part of the Company's offering of common stock. In 1996, warrants to purchase 1,150 shares were exercised. In 1997, warrants to purchase 5,700 shares were exercised and warrants to purchase 774 shares were terminated. In the nine month period ended March 31, 1998, warrants to purchase 3,513 shares were exercised and warrants to purchase 283 shares were terminated. The remaining warrants to purchase 21,580 shares of common stock are exercisable through June 30, 2001.

During fiscal 1993, the Company issued warrants to purchase 12,000 shares of common stock to two research consultants at an exercise price of $2.67 per share. In 1997, warrants to purchase 2,250 shares were exercised. In the nine month period ended March 31, 1998, warrants to purchase

750 shares were exercised. The remaining warrants to purchase 9,000 shares of common stock are currently exercisable and expire June 10, 1998.

In connection with the August 1997 acquisition of NeuralWare, Inc. the Company converted warrants and options to purchase NeuralWare common stock into warrants and options to purchase 10,980 and 6,618 shares of the Company's common stock, respectively, of which 13,290 shares are currently exercisable and the remainder vest over three years. The warrants have exercise prices that range between $61.73 and $135.80 per share.

(c) STOCK OPTIONS

In July 1987 and August 1988, the Company entered into stock option agreements covering 120,000 shares of common stock. The purchase price under the options is $0.93 to $1.05 based on the fair market value of the common stock on the date of grant. In fiscal 1995, options covering 90,000 shares of common stock at $1.05 per share were exercised. During fiscal 1997, options covering the remaining 30,000 shares of common stock at an exercise price of $0.93 were exercised.

Prior to November 1995, options were granted under the 1988 Nonqualified Stock Option Plan (the 1988 Plan), which provided for the issuance of nonqualified stock options. In November 1995, the Board of Directors approved the establishment of the 1995 Stock Option Plan (the 1995 Plan) and the 1995 Directors Stock Option Plan (the 1995 Directors Plan), which provided for the issuance of incentive stock options and nonqualified options. Under these plans, the Board of Directors may grant stock options to purchase up to an aggregate of 3,827,687 (as adjusted) shares of common stock. Shares available for grant under these plans were increased on July 1, 1996 and 1997 by an amount equal to 5% of the outstanding shares as of the preceding June 30. As a result of the adoption of the 1995 Plan, no additional options may be granted pursuant to the 1988 Plan. In December 1997 the shareholders approved an amendment to the 1995 Plan. The amendment provides for three annual increases to the number of shares for which options may be granted, beginning July 1, 1999 by an amount equal to 5% of the outstanding shares on the preceding June 30. In December 1996, the shareholders of the Company approved the establishment of the 1996 Special Stock Option Plan (the 1996 Plan). This plan provides for the issuance of incentive stock options and nonqualified options to purchase up to 500,000 shares of common stock. The exercise price of options are granted at a price not less than 100% of the fair market value of the common stock on the date of grant. Stock options become exercisable over varying periods and expire no later than 10 years from the date of grant.

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following is a summary of stock option activity under the 1988 Plan, the 1995 Plan, the 1995 Directors Plan and the 1996 Plan:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, June 30, 1994	1,912,876	$ 2.13
Options granted	270,000	8.45
Options exercised	(357,368)	2.22
Options terminated	(145,336)	2.16
Outstanding, June 30, 1995	1,680,172	3.12
Options granted	1,772,000	17.08
Options exercised	(460,114)	1.90
Options terminated	(51,300)	10.04
Outstanding, June 30, 1996	2,940,758	11.65
Options granted	680,000	31.30
Options exercised	(484,205)	8.21
Options terminated	(157,616)	16.61
Outstanding, June 30, 1997	2,978,937	16.44
Options granted	2,014,637	30.02
Options exercised	(329,679)	12.55
Options terminated	(71,714)	16.10
Outstanding, March 31, 1998	4,592,181	$22.66

As of March 31, 1998, there were 166,144 and 78,500 shares of common stock available for grant under the 1995 and 1996 plans, respectively.

In connection with the 1995 acquisition of Industrial Systems, Inc. (ISI), the Company assumed the ISI option plan (the ISI Plan). Under the ISI Plan, the Board of Directors of ISI was entitled to grant either incentive or nonqualified stock options for a maximum of 197,548 shares of common stock (as converted to reflect the pooling of interests and conversion to options to purchase Aspen common stock) to eligible employees, as defined.

Activity under the ISI Plan is as follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, June 30, 1994	131,174	$ .45
Exercised	(105,094)	.38
Outstanding, June 30, 1995	26,080	.76
Exercised	(13,040)	.25
Outstanding, June 30, 1996	13,040	1.26
Exercised	(13,040)	1.26
Outstanding, June 30, 1997	--	$ --

No future grants are available under the ISI Plan.

The following tables summarize information about stock options outstanding and exercisable at March 31, 1998:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING AT MARCH 31, 1998	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE
$ 1.05	158,898	2.2	$ 1.05
1.83-2.66	197,588	3.8	2.64
3.33-4.00	246,764	6.1	3.42
8.06-10.25	80,700	7.0	9.97
13.12-19.12	1,202,163	7.7	16.43
25.00-32.50	2,387,568	8.9	29.33
38.00-40.18	318,500	9.3	37.48
	4,592,181		$22.66

RANGE OF EXERCISE PRICES	OPTIONS EXERCISABLE AT MARCH 31, 1998	WEIGHTED AVERAGE EXERCISE PRICE
$ 1.05	158,898	$ 1.05
1.83-2.66	197,588	2.64
3.33-4.00	240,764	3.40
8.50-10.25	38,700	9.84
13.62-19.12	505,142	16.29
25.00-32.50	556,915	29.65
38.00	43,256	38.00
Exercisable, March 31, 1998	1,741,263	$16.24
Exercisable, June 30, 1997	1,160,258	$ 9.47
Exercisable, June 30, 1996	962,990	$ 4.58
Exercisable, June 30, 1995	1,046,572	$ 2.07

(d) FAIR VALUE OF STOCK OPTIONS

In October 1995, the FASB issued SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123 requires the measurement of the fair value of stock options to be included in the statement of income or disclosed in the notes to financial statements. The Company has determined that it will continue to account for stock-based compensation for employees under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and elect the disclosure-only alternative under SFAS No. 123.

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

	1996	1997
Net (loss) income (in thousands) --		
As reported	$(14,387)	$14,201
Pro forma	(15,623)	9,520
Net (loss) income per share --		
Diluted --		
As reported	$ (0.83)	$ 0.63
Pro forma	(0.90)	0.42
Basic --		
As reported	$ (0.83)	$ 0.66
Pro forma	(0.90)	0.45

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants during the applicable period: no dividend yield and volatility of 58% for all periods; risk-free interest rates of 5.54% to 6.83% for options granted during fiscal 1996 and 6.42% to 6.76% for options granted during fiscal 1997; and a weighted average expected option term of 7.5 years for all periods. The weighted average fair value per share of options granted during 1996 and 1997 was $12.83 and $23.49, respectively.

(e) EMPLOYEE STOCK PURCHASE PLANS

In February 1986, the Company's Board of Directors approved the 1986 Employees' Stock Purchase Plan, under which the Board of Directors could grant stock purchase rights for a maximum of 1,1400,000 shares through November 1995. In December 1995, the Company's Board of Directors approved the 1995 Employees' Stock Purchase Plan, under which the Board of Directors may grant stock purchase rights for a maximum of 500,000 shares through November 2005. In October 1997, the Company's Board of Directors approved the 1998 Employee Stock Purchase Plan, under which the Board of Directors may grant stock purchase rights for a maximum of 1,000,000 shares through September 30, 2007.

Participants are granted options to purchase shares of common stock on the last business day of each semiannual payment period for 85% of the market price of the common stock on the first or last business day of such payment period, whichever is less. The purchase price for such shares is paid through payroll deductions, and the current maximum allowable payroll deduction is 10% of each eligible employee's compensation. Under the plans, the Company issued 72,064 shares, 50,220 shares, 81,586 shares and 127,547 shares during fiscal 1995, 1996 and 1997 and the nine months ended March 31, 1998, respectively. As of March 31, 1998, there were 1,000,000 shares available for future issuance under the 1998 Employee Stock Purchase Plan. No shares of common stock were available for future issuance under the 1986 Employee Stock Purchase Plan or the 1995 Employees' Stock Purchase Plan.

(f) STOCKHOLDER RIGHTS PLAN

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

The Rights will become exercisable and separately transferable when the Company learns that any person or group has acquired beneficial ownership of 15% or more of the outstanding Common Stock or on such other date as may be designated by the Board of Directors following the commencement of, or first public disclosure of an intent to commence, a tender or exchange offer for outstanding Common Stock that could result in the offeror becoming the beneficial owner of 15% or more of the outstanding Common Stock. In such circumstances, holders of the Rights will be entitled to purchase, for the Purchase Price, a number of hundredths of a share of Series A Preferred Stock equivalent to the number of shares of Common Stock (or, in certain circumstances, other equity securities) having a market value of twice the Purchase Price. Beneficial holders of 15% or more of the outstanding Common Stock, however, would not be entitled to exercise their Rights in such circumstances. As a result, their voting and equity interests in the Company would be substantially diluted if the Rights were to be exercised.

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

(g) EMPLOYEE STOCK OWNERSHIP PLAN

In January 1987, CDI established an Employee Stock Ownership Plan and Trust (the Plan) which covers substantially all employees who have attained the age of 21, completed 1,000 hours of service during the initial plan year in which they have their first hour of service and are not covered by any collective bargaining agreement. CDI makes discretionary contributions to the Plan on an annual basis based on 10% of all eligible employees' base salaries. The common stock shares are then allocated based on a formula determined by management. CDI's discretionary contributions for the years ended June 30, 1996 and 1997 and the nine months ended March 31, 1998 were approximately $250,000, $338,000 and $478,000, respectively. The Plan also provides for the repurchase of common stock upon the employee's termination of employment. In connection with the merger between the Company and CDI, contributions to this Plan ceased as of May 27, 1998.

(h) RESTRICTED STOCK

CDI has stockholders agreements with all existing stockholders that provide for the repurchase of common stock upon their termination of employment.

(9) INCOME TAXES

The Company accounts for income taxes under the provisions of SFAS No. 109, Accounting for Income Taxes. Under the liability method specified by SFAS No. 109, a deferred tax asset or liability is measured based on the difference between the financial statement and tax bases of assets and liabilities, as measured by the enacted tax rates.

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

	YEARS ENDED JUNE 30,		
	1995	1996	1997
Federal --			
Current	$1,713	$4,933	$ 7,174
Deferred	2,327	(264)	1,092
State --			
Current	103	966	1,011
Deferred	552	6	198
Foreign --			
Current	159	505	692
	$4,854	$6,146	$10,169

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

	YEARS ENDED JUNE 30,		
	1995	1996(1)	1997(1)
Federal tax at statutory rate	34.0%	34.5%	34.5%
State income tax, net of federal tax benefit	5.7	5.5	5.6
Foreign tax	(2.1)	1.2	(0.9)
Tax credits generated	(1.1)	(5.0)	(4.1)
Permanent differences, net	2.8	2.2	1.3
Valuation allowance and other	1.3	(0.4)	(0.5)
Provision for income taxes	40.6%	38.0%	35.9%

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(1) Calculated based on pretax income, before nondeductible charges for in-process research and development, of $14,850,000 and $26,704,000 for 1996 and 1997, respectively.

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

	JUNE 30,	
	1996	1997
Deferred tax assets	$ 7,418	$ 6,344
Deferred tax liabilities	(16,424)	(14,908)
	(9,006)	(8,564)
Valuation allowance	(1,425)	--
	$(10,431)	$ (8,564)

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

	JUNE 30, 1996	JUNE 30, 1997
Revenue related	$(6,974)	$(8,430)
Foreign operating losses	1,425	1,063
Nondeductible reserves and accruals	1,523	1,118
Intangible assets	(3,819)	(2,241)
Accounting methods	(1,235)	(143)
Other temporary differences	74	69
	$(9,006)	$(8,564)

The decrease in valuation allowance during 1997 resulted from the utilization of previously reserved tax assets. The foreign operating loss carryforwards expire at various dates through 2011.

(10) OPERATING LEASES

The Company leases its facilities and various office equipment under noncancelable operating leases with terms in excess of one year. Rent expense charged to operations was approximately $2,227,000, $3,418,000, $5,017,000, $3,762,000 and $4,692,000 for the years ended June 30, 1995, 1996 and 1997 and the nine months ended March 31, 1997 and 1998, respectively. Future minimum lease payments under these leases as of June 30, 1997 are as follows (in thousands):

	AMOUNT
Year Ending June 30,	
1998	$ 4,440
1999	4,027
2000	3,830
2001	3,498
2002	3,476
Thereafter	4,001
	$23,272

(11) SALE OF INSTALLMENTS RECEIVABLE

The Company sold, with limited recourse, certain of its installment contracts to two financial institutions for $28,895,000, $30,210,000 and $44,063,000 during fiscal 1996 and 1997 and the nine months ended March 31, 1998, respectively. The financial institutions have partial recourse to the Company only upon nonpayment by the customer under the installments receivable. The amount of recourse is determined pursuant to the provisions of the Company's contracts with the financial institutions and varies depending on whether the customers under the installment contracts are foreign or domestic entities. Collections of these receivables reduce the Company's recourse obligation, as defined. The Company records these transactions as sales of financial assets in accordance with SFAS No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, as it surrenders control to these receivables upon transfer.

At March 31, 1998, the balance of the uncollected principal portion of the contracts sold with partial recourse was approximately $87,659,000. The Company's potential recourse obligations related to these contracts is approximately $5,000,000. In addition, the Company is obligated to pay additional costs to the financial institutions in the event of default by the customer.

(12) COMMITMENTS

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

(13) RETIREMENT PLAN

The Company maintains a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code covering all eligible employees, as defined. Under the plan, a participant may elect to defer receipt of a stated percentage of his or her compensation, subject to limitation under the Internal Revenue Code, which would otherwise be payable to the participant for any plan year. The Company may make discretionary contributions to this Plan. No such contributions were made during 1995 or 1996. During 1997, the plan was modified to provide, among other changes, for the Company to make matching contributions equal to 25% of pretax employee contributions up to a maximum of 6% of an employee's salary. During the fiscal year ended June 30, 1997 and the nine months ended March 31, 1997 and 1998, the Company made matching contributions of approximately $385,000, $175,000 and $598,000, respectively.

CDI also maintains a deferred contribution (401k) profit sharing plan covering all full-time employees. Under the plan, a participant may elect to defer receipt of a stated percentage of his or her compensation, subject to limitation under the Internal Revenue Code, which would otherwise be payable to the participant for any plan year. The plan provides for CDI to make matching contributions equal to 50% of pretax employee contributions up to a maximum of 6% of an employee's salary. In addition, CDI may make discretionary contributions to the plan determined annually by management. During the fiscal year ended June 30, 1997 and the nine months ended March 31, 1998, CDI made matching contributions of approximately $183,000 and $314,000, respectively.

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

(14) JOINT VENTURES

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

In November 1993, the Company invested approximately $100,000 in a Cyprus-based corporate joint venture, representing approximately a 14% equity interest. The Company had a two-year option to purchase additional shares in the joint venture corporation, which would increase its equity interest to 22.5%. In December 1995, the Company exercised its option to acquire these additional shares for approximately $125,000.

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Company is accounting for these investments using the equity method. The net investments are included in other assets in the accompanying consolidated balance sheets. In the accompanying consolidated statements of operations for the years ended June 30, 1995, 1996 and 1997 and the nine months ended March 31, 1997 and 1998, the Company has recognized approximately $22,000, $10,000, $26,000, $0 and $45,000, respectively, as its portion of the income from these joint ventures.

(15) ACCRUED EXPENSES

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

	JUNE 30, 1996	JUNE 30, 1997	MARCH 31, 1998
Income taxes	$ 2,728	$ 6,711	$ 9,172
Payroll and payroll-related	5,672	3,713	5,432
Royalties and outside commissions	4,437	2,168	2,321
Other	3,580	5,376	4,878
	$16,417	$17,968	$21,803

(16) RELATED PARTY TRANSACTION

Smart Finance & Co., a company of which a director of the Company is the President, provides advisory services to the Company from time to time. In fiscal 1996 and 1997 and the nine months ended March 31, 1998, payments of approximately $72,000, $222,000 and $43,000, respectively, were made by the Company to Smart Finance & Co. as compensation for services rendered.

(17) FINANCIAL INFORMATION BY GEOGRAPHIC AREA

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

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1995	1996	1997	1997	1998
United States	52.2%	58.0%	50.0%	51.6%	54.7%
Europe	27.7	24.4	30.6	23.8	27.8
Japan	11.4	9.0	8.7	15.3	10.8
Other	8.7	8.6	10.7	9.3	6.7
	100.0%	100.0%	100.0%	100.0%	100.0%

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

	UNITED STATES	EUROPE	ASIA	ELIMINATIONS	CONSOLIDATED
Year ended June 30, 1995 --					
Revenues	$ 64,819	$ 1,200	$ --	$ --	$ 66,019
Transfers between geographic locations	--	10,912	4,463	(15,375)	--
Total revenues	$ 64,819	$12,112	$4,463	$(15,375)	$ 66,019
Income from operations	$ 7,904	$ 1,113	$ 313	$ --	$ 9,330
Identifiable assets	$ 78,555	$ 4,237	$ 416	$ 51	$ 83,259
Year ended June 30, 1996 --					
Revenues	$111,304	$ 3,506	$ 8	$ --	$114,818
Transfers between geographic locations	--	13,771	4,645	(18,416)	--
Total revenues	$111,304	$17,277	$4,653	$(18,416)	$114,818
Income (loss) from operations	$(10,363)	$ (102)	$ 15	$ --	$(10,450)
Identifiable assets	$192,016	$11,391	$ 414	$(45,814)	$158,007
Year ended June 30, 1997 --					
Revenues	$184,193	$ 9,833	$ 44	$ --	$194,070
Transfers between geographic locations	--	23,588	8,099	(31,687)	--
Total revenues	$184,193	$33,421	$8,143	$(31,687)	$194,070
Income from operations	$ 15,959	$ 2,622	$ 594	$ --	$ 19,175
Identifiable assets	$232,599	$ 7,493	$1,191	$(53,564)	$187,719

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial Statements of Business Acquired.

Because the impact of the acquired business does not meet the minimum materiality threshold of Rule 3-05(b)(2)(i) of Regulation S-X, financial information of the acquired business is not required to be filed pursuant to Item 7(a) of this Form 8-K.

(b) Pro Forma Financial Information.

Because (i) separate financial statements of the acquired business are not required to be included in this filing and (ii) the acquisition of Chesapeake does not constitute a significant business combination under Rule 11-01(b)(1) of Regulation S-X, pro forma financial information is not required to be filed pursuant to Item 7(b) of this Form 8-K.

(c) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
2.1*	Agreement and Plan of Reorganization dated as of April 28, 1998, among Aspen Technology, Inc., AT Acquisition Corp., Chesapeake Decision Sciences, Inc. and Dr. Thomas E. Baker
23.1	Consent of Arthur Andersen LLP, Independent Public Accountants
99.1	Press release of Aspen Technology dated August 11, 1998

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* Filed previously with Current Report on Form 8-K of Aspen Technology, Inc. dated May 27, 1998.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned hereunto duly authorized.

ASPEN TECHNOLOGY, INC.

Date: September 17, 1998

By: /s/ LISA W. ZAPPALA

Lisa W. Zappala
Chief Financial Officer

EXHIBIT INDEX

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* Filed previously with Current Report on Form 8-K of Aspen Technology, Inc. dated May 27, 1998.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the inclusion in this Form 8-K of our report dated May 29, 1998 on our audit of the consolidated financial statements of Aspen Technology, Inc. and subsidiaries.

/s/ ARTHUR ANDERSEN LLP

September 14, 1998

EXHIBIT 99.1

ASPENTECH ANNOUNCES FOURTH QUARTER AND FISCAL 1998 YEAR END RESULTS

FOURTH QUARTER REVENUES ROSE 32%

CAMBRIDGE, MA, August 11, 1998 -- Aspen Technology, Inc. (NASDAQ: AZPN), the leading supplier of enterprise manufacturing optimization solutions for the process industries, today announced results for its fourth quarter and fiscal year ended June 30, 1998.

For the fourth fiscal quarter, total revenues increased 32% to $74.5 million, compared with $56.5 million in the fourth quarter of fiscal 1997. For the three months ended June 30, 1998, software license revenue grew 39% to $43.8 million, while services revenue rose 22% to $30.7 million. Net income for the 1998 fourth quarter, excluding one-time acquisition-related charges, totaled $8.7 million or $0.33 per share.

For the full 1998 fiscal year, total revenues grew 30% to $252.6 million from $194.1 million for fiscal 1997. Net income for fiscal 1998, excluding one-time charges, rose 31% to $27.7 million. Earnings per share, excluding one-time charges, grew 19% to $1.11 versus the $0.93 earned in fiscal 1997, while weighted average shares outstanding increased 10% year-over-year. All per share amounts have been adjusted to reflect a two-for-one stock split effected February 29, 1997.

"License revenue growth was outstanding in the fourth quarter, important evidence of good market demand for AspenTech solutions, and strong industry leadership," commented Larry Evans, Chairman and Chief Executive Officer. "However, project services execution challenges and unbudgeted expenses combined to reduce our profitability to levels below our expectations. To address these issues, we are implementing a number of organizational changes that we believe will better focus senior management on execution, and will significantly strengthen AspenTech's infrastructure to streamline our operations and support our growth." In a SEPARATE RELEASE today, AspenTech announced a realignment of management duties.

One of the most significant transactions during the fourth quarter was the expansion of a license agreement by Lyondell Petrochemical to implement AspenTech's Plantelligence solution at as many as nine additional production sites in addition to the Matagorda, Texas facility already using AspenTech's technology. Other noteworthy fourth quarter customers include Buckeye Cellulose Corporation, Cabot Corporation, Daicel Chemical Industries, Ltd., Fluor Daniel, Inc., Hercules, Inc., Kyowa Hakko Kogyo Co., Ltd., NOVA Chemicals, Ltd., Raytheon Engineers & Constructors, Inc., Samsung Data Systems Co., Ltd., Statoil (the Norwegian state-owned oil company), and Union Carbide Corporation.

The fourth paragraph of this press release contains forward-looking statements that involve a number of risks and uncertainties. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate and there can be no assurance that actual results will be the same as those indicated by the forward-looking statements, that the license revenue growth is evidence of good market demand, or that the organizational changes will significantly strengthen the Company's operation or infrastructure. Additional factors that could cause actual results to differ materially from those indicated by such forward-looking statements include the risks set forth under the caption "Risk Factors" in Aspen Technology's Form 8-K filed June 3, 1998, which factors are incorporated herein by reference.

ABOUT ASPENTECH

Aspen Technology, Inc., is a leading supplier of software and services for the analysis, design and automation of process manufacturing plants in industries such as chemical, petroleum, pharmaceuticals, electric power, pulp and paper, and metals. Process manufacturers use AspenTech's solutions to improve the way they design, operate and manage their plants. These solutions enable customers to reduce their raw material, energy, and capital expenses, meet environmental and safety regulations, improve product quality, and shorten the time required to get new production processes on stream. AspenTech is headquartered in Cambridge, Massachusetts, with offices in 21 countries worldwide. AspenTech and the AspenTech logo are registered trademarks of Aspen Technology, Inc.

	Three Months Ended		Year Ended	
	June 30, 1998	June 30, 1997	June 30, 1998	June 30, 1997
REVENUES:				
Software licenses	$43,846	$31,438	$139,390	$103,179
Maintenance and other services	30,665	25,033	113,165	90,891
Total revenues	74,511	56,471	252,555	194,070
EXPENSES:				
Cost of software licenses	3,214	1,449	8,178	5,539
Cost of maintenance and other services	20,148	14,691	68,490	54,006
Selling and marketing	22,243	15,811	74,926	56,034
Research and development	12,034	9,894	43,553	33,580
General and administrative	5,558	4,218	20,208	17,072
Charge for in-process research & development	-	-	8,472	8,664
One-time acquisition costs	4,000	-	4,984	-
Total costs and expenses	67,197	46,063	228,811	174,895
Income from operations	7,314	10,408	23,744	19,175
Other expense, net	(78)	(100)	(398)	(210)
Interest income, net	1,181	1,538	5,339	5,405
Income before provision for income taxes	8,417	11,846	28,685	24,370
Provision for income taxes	3,725	3,901	14,049	10,169
Net income	$ 4,692	$ 7,945	$ 14,636	$ 14,201
Diluted earnings per share	$ 0.18	$ 0.34	$ 0.59	$ 0.63
Weighted average shares outstanding-diluted	26,206	23,225	24,883	22,707
Basic earnings per share	$ 0.19	$ 0.36	$ 0.63	$ 0.66
Weighted average shares outstanding-basic	24,354	22,020	23,415	21,368
PRO FORMA EXCLUDING ONE-TIME ACQUISITION COSTS AND CHARGE FOR IN-PROCESS R&D:				
Operating income	$11,314	$10,408	$ 37,200	$ 27,839
Net income	8,692	7,945	27,731	21,165
Diluted earnings per share	$ 0.33	$ 0.34	$ 1.11	$ 0.93
Weighted average shares outstanding-diluted	26,206	23,225	24,883	22,707

ASSETS	Year End June 30, 1998	Year End June 30, 1997
Current Assets:		
Cash, cash equivalents and short-term investments	$113,681	$ 34,906
Accounts receivable and unbilled services, net	89,880	59,441
Current portion of long-term installments receivable, net	23,643	19,063
Prepaid expenses and other current assets	10,831	8,876
Total current assets	238,035	122,286
Long-term installments receivable, net	36,203	30,963
Equipment and leasehold improvements, net	42,736	31,159
Computer software development costs, net	5,696	3,058
Intangible assets, net	12,857	12,768
Other assets	7,355	3,311
Total assets	$342,882	$203,545
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 2,187	$ 288
Accounts payable and accrued expenses	38,545	25,410
Unearned revenue	6,008	4,294
Deferred revenue	17,888	16,730
Deferred income taxes	541	1,775
Total current liabilities	65,169	48,497
Long-term debt, less current maturities	90,635	462
Deferred revenue, less current portion	15,074	9,441
Other liabilities	914	942
Deferred income taxes	6,074	6,789
Total stockholders' equity	165,016	137,414
Total liabilities and stockholders' equity	$342,882	$203,545