

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **October 27, 2005**

ASPEN TECHNOLOGY, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-24786
(Commission
File Number)

04-2739697
(IRS Employer
Identification No.)

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

02141
(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

Amendment to Employment Agreement

On October 28, 2005, we entered into Amendment No. 1 to our Employment Agreement dated December 7, 2004 with Mark E. Fusco, our president and chief executive officer. This amendment provides that in the event Mr. Fusco becomes entitled, on the terms and conditions set forth in the employment agreement, to receive a severance payment upon termination of his employment, that payment must be made within 30 days after the Date of Termination (as defined in the employment agreement). Notwithstanding the foregoing, if the severance payment will constitute "nonqualified deferred compensation" subject to the provisions of Section 409A of the Internal Revenue Code, then the payment instead will be due within 15 days after the earlier of:

- the expiration of six months and one day following the Date of Termination, and
- Mr. Fusco's death following the Date of Termination.

A copy of Amendment No. 1 to Mr. Fusco's Employment Agreement is included as Exhibit 99.1 to this Current Report on Form 8-K.

Executive Annual Incentive Bonus Plan for Fiscal 2006

On October 27, 2005, the compensation committee of our board of directors approved the Aspen Technology, Inc. Executive Annual Incentive Bonus Plan for our fiscal year ending June 30, 2006. The purpose of this plan is to motivate and reward performance resulting in the achievement of corporate and individual objectives. For fiscal 2006, the employees eligible under this plan include: our president and chief executive officer; our senior vice president and chief financial officer; our senior vice president, marketing; our senior vice president, human resources; our senior vice president and general counsel; our senior vice president, global services; our vice president, research and development; and such other executives as may be determined from time to time by our board of directors or its compensation committee.

Payments under this plan are based on two criteria:

- First, we must achieve a target corporate operating income amount established by the compensation committee. This criterion is weighted at 60% to 70% for purposes of determining each eligible executive's bonus. In order for any bonus to be payable to any executive under the plan, we must achieve at least 80% of the specified corporate operating income target amount.

- Second, the eligible executive must achieve individual performance objectives approved by the compensation committee. This criterion is weighted at 30% to 40%.

The relative weighting of these criteria for each eligible executive is determined by the board or its compensation committee. No award will be payable to an executive under the plan if the executive's employment terminates prior to the payment date under the plan.

A copy of the Aspen Technology, Inc. Executive Annual Incentive Bonus Plan for fiscal 2006 is included as Exhibit 99.2 to this Current Report on Form 8-K.

Operations Executives Plan for Fiscal 2006

On October 27, 2005, the compensation committee of our board of directors also approved the Aspen Technology, Inc. Operations Executives Plan for fiscal 2006. The purpose of this plan is to foster our business goals and to reward participants for achieving those goals. For fiscal 2006, the employees

2

eligible under this plan include our regional operations executives for each region and our vice president of sales and business development.

Payments under this plan are based on two criteria:

- Corporate performance consists of two components: (a) our achievement of a target corporate operating income amount established by the compensation committee (weighted at 20%) and (b) our chief executive officer's assessment of the executive's performance (weighted at 5%). In order for any bonus to be payable to any individual under the plan, we must achieve at least 80% of the corporate operating income target amount.
- Regional performance consists of two components: (a) our achievement of regional operations profit-and-loss targets (weighted at 60%) and (b) our achievement of regional business unit profit-and-loss targets (weighted at 15%).

A copy of the Aspen Technology, Inc. Operations Executives Plan for fiscal 2006 is included as Exhibit 99.3 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Amendment No. 1, dated October 28, 2005, to Employment Agreement between Aspen Technology, Inc. and Mark Fusco.
99.2	Aspen Technology, Inc. Executive Annual Incentive Bonus Plan for fiscal 2006.
99.3	Aspen Technology, Inc. Operations Executives Plan for fiscal 2006.

3

SIGNATURE

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

ASPEN TECHNOLOGY, INC.

Date: November 2, 2005

By: /s/ Charles F. Kane
 Charles F. Kane
 Senior Vice President – Finance and
 Chief Financial Officer

4

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Amendment No. 1, dated October 28, 2005, to Employment Agreement between Aspen Technology, Inc. and Mark Fusco.
99.2	Aspen Technology, Inc. Executive Annual Incentive Bonus Plan for fiscal 2006.
99.3	Aspen Technology, Inc. Operations Executives Plan for fiscal 2006.

5

**AMENDMENT NO. 1 TO
EMPLOYMENT AND CHANGE OF CONTROL AGREEMENT**

Mark Fusco

THIS AMENDMENT NO. 1 to EMPLOYMENT AND CHANGE OF CONTROL AGREEMENT, (this "Amendment") is entered into as of October 28, 2005 between Aspen Technology, Inc., a Delaware corporation ("AspenTech") and Mark Fusco (the "Executive").

AspenTech and the Executive are parties to a certain Employment and Change of Control Agreement dated as of December 7, 2004 (the "Agreement"). The parties hereto desire to amend Section 8.3 of the Agreement as provided herein.

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

1. Section 8.3 of the Agreement is hereby amended to read in its entirety as follows:

"8.3 The payments provided for in Section 8.2 shall be made not later than the thirtieth day following the Date of Termination unless such payments will be "nonqualified deferred compensation" subject to the provisions of Section 409A of the Code, in which event the payments provided for in Section 8.2 shall be made not earlier than the first to occur of (a) the expiration of six (6) months and one day following the Date of Termination, or (b) the death of the Executive following the Date of Termination, nor later than fifteen (15) days following the first to occur of either of such events. Such payments shall bear interest at an annual rate equal to the prime rate as set forth in the Eastern edition of the Wall Street Journal on the Date of Termination, from the Date of Termination to the date of payment."

2. The Agreement, as amended by this Amendment, shall remain in full force and effect.

IN WITNESS WHEREOF, AspenTech and the Executive have executed and delivered this Agreement as of the date first written above.

ASPEN TECHNOLOGY, INC.

MARK FUSCO

By: /s/ Stephen Jennings
Stephen Jennings
Director

/s/ Mark Fusco

Aspen Technology, Inc.
Executive Annual Incentive Bonus Plan
FY06

I. Purpose

The purpose of Aspen Technology's ("Company") Executive Annual Incentive Plan (the "Plan") is to motivate and reward performance that results in the achievement of key Company objectives as well as individual objectives.

II. Effective Date of Plan

The Plan will operate on a fiscal year basis ("Plan Year"), and is effective from July 1, 2005 through June 30, 2006.

III. Eligibility

Eligibility is afforded to those employees:

- A. whose positions are determined by Aspen Technology to have significant impact on the operating results of the Company; and
- B. who have been employed by the Company for six months or more (pro-rated target awards for employment greater than six months and less than twelve months).

In FY06, the eligible positions include CEO, CFO, SVP Marketing, SVP HR and SVP & General Counsel, SVP — Global Services, VP — R&D and such other positions as may be designated by the Compensation Committee or Board from time to time.

Eligibility for the Plan does not guarantee payment of an award. Payment is dependent upon performance. Further, eligibility does not guarantee continuation of employment. If employment terminates prior to the payment date, the award is forfeited unless death, incapacity, or retirement is the cause, in which case, the award would be prorated.

IV. Target Award

The Plan is based on the "Target Award" concept, which bases the award on a combination of the Company's overall performance and individual performance. In order to achieve the Target Award amount, the Company and the individual must achieve 100% of their pre-established objectives by the end of the Plan Year. The actual award paid to the participant, if any, for a given Plan Year will be based on a combination of the Company's overall performance and the performance of the Individual, as adjusted for the overall level of bonus pool funding.

The Target Award for each position is the incentive award payable (as a percentage of base salary) when 100% of all Plan objectives are met and the Company attains the necessary level of performance to fund the bonus pool at 100%. Target Awards are determined by position title and level of responsibility.

V. Components of Award

For FY 2006, the Target Award will be based on a combination of the FY06 Corporate Operating Income Plan and specified individual MBO's. The following summarizes the weighting for the various incentive components for FY 2006 (particular weightings to be determined by the Compensation Committee).

FY06 Plan Components	Overall Bonus Weighting	On Target Metric
Corporate Operating Income (COI) Target	70/60%	COI Adopted by the Committee/Board
MBO's	30/40%	CEO/Board Assessment

A. Company Performance

"Company Performance" for Plan purposes is based on the accomplishment of one or more predetermined annual Company objectives, which will be selected each year based on their critical importance to the Company's success. Company Performance for fiscal year 2006 will be measured based on the achievement of the FY06 Corporate Operating Income Plan, according to the following categories:

Actual Corporate Operating Income Achieved	Corporate Operating Income Performance (COI) Multiplier
< 80% of Corp Operating Income Plan	0%
80% of Corp Operating Income Plan	50%
90% of Corp Operating Income Plan	75%
100% of Corp Operating Income Plan	100%

110% of Corp Operating Income Plan	110%
120% of Corp Operating Income Plan	130%
140% of Corp Operating Income Plan	150%
>=150% of Corp Operating Income Plan	175%

Awards for Company Performance will vary between 0% and 175% of target based on the FY06 COI achievement of 80% to 150% of Plan, as well as the funding level of the Company's bonus pool.

B. Individual Performance

Annual objectives for the individual performance (MBO's) will be developed by the Plan participant in coordination with the CEO or the Board of Directors (in the case of the CEO). For fiscal year 2006, annual objectives will be comprised of select individual objectives. The CEO or the Board of Directors (in the case of the CEO) must approve all MBO's.

MBO Achievement	MBO Performance Multiplier
100% MBO's accomplished and exceeded expectations	150%
100% of MBO's accomplished	100%
Performance on MBO's does not meet expectations	0%

Awards for individual performance will vary between 0% and 150% of target based on the achievement of specified MBO's. Evaluation of the success in achieving the identified MBO's and determining any subsequent payment will be at the sole discretion of the CEO or Board of Directors (in case of the CEO). Any payments for the MBO plan elements are dependent on AspenTech achieving at least 80% of COI goal.

VI. Plan Funding

For fiscal year 2006, Plan funding will be based on the attainment of specified levels of Corporate Operating Income and achievement of assigned MBOs. Funding is contingent upon and proportional to the Company's attainment of required levels of Corporate Operating Income to fund the bonus pool. No incentive payment will be made for Corporate Operating Income achievement or MBO's if the Company does not attain a minimum of 80% of the Corporate Operating Income Target.

VII. Bonus Calculation

- A. Bonus calculation takes into account three components:
- Performance on the Corporate Operating Income (COI) metric, weighted 70/60%;
 - Performance on the MBO metric, weighted 30/40%; and
 - Target Bonus level

- B. Bonus calculation is represented by the following formula:

$$((\text{COI Performance Multiplier} * \text{COI Weight}) + (\text{MBO Performance Multiplier} * \text{MBO Weight})) * \text{Target Bonus}$$

- C. The Company Performance portion is added to the individual performance portion to calculate the total bonus amount. The result is then adjusted for the overall bonus funding level.

VIII. Administration

Administration of this Plan will be the responsibility of the CEO or Board. Any interpretation of the terms, conditions, goals, or payments from this Plan required because of a dispute will be made solely by the CEO or Board after a full review of the facts, input from the affected parties, and with appreciation of the overall intent of the Plan and previous practices.

If any term or condition of this Plan is found to be in non-conformance with a given state or federal law (USA) or local legislation (International locations), that term or condition will be non-enforceable but will not negate other terms and conditions of the Plan. However, Aspen Technology, Inc. will review and modify the overall Plan to conform to such law.

Eligibility and participation in this Plan in no way implies or reflects any guarantee or contract of employment, except as may be stipulated by applicable local law. Aspen Technology, Inc., reserves the right to amend, modify, or terminate this Plan and the procedures set forth herein at any time. Any change to the terms of the Plan will be made in writing by SVP of Human Resources to all Participants in as far in advance as possible of the effective date of such change, and will be subject to acceptance by the Participant. No change shall be retroactive from the date such change is announced.



Aspen Technology, Inc.
Operations Executives Plan
FY06

I. Purpose

The objective of the Operations Executives Plan (the "Plan") is to help communicate business goals and to reward the Regional Operations and Global Executives for achieving those goals consistent with the short and long-term success of Aspen Technology, Inc. (the "Company").

II. Effective Date of Plan

The Plan commences on July 1, 2005, and is effective from July 1, 2005 to June 30, 2006 (AspenTech's fiscal year 2006, hereinafter abbreviated as "FY06") and supersedes all plans and terms previously in effect. All references in this Plan to fiscal year or fiscal quarters are for fiscal year FY06. It is intended to operate on a Company fiscal year basis, subject to an annual review by the Company's executive management. The Plan may, however, be modified or terminated at any time by the Company's executive management.

III. Eligibility

The three Regional Operations Executives for each region and the Global Executive for Sales and Business Development are eligible to participate in this Plan.

Participants in this Plan are ineligible to participate in other incentive or bonus plans, except as provided to all employees generally.

1

IV. Plan Structure

There are two elements to the Plan structure

A. Bonus Element — equivalent to 25% of target bonus

— Corporate Operating Income*	20.0%
— CEO Assessment	5.0%

B. Commission Element — equivalent to 75% of target bonus

— Region Operations P&L	60.0%
— Region Business Unit P&L .0	15%

*Income/Loss from Operations less Restructuring Charges, extraordinary legal costs, and loss/gain on sales and disposals of assets

V. Bonus Plan Funding and calculation

- A. The Bonus element of the plan begins funding at 80% of the COI Target set by the Compensation Committee/Board for FY06. No payment will be made for performance below 80% of COI target. Payments will be made according to performance against target on a linear basis as highlighted in the table below:

Bonus Element	Employee Target Incentive	Payment Vs Company Performance				
		79% Achievement	80% Achievement	100% Achievement	120% Achievement	150% Achievement
COI	20%	0%	50%	100%	110%	125%
CEO Assess	5%	0%	Discretionary	100%	Discretionary	Discretionary

- B. The Commission element begins funding on a dollar for dollar basis against Regional P&L Plan Targets for EMEA/NALA/APAC and the Regional BU P&L target (Appendix A). Payments will be made according to performance on a linear basis as highlighted in the table below:

Commission Element	Target Incentive	Payment Vs Company Performance				
		10% Achievement	50% Achievement	100% Achievement	120% Achievement	150% Achievement
Regional P&L	60%	10%	50%	100%	120%	150%
Regional BU P&L	15%	10%	50%	100%	120%	150%

2

VI. Payment of Plan

The Bonus element of the plan will be paid on an annual basis within 90 days of the close of the FY06.

The Commission element will be paid on a quarterly basis within 90 days of the close of each quarter once performance against target has been calculated.

All payments under this Plan are subject to all applicable taxes and withholdings.

VII. Transition Issues and Guidelines for Special Circumstances

A Participant in the Plan must be actively employed by the Company on the day of the bonus payment except as noted below:

The following are the guidelines for various circumstances and the corresponding treatment of bonus payments:

<u>Circumstance</u>	<u>Bonus Payment</u>
• Normal or early retirement	• Prorate bonus
• Death or Disability	• Prorate bonus
• Voluntary termination (prior to bonus payment)	• No bonus paid
• Involuntary termination not for cause (prior to bonus payment)	• Possible Prorate bonus
• Involuntary termination for cause (prior to bonus payment)	• No bonus paid
• Promotion	• Bonus based on annual salary effective July 1, 2005

VIII. Administration

Administration of this Plan will be the responsibility of CEO. Any interpretation of the terms, conditions, goals, or payments from this Plan required because of a dispute will be made solely by the CEO after a full review of the facts, input from the affected parties, and with appreciation of the overall intent of the Plan and previous practices.

If any term or condition of this Plan is found to be in non-conformance with a given state or federal law (USA) or local legislation (International locations), that term or condition will be non-enforceable, but will not negate other terms and conditions of the Plan. However, Aspen Technology, Inc. will review and modify the overall Plan to conform to such law.

Eligibility and participation in this Plan in no way implies or reflects any guarantee or contract of employment, except as may be stipulated by applicable local law. Aspen Technology, Inc., reserves the right to amend, modify, or terminate this Plan and the procedures set forth herein at any time. Any change to the terms of the Plan will be made in writing by SVP of Human Resources to all Participants in as far in advance as possible of the effective date of such change, and will be subject to acceptance by the Participant. No change shall be retroactive from the date such change is announced.